

**UNIFORM NETWORK CODE**

Binder 2 of 5

**TRANSPORTATION PRINCIPAL DOCUMENT**

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT**

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## UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

### SECTION A – SYSTEM CLASSIFICATION

#### 1 INTRODUCTION

##### 1.1 System

###### 1.1.1 In the Code:

(a) "**System**" means:

- (i) the National Transmission System; or
- (ii) a Local Distribution Zone;

(b) "**Total System**" means all the Systems taken together.

1.1.2 Subject to paragraph 1.7.2, a System does not include any independent system nor any pipeline to which gas can only be conveyed through a pipeline system operated by a gas transporter other than a Transporter.

1.1.3 A System does not include any Storage Facility.

1.1.4 Each System includes System Points of different classes, as described in this Section A.

1.1.5 For the purposes of the Code a reference to a System, 'the System' or 'the relevant System' is a reference:

- (a) in the context of a System Point, to the System on which that System Point is or is to be located;
- (b) in the context of a Transporter, to a System owned or operated by the Transporter;
- (c) in the context of a particular transportation activity, to the System in relation to which that transportation activity occurs or is to occur or is or is to be undertaken and otherwise, is a reference to any System.

1.1.6 For the avoidance of doubt a Transporter may be the owner or operator of (and licensee under a Transporter's Licence in relation to) more than one System.

##### 1.2 NTS and LDZs

1.2.1 The "**National Transmission System**" or "**NTS**" is the pipeline system for the time being designated by National Gas Transmission as such, and described in National Gas Transmission's Ten Year Statement.

1.2.2 A "**Local Distribution Zone**" or "**LDZ**" is a pipeline system (other than the NTS), the conveyance of gas in which is authorised by a relevant Gas Transporter's Licence held by the owner or operator of such pipeline system, and which:

- (a) immediately before the UNC Implementation Date was designated by National Gas Transmission as an LDZ; or
- (b) is subsequently designated by the owner or operator as an LDZ, after consultation with National Gas Transmission:
  - (i) consistently with the provisions of the owner or operator's Transporter's Licence; and
  - (ii) such that no part of any pipeline system (other than the NTS), the conveyance of gas in which is authorised by the relevant Gas Transporter's Licence, is not comprised in an LDZ; and
  - (iii) such that the requirements of the Offtake Arrangements Document are satisfied in respect of all Inter-System Offtakes which exist as a result of such designation

as described in the owner or operator's Ten Year Statement.

1.2.3 For the purposes of paragraph 1.2.2, the relevant Gas Transporter's Licence is a Gas Transporter's Licence in which Special Standard Condition A11 has effect pursuant to a 'Standard Special Conditions Part A direction' in accordance with Standard Special Condition A1(2) of such licence.

1.2.4 Where the context so requires a reference to an LDZ includes the area in which such pipe-line system is located.

### 1.3 Exit Zones

1.3.1 The area in which each LDZ is located is divided into one or more Exit Zones.

1.3.2 Subject to paragraph 1.3.3, an "**Exit Zone**" is an area (within one LDZ only) for the time being designated by National Gas Transmission (following consultation with each other relevant Transporter) as such, and described in National Gas Transmission's Transportation Statement.

1.3.3 National Gas Transmission may from time to time designate the point at which a NTS System Exit Point (in accordance with paragraph 3.2) is located as a separate Exit Zone, provided that in the absence of such designation an NTS System Exit Point shall be in the Exit Zone in which it is located.

### 1.4 System Points

1.4.1 For the purposes of the Code:

- (a) an "**Individual System Point**" is a point on a System which is designed to permit gas to flow through a single pipe into or out of the System;
- (b) a "**System Point**" is an Individual System Point or a composite group of Individual System Points of a class (defined according to provisions of the Code set out or referred to in this Section A) in respect of or by reference to which particular provisions of the Code apply.

1.4.2 The classes of System Point comprise:

- (a) Individual System Entry Points, System Entry Points and Aggregate System

Entry Points (in accordance with paragraph 2);

- (b) Individual System Exit Points and System Exit Points (in accordance with paragraph 3);
- (c) Inter-System Offtakes (in accordance with paragraph 3.5)

and sub-classes thereof in accordance with the further provisions of the Code.

- 1.4.3 For the avoidance of doubt a point on a System is a System Point whether or not any transportation arrangement pursuant to which gas flows into or out of the System at such point is made on the terms of the Code.

## 1.5 Storage Connection Point

- 1.5.1 The Individual System Points at which a Storage Facility is connected to a System shall be a System Point (which is in relation to such Storage Facility the "**Storage Connection Point**").
- 1.5.2 A Storage Connection Point shall be both a System Entry Point (and an Aggregate System Entry Point) and a Connected System Exit Point.

## 1.6 NTS and LDZ System Points

- 1.6.1 A System Point is an "**NTS**" or an "**LDZ**" System Point where the Individual System Point(s) comprised in that System Point are point(s) on the NTS or (as the case may be) on an LDZ; and references in the Code to an "**NTS**" or an "**LDZ**" System Point of any particular class shall be construed accordingly.
- 1.6.2 References to a System Exit Point (of any class) in an Exit Zone are to such a System Exit Point:
- (a) on that part of any LDZ which is located in that Exit Zone; or
  - (b) in the case of an NTS System Exit Point, located in or at such Exit Zone.
- 1.6.3 No System Point may comprise an Individual System Point on more than one LDZ or in more than one Exit Zone or on an LDZ and the NTS.

## 1.7 Scottish Independent Networks

- 1.7.1 Subject to paragraph 1.7.5, each of the separate pipeline networks located in Scotland at Thurso, Wick, Campbeltown and Oban provisioned with LNG, and at Stranraer with gas, is a "**Scottish Independent Network**".
- 1.7.2 Except where otherwise provided and where the context otherwise requires, a reference to the Total System includes a reference to the Scottish Independent Networks.
- 1.7.3 A System Exit Point on a Scottish Independent Network is a "**SIN**" System Exit Point.
- 1.7.4 For the purposes of the Code:
- (a) without prejudice to paragraph (b)(ii), each Scottish Independent Network shall be treated as being a separate LDZ the area of which is one separate Exit Zone;
  - (b) in respect of each Scottish Independent Network there shall (simultaneously) be:

- (i) a deemed NTS Exit Point ("**SIN NTS Exit Point**"), being a NTS/LDZ Offtake, at which the gas referred to in Sections B1.9.2(a) and B1.9.2(b) is deemed to flow out of the NTS and into such Scottish Independent Network; and
- (ii) a System Entry Point in respect of each Scottish Independent Network (other than Stranraer) at which the regasified liquefied natural gas referred to in Section B1.9.2(c) is injected into such Scottish Independent Network.

1.7.5 Pursuant to an arrangement set out or described in the relevant CSEP Ancillary Agreement, the separate pipeline network located at Stranraer is supplied with gas taken from the Total System at a Connected System Exit Point and conveyed by means of pipes operated other than by a Transporter (and not forming part of the Total System); and accordingly in any provision of the Code referring to LNG Facilities, a reference to a Scottish Independent Network does not include the network at Stranraer.

## **2 SYSTEM ENTRY POINTS**

### **2.1 Individual System Entry Point**

An "**Individual System Entry Point**" is an Individual System Point (on the NTS or an LDZ) at which gas can flow into the Total System.

### **2.2 System Entry Point**

2.2.1 A "**System Entry Point**" is a System Point comprising one or more Individual System Entry Points.

2.2.2 Section I1.4 sets out the basis on which Individual System Entry Point(s) are or are to be comprised in a System Entry Point.

### **2.3 Aggregate System Entry Point**

2.3.1 An "**Aggregate System Entry Point**" is a System Point comprising one or more System Entry Points.

2.3.2 Section I1.5 sets out the basis on which System Entry Point(s) are or are to be comprised in an Aggregate System Entry Point.

## **3 EXIT POINTS**

### **3.1 Individual System Exit Point**

An "**Individual System Exit Point**" is an Individual System Point at which gas can flow out of the Total System.

### **3.2 System Exit Point**

3.2.1 A "**System Exit Point**" is a System Point comprising one or more Individual System Exit Points.

3.2.2 The classes of System Exit Point are:

- (a) Supply Meter Points and Supply Points in accordance with paragraph 4, and further classes thereof in accordance with that paragraph; and
- (b) Connected System Exit Points.

### 3.3 Connected System Exit Point

3.3.1 A "**Connected System Exit Point**" (or "**CSEP**") is a System Point comprising one or more Individual System Exit Points which are not Supply Meter Points.

3.3.2 Section J1.4.2 sets out the basis on which Individual System Exit Point(s) are or are to be comprised in a Connected System Exit Point.

3.3.3 In the case of a Connected System Exit Point, in accordance with Section J6.1, the relevant provisions of the applicable CSEP Network Exit Provisions apply in addition to the provisions of the Code.

3.3.4 A Connected System Exit Point is an "**Unmetered**" Connected System Exit Point where at any Individual System Exit Point comprised in the Connected System Exit Point there is no meter for the purpose of measuring the volume of gas offtaken from the Total System, and otherwise is a "**Metered**" Connected System Exit Point.

3.3.5 Where so provided in the relevant CSEP Network Exit Provisions, a Connected System Exit Point may be treated as comprising separate System Exit Points for such purposes as are specified in such Network Exit Agreement, and references in the Code to Connected System Exit Points shall be construed accordingly.

3.3.6 A "**Seasonal LDZ Metered CSEP**" is any LDZ Metered CSEP that has been classified as such in accordance with the provisions of Section B4.10.

3.3.7 An "**Aggregate NTS Exit Point**" is a System Point which, pursuant to Appendix 2 in Part E of Special Condition 9.13 of National Gas Transmission's Transporter's Licence, comprises more than one NTS Connected System Exit Point.

### 3.4 NTS Exit Point

3.4.1 An "**NTS Exit Point**" is a System Point comprising one or more Individual System Points at which gas can flow out of the NTS (and either out of the Total System or into an LDZ).

3.4.2 The classes of NTS Exit Point are:

- (a) NTS Supply Points and NTS Connected System Exit Points (which are NTS System Exit Points); and
- (b) NTS/LDZ Offtakes.

3.4.3 In the context of a particular Exit Zone a reference to an NTS Exit Point is a reference to:

- (a) the NTS/LDZ Offtake at which gas flows out of the NTS into the LDZ or that part of an LDZ located in that Exit Zone; and/or
- (b) the NTS Supply Point and/or NTS Connected System Exit Point in that Exit Zone (in accordance with paragraph 1.6.2)

- and a reference to an Exit Zone in the context of a particular NTS Exit Point shall be construed accordingly.
- 3.4.4 An “**NTS Exit Zone**” comprises those NTS Exit Points in such zone, and an “**NTS Exit Area**” comprises those NTS Exit Zones in such area, in each case as identified in the Exit Capacity Release Methodology Statement.
- 3.4.5 A “**Linepack Zone**” is a zone identified as such in the Exit Capacity Release Methodology Statement.

### 3.5 Inter-System Offtakes

- 3.5.1 An “**Inter-System Offtake**” is a System Point comprising one or more Individual System Points at which gas can flow out of one System into another System which is not comprised in the same Distribution Network.
- 3.5.2 Inter-System Offtakes comprise NTS/LDZ Offtakes and LDZ/LDZ Offtakes.
- 3.5.3 For the avoidance of doubt, an Inter-System Offtake is not a System Exit Point except as provided in Section J.

## 4 SUPPLY POINTS

### 4.1 Supply Meter Points

- 4.1.1 Subject to paragraph 4.1.2, a “**Supply Meter Point**” is an Individual System Exit Point at which gas may (in accordance with the Code) be offtaken from the Total System for the purposes of supply directly to particular premises.
- 4.1.2 Where gas offtaken from the Total System at an Individual System Exit Point is or is to be conveyed through any pipe downstream of such Individual System Exit Point (other than a pipe comprised in a Sub-deduct Arrangement in accordance with Section G2.4) in which gas is conveyed to more than one premises, or to any other pipeline system as well as to any premises, such “**Individual System**” Exit Point is not a Supply Meter Point.
- 4.1.3 A “**Smaller**” or a “**Larger**” Supply Meter Point is a Supply Meter Point comprised respectively in a Smaller Supply Point or a Larger Supply Point.
- 4.1.4 A Supply Meter Point may be a CSS Supply Meter Point or a Non-CSS Supply Meter Point for the purposes of Sections B, G and M.

### 4.2 Supply Point

- 4.2.1 In accordance with Section G1.1.1, a Supply Point is the Supply Meter Point for the time being comprised in a Supply Point Registration, and a Supply Point shall be classified as Class 1, 2, 3 or 4 in accordance with TPD Section G2.1.1.
- 4.2.2 A “**Larger Supply Point**” is a Supply Point in respect of which the Annual Quantity is greater than 73,200 kWh (*2,500 therms*) and a “**Smaller Supply Point**” is a Supply Point in respect of which the Annual Quantity is not greater than 73,200 kWh (*2,500 therms*).
- 4.2.3 Without prejudice to Section M3.3.1, a Supply Point may comprise no more than one Supply Meter Point.

4.2.4 A Supply Point may be a CSS Supply Point or a Non-CSS Supply Point for the purposes of Sections B, G and M.

### 4.3 Classification of Supply Points

4.3.1 A Supply Point shall be classified as a DM Supply Point or an NDM Supply Point.

4.3.2 A DM Supply Point may be a DMC Supply Point or a DMA Supply Point, and:

- (a) a Supply Point shall be classified as a “**DMC**” Supply Point where it comprises a Class 1 Supply Meter Point;
- (b) a Supply Point shall be classified as a “**DMA**” Supply Point where it comprises a Class 2 Supply Meter Point.

4.3.3 A DM Supply Point shall be classified as a “**Seasonal Large Supply Point**” where it has been classified as such in accordance with the provisions of Section B4.9.4(a).

4.3.4 A DMC Supply Point shall be classified as a “**VLDMC**” Supply Point where it comprises a Class 1 Supply Meter Point whose Annual Quantity is greater than 1,465,000,000 kWh (*50,000,000 therms*).

4.3.5 A Supply Point shall be classified as an “**NDM**” Supply Point where it comprises a Class 3 or 4 Supply Meter Point.

### 4.4 Firm and Interruptible Supply Points

4.4.1 In accordance with Section B8.1 an LDZ Supply Point may (at a given time) be a “**Firm**” Supply Point or an “**Interruptible**” Supply Point.

4.4.2 A NTS Supply Point may not be an Interruptible Supply Point.

### 4.5 CSEP Supply Meter Point

4.5.1 Pursuant to paragraph 3.3.5, an Unmetered Connected System Exit Point shall be treated (for the purposes provided in the Code) as comprising:

- (a) a separate System Exit Point (“**CSEP Supply Meter Point**”) corresponding to each IGTS Supply Meter Point; and
- (b) a separate System Exit Point (“**CSEP Supply Point**”) corresponding to each IGTS Supply Point;

respectively on any directly-connected or indirectly-connected IGT System (CSEP Supply Meter Points and CSEP Supply Points collectively being “**CSEP System Exit Points**”).

4.5.2 Each CSEP System Exit Point shall have the same classification as the corresponding IGTS System Exit Point pursuant to IGTAD Section A2.1, and accordingly:

- (a) each CSEP Supply Meter Point shall be a Class 1, Class 2, Class 3 or Class 4 CSEP Supply Meter Point;
- (b) each CSEP Supply Point shall be a DM CSEP Supply Point or a NDM CSEP Supply Point; and

- (c) each DM CSEP Supply Point shall be a DMA or DMC CSEP Supply Point.
- 4.5.3 A DM CSEP Supply Point may also be classified as Interruptible in accordance with TPD Section B8.14 (and otherwise shall be classified as Firm).
- 4.5.4 Where, for the purposes of any provision of the Transportation Principal Document, a reference to a Supply Meter Point or Supply Point includes a CSEP Supply Meter Point or CSEP Supply Point, a reference in the same provision to a Connected System Exit Point does not include an Unmetered Connected System Exit Point.
- 4.5.5 References in the Code to a Supply Point or Supply Meter Point include a CSEP Supply Point or CSEP Supply Meter Point where expressly so provided, and not otherwise.

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION B – SYSTEM USE AND CAPACITY****1 INTRODUCTION****1.1 Use of System**

- 1.1.1 Shipper Users may use the Total System by delivering gas to the Total System and/or by offtaking gas from the Total System.
- 1.1.2 DNO Users may use the NTS by causing or permitting the flow of gas (or changes in the flow of gas) at an NTS/LDZ Offtake from the NTS to the LDZ, but without prejudice to Section J1.5.2 and in this Section B references to a DNO User offtaking gas at an NTS/LDZ Offtake shall be construed in accordance with Section J1.3.4.

**1.2 System Capacity**

- 1.2.1 Users may apply for, reserve and hold capacity in a System ("**System Capacity**") at certain System Points.
- 1.2.2 The classes of System Capacity are NTS Entry Capacity, NTS Exit Capacity, LDZ Capacity and Supply Point Capacity.
- 1.2.3 For the purposes of the Code:
- (a) "**NTS Entry Capacity**" at an Aggregate System Entry Point is capacity in the NTS which a User is treated as utilising in delivering gas to the NTS (and the Total System) at that point;
  - (b) "**NTS Exit Capacity**" at an NTS Exit Point is capacity in the NTS which a User is treated as utilising in offtaking gas from the NTS and (in the case of an NTS Supply Point and NTS Connected System Exit Point the Total System) at that NTS System Exit Point;
  - (c) NTS Exit Capacity comprises:
    - (i) "**NTS Exit (Flat) Capacity**", which is capacity which a User is treated as utilising in offtaking gas from the NTS at a rate which (for a given Daily Quantity) is even over the course of a Day; and
    - (ii) "**NTS Exit (Flexibility) Capacity**", which is capacity which a DNO User is treated as utilising, in offtaking gas from the NTS to the extent that (for a given Daily Quantity) the rate of offtake or flow is not even over the course of a Day;
  - (d) "**LDZ Capacity**" at an LDZ System Exit Point is capacity in the relevant LDZ:
    - (i) in the case of an LDZ Supply Point, which the User is treated as utilising in offtaking gas from the Total System at that point;

- (ii) in the case of an LDZ Connected System Exit Point, which the User is treated as utilising in offtaking gas from the Total System at that point;
- (e) **"Supply Point Capacity"** at a LDZ Supply Point is capacity at that point which the User is treated as utilising in offtaking gas from the Total System at that Supply Point

in each case in accordance with and subject to the provisions of the Code.

- 1.2.4 A DNO User may hold NTS Exit (Flexibility) Capacity at an NTS/LDZ Offtake only, and a Shipper User may not hold NTS Exit (Flexibility) Capacity.
- 1.2.5 No User is treated as utilising capacity in an LDZ where gas flows to or from that LDZ at an LDZ/LDZ Offtake, and accordingly there is no provision for Users to hold System Capacity at an LDZ/LDZ Offtake.
- 1.2.6 The Supply Point Capacity which a User may be registered as holding at a DM Supply Point will (in accordance with Annex B-3) be limited by reference to the rate at and quantities in which it is feasible for the Transporter to make gas available for offtake from the Total System at that Supply Point; and no entitlement to offtake gas at a greater rate or in greater quantities shall be conferred on a User by the holding of any amount of LDZ Capacity.
- 1.2.7 Subject to Section I3.11.3(a) where an Aggregate System Entry Point is on an LDZ:
  - (a) Users delivering gas to the Total System at that point are deemed (for the purposes of paragraph 1.2.3(a)) to utilise capacity in the NTS and accordingly may (in accordance with paragraph 2) apply for and hold NTS Entry Capacity at that point;
  - (b) the provisions of this Section B as to the holding of NTS Exit Capacity shall apply in full notwithstanding that deliveries of gas to the Total System at that Aggregate System Entry Point may result in reduced flows into the LDZ at relevant NTS/LDZ Offtake(s).
- 1.2.8 In relation to NTS/LDZ Offtakes, Users:
  - (a) are not required to hold capacity in the NTS;
  - (b) may hold capacity in the NTS as NTS Exit Capacity.
- 1.2.9 System Capacity is expressed in kWh/Day, except that where (for the purposes of any provision of the Code) it is to be determined what quantity of gas delivered to or offtaken from a System on a Day is equal to an amount of System Capacity held by a User, or whether such a quantity of gas exceeds or is less than such an amount of capacity, such amount of System Capacity shall be treated as expressed in kWh.
- 1.2.10 Where (in the Transportation Statement or elsewhere) the units in which System Capacity is expressed are 'peak day kWh', such units are the same as those under paragraph 1.2.9; and references to charges for System Capacity in 'pence per peak day kWh' (or similar references) shall be construed accordingly.
- 1.2.11 Where NTS Exit Points are comprised in an Aggregate NTS Exit Point, unless otherwise provided, references in this Section B:

- (a) to any such NTS Exit Point, in the context of NTS Exit (Flat) Capacity, are to that Aggregate NTS Exit Point;
- (b) to User Daily Exit Quantity are to the sum of a User's UDQOs at each such NTS Exit Point;
- (c) to the Maximum NTS Exit Point Offtake Rate is to the sum of the rates at each such NTS Exit Point.

### 1.3 Overrun Charges

1.3.1 A User may use the System without holding System Capacity but (subject to paragraphs 1.3.2 and 1.3.3) will be liable to pay System Entry Overrun Charges and/or NTS Exit (Flat) Overrun Charges (collectively "**Overrun Charges**") and/or LDZ CSEP Overrun Charges or Supply Point Ratchet Charges, in respect of the capacity utilised, in accordance with this Section B.

1.3.2 A User will not be liable to pay Supply Point Ratchet Charges for using a System by offtaking gas at an Interruptible Supply Point on a Day on which the User was liable pursuant to Section B8 in respect of a failure to comply with the requirement for Interruption.

1.3.3 If:

- (a) the Transporter rejects an application by a User for System Capacity other than in accordance with the provisions of the Code; and
- (b) reasonably promptly thereafter the User so notifies the Transporter, stating that it wishes the application to be given effect with effect from the date which was specified in the application

the User shall not be liable for any Overrun Charge, CSEP Overrun Charge or Supply Point Ratchet Charge which it would not have incurred had the application for System Capacity been approved (and where any such charge has been invoiced and/or paid, appropriate invoice adjustments will be made in accordance with Section S).

1.3.4 Where:

- (a) a User incurs an Overrun Charge, Supply Point Ratchet Charge or CSEP Overrun Charge on a Day on which (by reason of a change in the time from BST to GMT) there are 25 hours in a Day; and
- (b) the User (by notice to the Transporter specifying the relevant System Point) requests the Transporter to redetermine the amount of such charge

the amount of the relevant charge will be redetermined as though (for the purposes of this paragraph 1.3.4 only) the User's UDQI or (as the case may be) UDQO for the Day were 24/25 of the amount thereof determined pursuant to Section E, and (where the amount of the charge is invoiced or has been paid) an appropriate adjustment (by way of invoice credit in accordance with Section S) will be made.

### 1.4 Registered and Available Capacity

For the purposes of the Code:

- (a) a User's "**Registered**" System Capacity in relation to a System Point is the

System Capacity which the User is registered (in accordance with this Section B) as holding at that System Point on the Gas Flow Day;

- (b) the User's "**Available**" System Capacity in relation to a System Point is the System Capacity which the User holds at that System Point on the Gas Flow Day after taking account of any System Capacity Transfer, in accordance with paragraph 5.
- (c) the User's reserved system capacity "**Reserved System Capacity**", being the Reserved Entry Capacity and/or Reserved Exit Capacity (as defined in paragraph 1.14.4), in relation to a System Point is the NTS Entry Capacity and/or NTS Exit Capacity which the User has reserved (in accordance with this Section B) at that System Point pending registration of that System Capacity. The amount of Reserved System Capacity shall be treated (for the purposes of determining the Available System Capacity only) as if it were registered as held by a User.

## 1.5 UK Link set-up

Before first delivering gas to or offtaking gas from the Total System at any System Point a User must comply with the requirements set out in the UK Link Manual for establishing (for the purposes of UK Link) the User as a user of the relevant System at that System Point.

## 1.6 Eligible Capacity Registration Date

For the purposes of the registration of a User as holding NTS Exit Capacity in any Gas Year, "**Eligible Capacity Registration Date**" means any Day other than 29 February in any Gas Year.

## 1.7 Transportation Charges, Metering Charges and SoLR Customer Charges

1.7.1 For the purposes of the Code:

- (a) "**Transportation Charges**" are:
  - (i) charges (other than Energy Balancing Charges or Storage Charges) payable by or to a User in respect of a transportation arrangement under the Code, (subject to paragraph 1.7.8) comprising Capacity Charges, Commodity Charges, Customer Charges, CSEP Charges; and other NTS-related charges being Transmission Services Revenue Recovery Charges, and the NTS Entry Capacity Retention Charges; and
  - (ii) Specific Non-Transmission Services Charges as provided in paragraph 4 of Part A-I of TPD Section Y,

(and for the avoidance of doubt, Overrun Charges are not included within Transportation Charges);
- (b) "**Metering Charges**" are the prevailing charges payable by a User as contained in the Metering Charges Statement;
- (c) Transportation Charges in respect of the NTS are divided into Transmission Services Charges and Non-Transmission Services Charges as provided in the NTS Transportation Charging Methodology;

- (d) the “**NTS Transportation Charging Methodology**” is National Gas Transmission’s transportation charging methodology contained in Part A-I of TPD Section Y.
  - (e) “**SoLR Customer Charges**” are the charges payable by a Shipper User as provided in the DN Transportation Charging Methodology; and
  - (f) the “**DN Transportation Charging Methodology**” is a DN Operator’s transportation charging methodology contained in Part B of TPD Section Y.
- 1.7.2 A “**Capacity Charge**” is a charge in respect of, and determined by reference to the amount of, a User’s Registered NTS Entry Capacity, Registered NTS Exit Capacity or Registered LDZ Capacity at a System Point.
- 1.7.3 A “**Commodity Charge**” is a charge in respect of use of a System, determined by reference to the quantity of the gas flow (or the part thereof attributable to a User) at a System Point, or a charge payable by reference to the arrangements in Special Condition 2.1 or Special Condition 2.3 of National Gas Transmission’s Transporter’s Licence or Special Condition 2.1 of the relevant DNO’s Transporter’s Licence.
- 1.7.4 A “**Customer Charge**” is a charge payable by reason of being the Registered User of a Supply Point.
- 1.7.5 In respect of a Customer Charge:
- (a) the “**Capacity Variable Component**” is the component (if any) thereof the amount of which is determined by reference to the amount of a User’s Registered Supply Point Capacity;
  - (b) the “**Commodity Variable Component**” is the component (if any) thereof the amount of which is determined by reference to the quantity of the gas flow at a Supply Point;
  - (c) the “**Fixed Component**” is the component (if any) thereof which is not determined by reference to Supply Point Capacity or gas flow.
- 1.7.6 Where any element of a Transportation Charge is payable by a User pursuant to a contract other than one made upon the terms of the Code, such element shall not in addition be payable under the Code.
- 1.7.7 A “**CSEP Charge**” is a charge payable by virtue of being (in relation to a relevant Connected System Exit Point) a CSEP User.
- 1.7.8 “**Transmission Services Revenue Recovery Charges**” are charges applied by National Gas Transmission (and payable by Users to National Gas Transmission or by National Gas Transmission to Users) for the purposes of recovery of allowed transmission services revenue, as provided in the NTS Transportation Charging Methodology, and comprise:
- (a) charges (“**Entry Transmission Services Revenue Recovery Charge**”) payable in respect of NTS Entry Capacity, and
  - (b) charges (“**Exit Transmission Services Revenue Recovery Charge**”) payable in respect of NTS Exit (Flat) Capacity.

- 1.7.9 **“General Non-Transmission Services Charges”** are Commodity Charges payable by Shipper Users to National Gas Transmission as provided in the NTS Transportation Charging Methodology.
- 1.7.10 The further provisions of the Code set out the basis on which Transportation Charges and Metering Charges are payable by Users; provided that (subject to paragraph 1.8.2) where:
- (a) the prevailing Transportation Statement or Metering Charges Statement provides for any charge which is not provided for in the Code; and
  - (b) the amount payable by way of such charge in any case is capable of being determined by reference to the provisions of the Code prevailing at the time
- such charge shall be a Transportation Charge or Metering Charge and shall be payable by Users or Users of such class in accordance with the relevant provisions of the Transportation Statement or the Metering Charges Statement respectively.
- 1.7.11 For the avoidance of doubt paragraph 1.7.8(b) shall not be taken as requiring that the Code should provide for the determination or (other than by virtue of paragraph 1.7.8) payment of any such charge as is therein referred to.
- 1.7.12 The basis on which the Transporter will reduce any Transportation Charges pursuant to Standard Condition 7(5) of the Transporter's Licence is not contained in the Code; and nothing contained in the Code shall be taken to prevent the Transporter from reducing such charges in accordance with that Standard Condition.
- 1.7.13 A **“SoLR Customer Charge”** is a charge payable following receipt by a Transporter of a valid claim for a last resort supply payment from a supplier pursuant to Standard Special Condition A48 of the Transporter's Licence (and SoLR Customer Charges shall be invoiced and payable in accordance with Section S).

## **1.8 Rates and amounts of Transportation Charges**

- 1.8.1 Subject to paragraphs 1.8.2 to 1.8.5 and paragraph 1.10, and except as provided in paragraph 2.9:
- (a) the amount or rate of any Transportation Charge accrues (irrespective of when it is due for payment); and accordingly the rate of the Transportation Charges payable by a User may vary during the period for which the User holds any System Capacity or is the Registered User of any Supply Point or is a CSEP User;
  - (b) the amount or rate of any Metering Charge payable at any time by a User shall be determined in accordance with the Metering Charges Statement in force at the time such charge accrues irrespective of when it is due for payment;
  - (c) the amount or rate of any SoLR Customer Charge payable at any time by a User shall be determined in accordance with the DN Transportation Charging Methodology.
- 1.8.2 The Transporter agrees that, except where any other provision of the Transporter's Licence requires notice of a shorter period to be given:
- (a) each notice given by it to the Authority pursuant to Standard Special Condition

A4(2)(d) of the Transporter's Licence will be given, and published in accordance with Standard Special Condition A4(3)(a) thereof, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Transportation Statement) to be implemented;

- (b) each statement or revision thereto sent by it to the Authority pursuant to Standard Special Condition D18 of the Transporter's Licence will be sent to the Authority, and sent to Users, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Metering Charges Statement) to be implemented.
- 1.8.3 In accordance with Standard Special Condition D18 of the Transporter's Licence, the amount or rate of any Transportation Charge may with the approval of the Authority differ from what is provided for in the Transportation Statement and in accordance with Standard Special Condition D18 of the Transporter's Licence, the amount or rate of any Metering Charge may with the approval of the Authority differ from what is provided for in the Metering Charges Statement.
- 1.8.4 In the case of an NTS Supply Point the rate(s) or amount(s) of the Capacity Charge in respect of NTS Exit Capacity and the Customer Charge may not be specified in the National Gas Transmission's Transportation Statement, in which case they will be the rate or amount from time to time notified by National Gas Transmission to the Registered User.
- 1.8.5 In respect of any Transportation Charge in respect of any System Point:
- (a) in the case of a Capacity Charge, Transmission Services Revenue Recovery Charge or the Capacity Variable Component of a Customer Charge, the "**Applicable Daily Rate**" is the daily rate of such charge, in pence per kWh/Day of System Capacity; and the "**Applicable Annual Rate**" is 365 times the Applicable Daily Rate;
  - (b) for the purposes of paragraph 4.6.2, the Applicable Daily Rate and Applicable Annual Rate may be the rate determined in accordance with the Transportation Statement by reference to the distance between the LDZ Specified Exit Point and the Notional NTS Connection Point and the capacity of the LDZ Specified Exit Point determined in accordance with Paragraph 4.6.9 (the "**LDZ Optional Capacity Rate**"); or
  - (c) in the case of a Commodity Charge or the Commodity Variable Component of a Customer Charge, the "**Applicable Commodity Rate**" is the rate of such charge, in pence per kWh of gas flow;

in each case in accordance with and subject to paragraphs 1.8.1 to 1.8.4, and (where any such rate varies according to the time of year) as applicable from time to time.

- 1.8.6 Subject to paragraph 1.8.4 and except as provided in paragraph 3.12.5, where the Transporter's prevailing Transportation Statement or Metering Charges Statement does not provide for the determination of any particular Transportation Charge or Metering Charge, in any particular case, the rate of such Transportation Charge or Metering Charge shall be deemed to be zero respectively.

## 1.9 Scottish Independent Networks

- 1.9.1 References in this Section B to the Total System include references to the Scottish

## Independent Networks.

- 1.9.2 In order to enable Users to offtake gas from the Total System at Scottish Independent Network Supply Points:
- (a) except as provided in paragraph (b) but in addition to paragraph (c), the relevant DN Operator may arrange with a Storage Operator(s) to hold Storage Space (as defined in Section R) in and inject gas into a Storage Facility(ies) in which gas is stored as LNG, and for LNG to be lifted from those facilities and transported by road tanker to and discharged to LNG storage and regasification plants at each Scottish Independent Network;
  - (b) in relation to the Scottish Independent Network at Stranraer, the relevant DN Operator will arrange for gas to be taken from the Total System at a Connected System Exit Point and conveyed to that network pursuant to the arrangements referred to in Section A1.7.5.
  - (c) in relation to each of the Scottish Independent Networks at Thurso, Wick, Oban and Campbeltown respectively, the relevant DN Operator may, in addition to paragraph (a), act as a Delivery Facility Operator in the operation of a Connected Delivery Facility (being a liquefied natural gas storage and regasification plant connected to such Scottish Independent Network) to enable liquefied natural gas to be lifted from any facility (whether such facility is located in or outside of the United Kingdom) and transported by road tanker and discharged to such Connected Delivery Facility.
- 1.9.3 For the purposes of the Code:
- (a) there shall be deemed to be capacity in the NTS at the Scottish Independent Network NTS Exit Point;
  - (b) the relevant DN Operator shall hold NTS Exit Capacity at such Scottish Independent Network NTS Exit Point;
  - (c) NTS Exit Capacity may be held by Users at the Scottish Independent Network NTS Exit Point;
  - (d) for the purposes of paragraph 3.13 there will be deemed on each Day to be a gas flow out of the NTS at the Scottish Independent Network NTS Exit Point:
    - (i) in respect of each Scottish Independent Network other than Stranraer, of any gas referred to in Section B1.9.2(a) and the amount of such gas shall be equal to: (A) the aggregate amount of gas offtaken by each User on that Day from the Total System at Scottish Independent Network Supply Point Components in respect of such Scottish Independent Network; Less (B) the amount of any gas referred to in Section B1.9.2(c) that is properly nominated by such User (in accordance with Section E and relevant Network Entry Provisions and Local Operating Procedures) for injection on that Day at the relevant System Entry Point in respect of that Scottish Independent Network; and
    - (ii) in respect of the Scottish Independent Network at Stranraer, of any gas referred to in Section B1.9.2(b) and the amount of such gas shall be equal to the aggregate amount of gas offtaken by each User on that Day from the Total System at Scottish Independent Network Supply Point

Components in respect of the Stranraer Scottish Independent Network.

### **1.10 Long Term Contracts**

If the Authority shall give Condition A11(18) Approval to its doing so, or otherwise with the assent of the Authority, the Transporter may enter into an Ancillary Agreement with any User:

- (a) pursuant to which, notwithstanding any other provision of the Code:
  - (i) the User may agree to apply for and hold System Capacity in particular amounts, and/or deliver gas to and/or offtake gas from the Total System in particular quantities at particular System Points, for particular periods, or to make payment to the Transporter in lieu of doing so; and/or
  - (ii) the Transporter may agree, notwithstanding Annex B-3, paragraphs 6.3 or 6.4, to accept the User's application for particular Supply Point Capacity;
- (b) containing other terms which may conflict with the terms of the Code.

### **1.11 Daily Read Errors**

Where (pursuant to Sections M5.15 and E3.4) for a Daily Read Error Day an Error Revised UDQO has been determined for a DM Supply Point:

- (a) the Transporter will redetermine, as nearly as may be, the amounts (if any) for which the User would have been liable by way of NTS Exit Overrun Charge and/or in the case of an LDZ Supply Point a Supply Point Ratchet Charge, and the amount of any Ratchetted Supply Point Capacity (and any increment in Transportation Charges payable by the User in respect of such capacity), on the basis of the Error Revised UDQO;
- (b) the amounts for which the User is liable in respect of such charges will be determined accordingly, and invoice adjustments will be made, by way of debit or credit as appropriate, in accordance with Section S.

### **1.12 DNO Users**

In this Section B references to Users shall, except in paragraphs 1.2.3(a), (d) and (e), 2 and 4, include DNO Users.

### **1.13 Trader User**

In this Section B references to Users exclude Trader User.

### **1.14 Reservation of NTS Entry Capacity and/or NTS Exit Capacity through a Planning and Advanced Reservation of Capacity Agreement (PARCA)**

1.14.1 National Gas Transmission may enter into Planning and Advanced Reservation of Capacity Agreements (PARCAs).

1.14.2 In order to request that National Gas Transmission enters into a PARCA (as defined in paragraph 1.14.3) the PARCA Applicant (as defined in paragraph 1.14.3) is required to complete an application form (the "**PARCA Application**") which National Gas

Transmission publishes and which may be amended and re-published from time to time following consultation and comply with the application process as set out in paragraph 1.15.

1.14.3 For the purposes of the Code a "**PARCA**" is an agreement (in a form published by National Gas Transmission and amended and re-published from time to time following consultation) between National Gas Transmission and a person who is either:

- (a) a User; or
- (b) subject to paragraph 1.13, not a User (the "**Reservation Party**")

and together (the "**PARCA Applicant**"), pursuant to which the PARCA Applicant may reserve Quarterly NTS Entry Capacity at an Aggregated System Entry Point and/or Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point; provided that a DNO User shall not be entitled to enter into a PARCA in order to reserve Quarterly NTS Entry Capacity at an Aggregated System Entry Point.

1.14.4 Any Reserved System Capacity reserved by a PARCA Applicant under a PARCA pursuant to this paragraph 1.14 will be reserved in the case of:

- (a) Quarterly NTS Entry Capacity at an Aggregated System Entry Point as reserved entry capacity (the "**Reserved Entry Capacity**"); and/or
- (b) Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point as reserved exit capacity (the "**Reserved Exit Capacity**"),

until such time as such Reserved System Capacity becomes Registered to a User or Nominated User(s) (as defined in paragraph 1.14.5) in accordance with the terms of the PARCA. The amount of Reserved System Capacity shall be determined (and may vary from time to time) in accordance with the terms of the PARCA.

1.14.5 Subject to the provisions in the PARCA, and not less than one (1) month prior to the relevant allocation date, the Reservation Party is required under the PARCA to nominate a User or Users (the "**Nominated User(s)**") to be Registered as holding an amount of Reserved Entry Capacity at an Aggregated System Entry Point and/or an amount of Reserved Exit Capacity at an NTS Exit Point with effect from such date as is specified in the PARCA and shall give notice to such effect to National Gas Transmission.

1.14.6 A notice under paragraph 1.14.5 shall specify:

- (a) the identity of the Nominated User(s);
- (b) the amount (in kWh/d) of Reserved System Capacity to be Registered in the name of the Nominated User(s) which shall not exceed the total amount of the remaining Reserved System Capacity;
- (c) the date, consistent with the terms of the PARCA, from which the Nominated User(s) is/are to be Registered as holding Reserved System Capacity; and
- (d) the aggregate amount of the System Capacity to be Registered in the name of the Nominated User(s) shall equal 100% of the Reserved System Capacity.

Where the Reservation Party wishes to nominate, pursuant to paragraph 1.14.5, more

than one (1) Nominated User to be Registered as holding an amount of Reserved Capacity, then (in addition to the requirements set out above) the notices given by the Reservation Party under paragraph 1.14.5 in relation to each Nominated User shall be given at the same time.

- 1.14.7 Following receipt by National Gas Transmission of the notice pursuant to paragraph 1.14.5, and provided that such notice has not been rejected by National Gas Transmission pursuant to paragraph 14.4.10, National Gas Transmission will notify the Nominated User(s) of the contents of such notice as soon as reasonably practicable.
- 1.14.8 Each Nominated User may within five (5) Business Days of National Gas Transmission's notice under paragraph 1.14.7 confirm to National Gas Transmission its acceptance of the details in the Reservation Party's notice.
- 1.14.9 If a Nominated User does not confirm its acceptance to National Gas Transmission within the period specified in paragraph 1.14.8, National Gas Transmission shall as soon as reasonably practicable notify the Reservation Party of such non-acceptance and request that the Reservation Party resubmits a notice (or notices) pursuant to paragraph 1.14.5 in relation to that amount of Reserved System Capacity that was to be Registered in the name of the Nominated User which failed to confirm its acceptance as set out above.
- 1.14.10 National Gas Transmission may reject the nomination of a Nominated User(s):
- (a) where any of the requirements of paragraph 1.14.6 are not complied with;
  - (b) in accordance with Section V3.
- 1.14.11 Subject to the provisions in the PARCA, National Gas Transmission's Entry Capacity Release Methodology Statement and Exit Capacity Release Methodology Statement and the Code the Reserved System Capacity will be allocated to the User or where the nomination of a Nominated User(s) has not been rejected pursuant to paragraph 1.14.10 to the Nominated User(s) on such date (the "**Registration Date**") as is specified in the PARCA.
- 1.14.12 In the event that the PARCA is terminated then with effect from the date of such termination:
- (a) any notice given pursuant to paragraph 1.14.5 shall be deemed null and void, and the User or Nominated User(s) (as the case may be) shall not be entitled to be allocated with such Reserved System Capacity; and
  - (b) where National Gas Transmission determines that such Reserved System Capacity cannot be used for the purposes of another PARCA, the Reserved System Capacity shall cease to be the Reserved System Capacity for the purposes of the Code.
- 1.14.13 For the avoidance of doubt:
- (a) Reserved Entry Capacity shall not form part of any User's Available Firm NTS Entry Capacity until such time as that Reserved Entry Capacity becomes Registered in accordance with the terms of Section B2; and
  - (b) Reserved Exit Capacity shall not form part of any User's Available Firm NTS Exit Capacity until such time as that Reserved Entry Capacity becomes

Registered in accordance with the terms of Section B3.

- 1.14.14 In relation to a PARCA Application a “**Capacity Indicator**” is a classification (green, amber or red) assigned to a PARCA Application following National Gas Transmission's initial assessment of whether or not National Gas Transmission expects to be able to make available the System Capacity applied for under the PARCA Application.
- 1.14.15 Prior to submitting a PARCA Application the PARCA Applicant must obtain an indicative Capacity Indicator from National Gas Transmission by submitting a request for such to National Gas Transmission (by such means, and by submitting such information, as National Gas Transmission shall establish and make available and publish from time to time).
- 1.14.16 Where the Applicant User submits a request in accordance with National Gas Transmission's requirements under paragraph 1.14.15 National Gas Transmission shall as soon as reasonably practicable notify the PARCA Applicant of the indicative Capacity Indicator which National Gas Transmission expects to assign to a PARCA Application where the application is consistent with the information submitted by the PARCA Applicant under paragraph 1.14.15.

### **1.15 The PARCA Application Process**

- 1.15.1 In order to request that National Gas Transmission enters into a PARCA, the PARCA Applicant shall complete and submit to National Gas Transmission an application (in the form prescribed and published by National Gas Transmission and as amended from time to time following consultation) (the “**PARCA Application**”) and shall comply with the terms thereof.
- 1.15.2 In order to complete the PARCA Application the PARCA Applicant shall include such information as National Gas Transmission may from time to time reasonably determine, which may include:
- (a) contact details of the PARCA Applicant;
  - (b) connection details (including proposed NTS connection site);
  - (c) first gas flow date(s) required for commissioning and commercial purposes;
  - (d) proposed location of the PARCA Applicant’s facility;
  - (e) capacity required and/or capacity profiles (if applicable);
  - (f) for information purposes only, the indicative ramp rate and notice period requirements;
  - (g) where the PARCA Applicant is a DNO User, the associated NTS Exit (Flexibility) Capacity and Assured Offtake Pressure requirements should the Reserved Exit Capacity be allocated;
  - (h) a Capacity range may be requested.
- 1.15.3 National Gas Transmission shall within two (2) Business Days from the date of receipt of the PARCA Application provide written notice of receipt of the PARCA Application to the PARCA Applicant.

1.15.4 A PARCA Application shall be a “**Competent PARCA Application**” where:

- (a) the PARCA Application has been correctly and fully completed;
- (b) the requested technical information has been fully provided; and
- (c) the relevant fee (the "**PARCA Application Fee**") has been paid and is available to National Gas Transmission in cleared funds.

1.15.5 National Gas Transmission shall;

- (a) as soon as reasonably practicable;
  - (i) confirm to the PARCA Applicant that it is a Competent PARCA Application (no more than five (5) Business Days after the date that the PARCA Application is deemed to be a Competent PARCA Application) and subject to paragraph 1.16.4 initiate the Phase 1 PARCA Works, or
  - (ii) advise the PARCA Applicant that the PARCA Application is not a Competent PARCA Application and specify the reasons that the PARCA Application is not a Competent PARCA Application.

1.15.6 A rejection of a PARCA Application under paragraph 1.15.5(a)(ii) shall not prevent a PARCA Applicant from submitting further PARCA Application(s).

1.15.7 The PARCA Applicant may withdraw, by written notification to National Gas Transmission, a PARCA Application at any time. Following any such withdrawal, the PARCA Application Fee shall be reconciled against those actual costs (including reasonable overheads) reasonably incurred by National Gas Transmission in progressing the PARCA Application and undertaking the Phase 1 PARCA Works. Where National Gas Transmission has calculated that its actual reasonably incurred costs;

- (a) are less than the PARCA Application Fee paid by the PARCA Applicant, National Gas Transmission shall refund the difference to the PARCA Applicant; or
- (b) are greater than the PARCA Application Fee paid by the PARCA Applicant, National Gas Transmission shall invoice the difference and the PARCA Applicant shall pay such difference.

1.15.8 The PARCA Application Fee will be determined in accordance with the TPD Section Y Section 5 paragraph 45(a).

1.15.9 National Gas Transmission will assign a Capacity Indicator to a PARCA Application, and shall notify the PARCA Applicant of the assigned Capacity Indicator:

- (a) where the indicative Capacity Indicator is green or red, within ten (10) business days;
- (b) when the indicative Capacity Indicator is amber, within twenty (20) business days

following National Gas Transmission's confirmation the application is a Competent PARCA Application.

1.15.10 The indicative Capacity Indicator notified by National Gas Transmission in response to a request under paragraph 1.14.15 and the Capacity Indicator assigned to a Competent PARCA Application under paragraph 1.15.9 shall be:

- (a) green, where National Gas Transmission expects to be able to make available the System Capacity applied for from the capacity available at the location which capacity is applied for, or by substitution of capacity from another location;
- (b) amber, where National Gas Transmission needs to undertake further analysis before it can determine whether or not it expects to be able to make available the System Capacity applied for from the capacity available at the location which capacity is applied for, or by substitution of capacity from another location;
- (c) red, where National Gas Transmission expects not to be able to make available the System Capacity applied for or National Gas Transmission needs to undertake further analysis before it can determine whether or not it expects to be able to make available the System Capacity applied for.

1.15.11 Where a PARCA Application is assigned a green Capacity Indicator National Gas Transmission may re-assign the application with a red Capacity Indicator following the commencement of the Phase 1 PARCA Works where:

- (a) National Gas Transmission determines, acting reasonably, that for reasons outside its control, it will require up to six (6) months to complete the works;
- (b) as a result of further PARCA Applications received during the PARCA Window (in relation to the PARCA Application), National Gas Transmission is required to undertake additional network analysis for the purposes of completing the Phase 1 PARCA Works.

## **1.16 PARCA Application Window**

1.16.1 Within 10 (ten) Business Days of the initiation of the Phase 1 PARCA Works, a PARCA application window (“**PARCA Window**”) of up to 40 (forty) consecutive Business Days will be triggered, unless the Competent PARCA Application is requesting NTS Entry Capacity and falls within an existing PARCA Entry Window or is requesting NTS Exit Capacity and falls within an existing PARCA Exit Window, in which case no PARCA Window will be triggered. PARCA Windows include PARCA exit windows (“**PARCA Exit Window**”) which may be triggered by a Competent PARCA Application requesting NTS Exit Capacity and PARCA entry windows (“**PARCA Entry Window**”) which may be triggered by a Competent PARCA Application requesting NTS Entry Capacity.

1.16.2 If no PARCA Applications requesting NTS Entry Capacity are received within the first 20 (twenty) Business Days of a PARCA Entry Window that PARCA Entry Window will close. If no PARCA Applications requesting NTS Exit Capacity are received within the first 20 (twenty) Business Days of a PARCA Exit Window that PARCA Exit Window will close.

1.16.3

- (a) If a PARCA Application requesting NTS Entry Capacity is received within the first 20 (twenty) Business Days of a PARCA Entry Window, National Gas Transmission will consider all PARCA Applications requesting NTS Entry

Capacity received and deemed to be Competent PARCA Applications by National Gas Transmission within that PARCA Entry Window at the same time as the relevant Competent PARCA Application that triggered the opening of that PARCA Entry Window and that PARCA Entry Window will remain open for forty 40 (forty) consecutive Business Days from the date it was triggered.

- (b) If a PARCA Application requesting NTS Exit Capacity is received within the first 20 (twenty) Business Days of a PARCA Exit Window, National Gas Transmission will consider all PARCA Applications requesting NTS Exit Capacity received and deemed to be Competent PARCA Applications by National Gas Transmission within that PARCA Exit Window at the same time as the relevant Competent PARCA Application that triggered the opening of that PARCA Exit Window and that PARCA Exit Window will remain open for forty 40 (forty) consecutive Business Days from the date it was triggered.

1.16.4 National Gas Transmission shall not be required to initiate Phase 1 PARCA Works for a PARCA reserving:

- (a) NTS Entry Capacity in the period between the date of an annual invitation issued pursuant to paragraph 2.2.2(b) and the final allocation of Quarterly NTS Entry Capacity pursuant to that annual invitation; and
- (b) NTS Exit Capacity in the period between the date of the enduring annual capacity notification pursuant to paragraph 3.2.23 and the 30 of September in that same Gas Year.

1.16.5 Where National Gas Transmission determines that it will be delayed in initiating Phase 1 PARCA Works due to the terms of paragraph 1.16.4, National Gas Transmission will inform the PARCA Applicant accordingly. National Gas Transmission will use reasonable endeavours to initiate the Phase 1 PARCA Works under paragraph 1.16.4 as soon as reasonably practicable and in any event for a PARCA reserving NTS Entry Capacity no later than the date of the final allocation in accordance with paragraph 1.16.4 (a) and for a PARCA reserving NTS Exit Capacity no later than 30 September in that same Gas Year.

1.16.6 Only one PARCA Entry Window and/or PARCA Exit Window will be open at any one time, however a PARCA Entry Window and a PARCA Exit Window may be open at the same time.

1.16.7 Within 10 (ten) Business Days of initiation of the Phase 1 PARCA Works, National Gas Transmission will, in addition to the information published under paragraph 1.18.1, publish a notice that a PARCA Window is open for a period of up to 40 (forty) consecutive Business Days, subject to paragraph 1.16.2.

1.16.8 Upon closure of a PARCA Window, National Gas Transmission will publish:

- (a) a notice that the PARCA Window is closed; and
- (b) the number of PARCAs requested within that PARCA Window.

1.16.9 The closure of the PARCA Window does not prevent further PARCA Applications being submitted at any other time. Where a PARCA Application is made outside of an open PARCA Window, the date that requested capacity is made available from may be impacted by other PARCAs and Competent PARCA Applications already requested or made and in progress.

1.16.10 Unless otherwise agreed with the PARCA Applicant, the triggering of a PARCA Window shall have no effect on the timescales under paragraph 1.17.1 for completing the Phase 1 PARCA Works for the Competent PARCA Application that triggered the PARCA Window.

### **1.17 Phase 1 PARCA Works**

1.17.1 Where the Phase 1 PARCA Works have been initiated National Gas Transmission shall complete the works as soon as reasonably practicable and in any event by no later than, in the case of a PARCA Application for which the assigned Capacity indicator is:

- (a) green and where the PARCA Window is closed after 20 (twenty) Business Days in accordance with paragraph 1.16.1, within three (3) months;
- (b) green and where the PARCA Window remains open after 20 (twenty) Business Days in accordance with paragraph 1.16.1, within four (4) months;
- (c) red, within six (6) months

from the date on which National Gas Transmission initiated in the Phase 1 PARCA Works.

1.17.2 Following completion of the Phase 1 PARCA Works, National Gas Transmission shall submit to the PARCA Applicant a Phase 1 PARCA Works Report, technical options report and the PARCA (based on the PARCA contract which National Gas Transmission publishes and which may be amended and re-published from time to time follow consultation) populated with the relevant information from the Competent PARCA Application.

1.17.3 The Phase 1 PARCA Works Report relating to the relevant Competent PARCA Application will include:

- (a) the Registration Date (Note: this may or may not be the same date as requested by the PARCA Applicant in the Competent PARCA Application);
- (b) the quantity of Quarterly NTS Entry Capacity and/or Enduring Annual NTS Exit (Flat) Capacity to be reserved and, if applicable, the capacity range that can be accommodated (which may, or may not be the capacity range requested by the PARCA Applicant under the Competent PARCA Application);
- (c) the profile of the Quarterly NTS Entry Capacity and/or Enduring Annual NTS Exit (Flat) Capacity to be reserved (where applicable) and, if applicable, the Reserved Capacity Tolerance (as defined under the PARCA) that can be accommodated (which may, or may not be the capacity range requested by the PARCA Applicant under the Competent PARCA Application).
- (d) the allocation date, which is the date on which the Reserved Quarterly NTS Entry Capacity and/or Enduring Annual NTS Exit (Flat) Capacity will be Registered by National Gas Transmission to the User or, as the case may be, the Nominated User(s);
- (e) the indicative Quarterly NTS Entry Capacity and/or NTS Exit (Flat) Capacity Charges applicable to the Reserved Capacity;
- (f) the actual costs incurred by National Gas Transmission in undertaking the Phase

1 PARCA Works showing whether monies are owed by the PARCA Applicant to National Gas Transmission or to be returned by National Gas Transmission to the PARCA Applicant;

- (g) the security requirements to further progress the PARCA.
- (h) the PARCA Demonstration Information and PARCA Demonstration Date (both terms as defined under the PARCA) requirements.
- (i) whether there is a need for reinforcement works;
- (j) for information purposes only, indicative ramp rates and pressures which are not legally binding on either party;
- (k) where the PARCA Applicant is a DNO User, the NTS Exit (Flexibility) Capacity quantity and Assured Offtake Pressure that National Gas Transmission will provide at the DNO Offtake if the reserved capacity is allocated subject to the terms and conditions of the PARCA.

1.17.4 In order for a PARCA Applicant to reserve Reserved System Capacity, by no later than 28 (twenty eight) Days following receipt of the Phase 1 PARCA Works Report the Applicant shall submit to National Gas Transmission;

- (a) the original signed version of the PARCA; and
- (b) the relevant security requirements as identified in the Phase 1 PARCA Works Report.

1.17.5 If the PARCA Applicant has not submitted the original signed version of the PARCA and put in place the relevant security requirements as identified in the Phase 1 PARCA Works Report in the timescale prescribed in paragraph 1.17.4, National Gas Transmission shall not be required to counter sign the PARCA.

1.17.6 Subject to paragraph 1.17.5, where the PARCA Applicant has signed and returned an original of the PARCA to National Gas Transmission pursuant to paragraph 1.17.4(a), National Gas Transmission will sign the PARCA and return a copy of the PARCA to the PARCA Applicant within 2 (two) Business Days of receiving the signed original from the PARCA Applicant.

1.17.7 Reservation of the NTS Capacity will occur where:

- (a) the requirements set out in paragraph 1.17.4 have been satisfied;
- (b) National Gas Transmission has signed and returned the PARCA pursuant to paragraph 1.17.6; and
- (c) in respect of Quarterly NTS Entry Capacity only:
  - (i) a net present value test, in accordance with the Incremental Entry Capacity Release Statement, that is based upon the quantities of Quarterly NTS Entry Capacity and indicative NTS Entry Capacity Price steps, has been satisfied; or
  - (ii) where National Gas Transmission determine that no net present value test is required, a quantity of Quarterly NTS Entry Capacity has been

requested by the PARCA Applicant in at least 16 (sixteen) Quarters within a 32 (thirty two) consecutive Quarter period.

1.17.8 For the purposes of the Code, the "**Phase 1 PARCA Works**" are those works deemed necessary by National Gas Transmission to process the PARCA Application and to produce and issue the Phase 1 PARCA Works Report, as such works may be specified more explicitly in the PARCA Application.

**1.18 PARCA – Information publishing**

1.18.1 National Gas Transmission shall publish information relating to PARCAs and Reserved System Capacity as follows:

(a) within 10 (ten) Business Days of initiation of the Phase 1 PARCA Works, National Gas Transmission will publish:

- (i) the geographical area of the NTS Exit Point and/or NTS Entry Point to which the PARCA relates;
- (ii) an indicative range of Reserved System Capacity to which the PARCA relates based upon the maximum quantity of capacity requested;
- (iii) the indicative date on which the Reserved System Capacity will be reserved in accordance with the Code and the PARCA; and
- (iv) the requested Registration Date in respect of the Reserved System Capacity;

and National Gas Transmission shall publish updates to any of the above information from time to time as applicable.

(b) within 10 (ten) Business Days of the reservation of Reserved System Capacity pursuant to a PARCA, National Gas Transmission will publish:

- (i) where substitution is proposed, the quantity (if any) of Unsold Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity that has been reserved from each donor NTS Exit Point and/or NTS Entry Point and the relevant periods of such reservation;
- (ii) the geographical area of the NTS Exit Point and/or NTS Entry Point to which the PARCA relates or the NTS Exit and/or NTS Entry Point (if known);
- (iii) the quantity (if any) of Unsold Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity reserved at the NTS Exit Point and/or NTS Entry Point and the relevant periods of such reservation;
- (iv) the total quantity (if any) of Reserved System Capacity reserved at the NTS Exit Point and/or NTS Entry Point,

and National Gas Transmission shall publish updates to any of the above information from time to time as applicable.

(c) National Gas Transmission will publish, as soon as reasonably practicable and

respecting commercial confidentiality, details of the progress made against the phases of each PARCA. This will include in each case updates on the submission of application for a development consent order (if required), receipt of a development consent order (if required), and calculation of any required funding (in accordance with Special Condition 3.13 of National Gas Transmission's Transporter Licence);

- (d) within 10 (ten) Business Days of the termination of a PARCA, National Gas Transmission will publish the quantity and location of any Enduring Annual NTS Exit (Flat) Capacity and/or NTS Entry Capacity that is no longer reserved pursuant to that PARCA and is therefore being made to Users by means of the other mechanisms set out in paragraph 2 or 3;
- (e) not more than twenty four (24) hours after the time at which National Gas Transmission notifies the User or Nominated User(s) of their allocation of Quarterly NTS Entry Capacity pursuant to the PARCA and the Code, National Gas Transmission will notify all Users of the following in respect of each calendar quarter:
  - (i) the price (in pence/kWh) payable for NTS Entry Capacity by the relevant User (and the amount of NTS Entry Capacity applied for);
  - (ii) the volume of NTS Entry Capacity allocated;
  - (iii) the volume of Incremental NTS Entry Capacity allocated; and
  - (iv) the amount of Unsold NTS Entry Capacity (if any) at the relevant NTS Entry Point following the allocation;
- (f) not more than twenty four (24) hours after the time at which National Gas Transmission notifies the User or Nominated User(s) of their allocation of Enduring Annual NTS Exit (Flat) Capacity pursuant to the PARCA and the Code, National Gas Transmission will notify all Users of the following information:
  - (i) the volume of Enduring Annual NTS Exit (Flat) Capacity allocated; and
  - (ii) the incremental volume (being the volume above Baseline NTS Exit (Flat) Capacity) of Enduring Annual NTS Exit (Flat) Capacity allocated.

## **1.19 CSEP Supply Points**

- 1.19.1 In the Section B references to Supply Meter Points and Supply Points (and classes thereof) include CSEP Supply Meter Points and CSEP Supply Points (and the corresponding classes thereof).
- 1.19.2 In accordance with paragraph 1.14.1, CSEP Users will hold (and be registered as holding) Supply Point Capacity and LDZ Capacity at CSEP Supply Points (in lieu of any other basis for holding LDZ Capacity at Unmetered Connected System Exit Points).
- 1.19.3 Paragraph 1.14.1 does not limit the basis on which the Transportation Statement may provide for the determination of Transportation Charges in respect of Unmetered Connected System Exit Points.

## 1.20 CDSP Functions

1.20.1 Agency Functions of the CDSP to support implementation of this Section B are:

- (a) calculating Transportation Charges, Overrun Charges, CSEP Overrun Charges and Supply Point Ratchet Charges; and
- (b) maintaining a record of Users Registered and Available System Capacity holdings.

## 1.21 Maximum Eligible Quantities

1.21.1 The User must set the following limits, which apply only to that User, for each type of auction for Daily NTS Entry Capacity, Daily NTS Interruptible Capacity, Daily NTS Exit (flat) Capacity and Off-Peak Daily NTS Exit (Flat) Capacity:

- (a) an amount in kWh/d which the bid volume for any one bid shall not exceed, or such higher amount as temporarily overridden by the User from time to time on any one bid (a “**maximum eligible amount**”); and
- (b) an amount which the bid price for any one bid shall not exceed, or such higher amount as temporarily overridden by the User from time to time on any one bid (a “**maximum eligible price**”).

1.21.2 A User shall not apply to be registered as holding NTS Entry Capacity or NTS Exit Capacity in the relevant auctions, where either of these limits may have not been set.

## 2 NTS ENTRY CAPACITY

### 2.1 Introduction

2.1.1 Subject to the provisions of the Code, a User may deliver gas to the Total System at any System Entry Point.

2.1.2 Users may apply for and be registered as holding NTS Entry Capacity:

- (a) as Quarterly NTS Entry Capacity pursuant to an auction in accordance with paragraph 2.2 and/or apply for, reserve and be Registered as holding NTS Entry Capacity as Quarterly NTS Entry Capacity under a PARCA pursuant to paragraph 1.14;
- (b) as Monthly NTS Entry Capacity pursuant to an auction in accordance with paragraphs 2.2 and 2.3;
- (c) as Weekly NTS Entry Capacity pursuant to an auction in accordance with paragraphs 2.4;
- (d) as Daily NTS Entry Capacity pursuant to a bid under paragraph 2.5; and
- (e) as Daily Interruptible NTS Entry Capacity pursuant to a bid under paragraph 2.6; and
- (f) as Quarterly, Monthly, Weekly, Daily or Daily Interruptible NTS Entry Capacity (as the case may be) pursuant to an invitation in accordance with paragraph 2.1.14.

- 2.1.3 A User may not apply for or reserve under a PARCA pursuant to paragraph 1.14 or be registered as holding NTS Entry Capacity at an Aggregate System Entry Point in an amount less than 100,000 kWh/Day (the "**minimum eligible amount**").
- 2.1.4 In relation to an Aggregate System Entry Point:
- (a) "**Quarterly NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for, or reserved under a PARCA pursuant to paragraph 1.14 and registered as held (in a given amount) by a User for each Day in a particular calendar quarter;
  - (b) "**Monthly NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a particular calendar month;
  - (c) "**Weekly NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a particular calendar week;
  - (d) "**Daily NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for a particular Day only; and
  - (e) "**Daily Interruptible NTS Entry Capacity**" is Interruptible NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for a particular Day only.
- 2.1.5 In respect of an Aggregate System Entry Point and in relation to a Day in a calendar month in a Formula Year:
- (a) "**Obligated Entry Capacity**" is the amount of NTS Entry Capacity which National Gas Transmission is required to make available to Users pursuant to National Gas Transmission's Transporter's Licence as set out in National Gas Transmission's Transportation Statement;
  - (b) "**Incremental NTS Entry Capacity**" is the amount of Firm NTS Entry Capacity (if any) in excess of the Unsold NTS Entry Capacity which National Gas Transmission may (but shall not be required to) invite applications for pursuant to paragraphs 2.2 and 2.3 and which may be reserved as Quarterly NTS Entry Capacity under a PARCA pursuant to paragraph 1.14; and
  - (c) "**Unsold NTS Entry Capacity**" subject to EID Section E, paragraph 7.1.4, is the amount of Firm NTS Entry Capacity that National Gas Transmission has an obligation to make available (in accordance with the procedures set out in this paragraph 2) to Users pursuant to Special Condition 3.13 of National Gas Transmission's Transporter's Licence as, in the case of NTS Entry Capacity to be made available under paragraphs 2.2, 2.3, 2.4 and 2.5 but not paragraph 2.6, set out in National Gas Transmission's Transportation Statement, for the purposes of:
    - (i) paragraph 2.2, in relation to each Day in a calendar quarter (in the case of QSEC) or in a month (in the case of AMSEC);
    - (ii) paragraph 2.3, in relation to each Day in a calendar month;

- (iii) paragraph 2.4, in relation to each Day in a calendar week;
- (iv) paragraph 2.5, in relation to a Day;

in each case minus Reserved Entry Capacity for the calendar quarter, calendar month, calendar week or Day in question.

2.1.6 For the purposes of the application of paragraph 2.7, the amount of Unsold NTS Entry Capacity in existence at a particular time will, unless expressly stated otherwise, be calculated by reference to a continuing obligation to make available Firm NTS Entry Capacity through the application of Special Condition 3.13 of National Gas Transmission's Transporter's Licence prior to the time at which the amount of Unsold NTS Entry Capacity is to be ascertained.

2.1.7 For the purposes of this paragraph 2:

- (a) at any time, in respect of an Aggregate System Entry Point and in relation to a Day, the "**System Entry Capability**" is the amount (in kWh) or rate (in kWh/Day) (in each case consistent with the provisions of paragraph 2.1.9), determined by the Transporter at such time, as the maximum amount of gas which it will be feasible to take delivery on that Day at that Aggregate System Entry Point, or (as the case may be) the maximum rate at which it will be feasible to take delivery of gas on that Day or in the remaining part of that Day at that Aggregate System Entry Point;
- (b) "**Firm NTS Entry Capacity**" means Quarterly NTS Entry Capacity, Monthly NTS Entry Capacity and Daily NTS Entry Capacity which (without prejudice to Section I3.7) is not subject to curtailment and "**Interruptible NTS Entry Capacity**" means Daily Interruptible NTS Entry Capacity which is liable to be curtailed pursuant to paragraph 2.10;
- (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 2.9.4, is a reference to such amount as reduced pursuant to that paragraph;
  - (ii) pursuant to paragraph 2.10.4, is a reference to such amount as reduced pursuant to that paragraph; and
  - (iii) pursuant to paragraph 2.11.8, is a reference to such amount as determined pursuant to that paragraph; and
  - (iv) pursuant to paragraph 2.18.9 is a reference to such amount as reduced pursuant to that paragraph;

and a reference to such amount as "**Unadjusted**" pursuant to any such paragraph is a reference to such amount before and disregarding such reduction or determination;
- (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 2.9.4, 2.10.4, 2.11.8 and 2.18.9;

- (e) an "**invitation date**" is a day on which Users may make applications for NTS Entry Capacity in accordance with paragraphs 2.2 and 2.3;
  - (f) a "**capacity bid**" is an application for NTS Entry Capacity in accordance with paragraph 2.2, 2.3, 2.4, 2.5 or 2.6;
  - (g) a "**calendar quarter**" is a period of three calendar months commencing 1 January, 1 April, 1 July and 1 October in any calendar year; and
  - (h) a "**calendar week**" is a period of seven consecutive Days commencing on at 05:00 on a Monday.
- 2.1.8 All determinations (as to quantities in which or rates at which gas is or is to be delivered to or accepted by the Total System at an Aggregate System Entry Point) to be made by the Transporter under this paragraph 2 will be made on the assumption that the requirement in Section I3.10.2 is complied with.
- 2.1.9 For the purposes of determining the NTS Entry Capacity available to the User for each hour in a Day:
- (a) where the NTS Entry Capacity is held in respect of the whole Day, the User shall hold in respect of each hour in the Day an amount of the NTS Entry Capacity equal to the NTS Entry Capacity held by the User, divided by 24; and
  - (b) where the NTS Entry Capacity is held for less than a Day, the User shall hold in respect of each remaining hour of the Day an amount of the NTS Entry Capacity equal to the NTS Entry Capacity, divided by the period (in hours) from the time the NTS Entry Capacity was first registered as being held by a User to the end of the Day.
- 2.1.10 References to rates at which gas is or may be delivered to or accepted by the System at an Aggregate System Entry Point are references to an instantaneous rate of flow, whether expressed in kWh/Day or other units.
- 2.1.11 For the avoidance of doubt, where a User ceases to be a User in accordance with Section V4.3, the NTS Entry Capacity which the User was registered as holding shall (with effect from the latest time by which a transferee election might be made) cease to be treated as held by any User, save to the extent to which any other User elects to be registered as holding such NTS Entry Capacity pursuant to paragraph 5.4.1(b) (a 'transferee election').
- 2.1.12 Any price to be specified by National Gas Transmission or a User pursuant to any provision of this paragraph 2 or under a PARCA pursuant to paragraph 1.14 shall be expressed in pence/kWh/Day and specified to four decimal places.
- 2.1.13 For the purposes of this paragraph 2 and/or paragraph 1.14 (as applicable) in particular in the context of applications for NTS Entry Capacity or reservation of Quarterly NTS Entry Capacity under a PARCA in accordance with the further provisions of this paragraph 2 and/or paragraph 1.14 (as applicable), a reference to a 'Capacity Year + n' is a reference to the Capacity Year commencing on either the n anniversary of the first Day of the Capacity Year in which the applications are invited to be made or on the anniversary of the first Day of the Capacity Year in which the PARCA was agreed.
- 2.1.14 Discretionary NTS Entry Capacity

- (a) In addition to the other methods set out in Section B2.1.2 by which NTS Entry Capacity may be made available to Users, National Gas Transmission shall be entitled to invite applications for NTS Entry Capacity to Users by such means as National Gas Transmission may determine in its sole discretion. The timing of any such invitation, the quantities of NTS Entry Capacity included in such invitation (“**Discretionary NTS Entry Capacity**”), and the terms which shall apply to the offering of, application for, allocation of and use of such Discretionary NTS Entry Capacity shall also be determined by National Gas Transmission in its sole discretion.
- (b) Any Discretionary NTS Entry Capacity included in any invitation made by National Gas Transmission pursuant to the provisions of paragraph (a) shall:
- (i) be subject to the application of a reserve price, which shall be equal to the prevailing reserve price last published pursuant to paragraph 2.2.1(a) (for each Aggregate System Entry Point at which Discretionary NTS Entry Capacity is offered); and
  - (ii) be available for a period of no more than one Capacity Year, such period being specified in the relevant invitation; and
  - (iii) be subject to the provisions of UNC Section V3.
- (c) Each User shall pay Capacity Charges for any Discretionary NTS Entry Capacity allocated to it, and such Capacity Charge shall be determined as the quantity of NTS Entry Capacity allocated multiplied by the bid price tendered multiplied by the relevant period for which such Discretionary NTS Entry Capacity has been allocated.
- (d) For the avoidance of doubt, any Discretionary NTS Entry Capacity allocated to a User pursuant to this paragraph 2.1.14 shall be included in the User’s aggregate Available NTS Entry Capacity.
- (e) The bid prices offered by Users for Discretionary NTS System Entry Capacity shall be considered in the determination of System Entry Overrun Charge rates at the relevant Aggregate System Entry Point.
- (f) National Gas Transmission will no later than
- (i) two (2) Business Days prior to the first day of the period to which the invitation relates, inform each User of those of its capacity bids that have been accepted, the amount of Discretionary NTS Entry Capacity which it is registered as holding for the relevant Aggregate System Entry Point and the period for which the Discretionary NTS Entry Capacity has been allocated); and
  - (ii) one (1) Business Day prior to the first day of the period to which the invitation relates, National Gas Transmission will provide information to all Users with the information referred to in paragraph 2.15.2 in relation to Discretionary NTS System Entry Capacity.

## 2.2 Annual NTS Entry Capacity auctions

### 2.2.1 By:

- (a) not later than the Day falling twenty eight (28) Days before the annual AMSEC invitation date in any Capacity Year, National Gas Transmission will notify Users of the reserve prices and the step prices that will apply in respect of each Aggregate System Entry Point for the purposes of the annual AMSEC invitation;
- (b) not earlier than 1 February and not later than 29 February in a Capacity Year, National Gas Transmission will invite, and Users may make, applications for Monthly NTS Entry Capacity in respect of each Aggregate System Entry Point for the period specified in paragraph 2.2.2(a);
- (c) not later than the Day falling twenty eight (28) Days before the first annual QSEC invitation date in any Capacity Year, National Gas Transmission will notify Users of the reserve prices and the step prices that will apply in respect of each Aggregate System Entry Point for the purposes of the annual QSEC invitation; and
- (d) not earlier than 1 March and not later than 31 March in a Capacity Year, National Gas Transmission will invite, and Users may make, applications for Quarterly NTS Entry Capacity in respect of each Aggregate System Entry Point for the periods specified in paragraph 2.2.2(b).

2.2.2 National Gas Transmission will invite applications ("**annual invitation**") for:

- (a) for Monthly NTS Entry Capacity for each calendar month from April to September (inclusive) in Capacity Year Y and for each calendar month in Capacity Year 1; and
- (b) for Quarterly NTS Entry Capacity for each calendar quarter in Capacity Year + 2 to Capacity Year + 16 (inclusive)

in each case for such aggregate amounts of NTS Entry Capacity as is specified in the relevant annual invitation.

2.2.3 National Gas Transmission's annual invitations under paragraph 2.2.2 will specify:

- (a) the dates (on which applications pursuant to the annual invitation may be made), which for the purposes of:
  - (i) paragraph 2.2.2(a), shall be four dates (each of which shall be a Business Day) on which applications pursuant to such annual invitation may be made; the period between each such date shall not be less than two Business Days; and
  - (ii) paragraph 2.2.2(b), shall be a period of ten (10) consecutive Business Days ("**annual invitation period**"),

(each such date an "**annual**" invitation date);
- (b) for each Aggregate System Entry Point, and in respect of each of Capacity Year Y to Capacity Year +16 (inclusive), the Available NTS Entry Capacity (and, in respect of Capacity Year Y and Capacity Year 1, the Available Monthly Capacity as referred to in paragraph (e) below) and the reserve price for Unsold NTS Entry Capacity (in accordance with National Gas Transmission's Transportation Statement) (the "**reserve price**");

- (c) for each Aggregate System Entry Point, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive):
  - (i) the relevant number of incremental amounts (each being for a different amount) of Quarterly NTS Entry Capacity greater than the Obligated Entry Capacity (the maximum incremental amount being the lower of (1) an amount not less than an amount equal to 150% of Obligated Entry Capacity and (2) an amount determined by the application of National Gas Transmission's Entry Capacity Release Methodology Statement) (each amount an "**incremental capacity amount**"); and
  - (ii) the price payable by Users for each different incremental capacity amount (the "**step price**") were National Gas Transmission to make such incremental capacity amount available

in each case (in accordance with National Gas Transmission's Transportation Statement); and

- (d) the relevant number for the purposes of paragraph (c) being twenty (20) except in the case of an Aggregate System Entry Point where the Obligated Entry Capacity is less than 300,000,000 kWh/Day where the relevant number (being not greater than twenty (20) and not less than five (5)) shall be set out in National Gas Transmission's Transportation Statement; and
- (e) for each Aggregate System Entry Point and in respect of Capacity Year Y and Capacity Year 1, the Available Monthly Capacity for the relevant calendar month on the relevant annual invitation date. The "**Available Monthly Capacity**" for a calendar month shall mean, in respect of the first three annual invitation dates, an amount equal to 25% of the amount of the Available NTS Entry Capacity for that calendar month (as determined immediately prior to the first such annual invitation date); and in respect of the fourth annual invitation date shall mean an amount equal to the Available NTS Entry Capacity for that calendar month (again as determined immediately prior to the first such annual invitation date) less the amount of NTS Entry Capacity allocated in aggregate pursuant to the first three annual invitation dates for that calendar month.

2.2.4 Users may apply for Monthly NTS Entry Capacity for a calendar month in Capacity Year Y and Capacity Year 1 and/or (without prejudice to paragraph 2.2.14) for Quarterly NTS Entry Capacity for a calendar quarter in each of Capacity Year + 2 to Capacity Year + 16 (inclusive) in respect of an Aggregate System Entry Point on the relevant annual invitation dates.

2.2.5 The "**Available NTS Entry Capacity**" for an Aggregate System Entry Point is, in respect of:

- (a) a calendar month in Capacity Year Y and Capacity Year 1, not less than the sum of:
  - (i) Unsold NTS Entry Capacity (if any); and
  - (ii) Incremental NTS Entry Capacity (if any); and
- (b) a calendar quarter in Capacity Year + 2 to Capacity Year + 16 (inclusive), is not less than the sum of:

- (i) Unsold NTS Entry Capacity (if any); and
- (ii) Incremental NTS Entry Capacity (if any).

2.2.6 An application (a "**quarterly**" capacity bid) for Quarterly NTS Entry Capacity in respect of Capacity Year + 2 to Capacity Year + 16 (inclusive) shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the calendar year and calendar quarter for which Quarterly NTS Entry Capacity is applied for;
- (d) the amount (not less than the minimum eligible amount) of Quarterly NTS Entry Capacity applied for (in kWh/Day);
- (e) the minimum amount (not less than the minimum eligible amount) of Quarterly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.7.4; and
- (f) the price (being either the reserve price or a step price as set out in National Gas Transmission's Transportation Statement) in respect of which the User is applying for the amount of Quarterly NTS Entry Capacity.

2.2.7 An application (a "**monthly**" capacity bid) for Monthly NTS Entry Capacity in respect of Capacity Year Y and Capacity Year 1 shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the Capacity Year and calendar month for which Monthly NTS Entry Capacity is applied for;
- (d) the amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity applied for (in kWh/Day);
- (e) the minimum amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.8.2(e); and
- (f) the amount (the "**bid price**") which shall not be less than the reserve price which the User is willing to pay by way of Capacity Charge in respect of the Monthly NTS Entry Capacity applied for.

2.2.8 A User may have, at any one time:

- (a) in aggregate in respect of each of the annual invitation dates, up to but not more than twenty (20) monthly capacity bids; and
- (b) during the annual invitation period, up to but not more than twenty one (21) quarterly capacity bids provided that during such period the User may only have one (1) such quarterly capacity bid for which the price specified for the purposes of paragraph 2.2.6(f) is the reserve price or any particular step price

in respect of a particular Aggregate System Entry Point for each calendar month or (as the case may be) calendar quarter capable of acceptance in accordance with paragraphs 2.6 and 2.7.

2.2.9 A capacity bid:

- (a) may not be submitted before 08:00 hours or after 17:00 hours on an invitation date; and
- (b) may be withdrawn or amended after 08:00 hours and until, but not after, 17:00 hours:
  - (i) where such bid is a monthly capacity bid, on the relevant invitation date;
  - (ii) where such bid is a quarterly capacity bid, on each annual invitation date in the annual invitation period.

2.2.10 Where in relation to the incremental amounts of Quarterly NTS Entry Capacity specified in an annual invitation the step prices specified:

- (a) increase as the corresponding incremental amount itself increases, Users may only submit a second or further quarterly capacity bid where the step price applied for is greater than that applying to any other bid, if the amount of Quarterly NTS Entry Capacity applied for in such bid is no greater than that applied for under any earlier bid;
- (b) decrease as the incremental amount itself increases, Users may only submit a second or further Quarterly capacity bid where the price applied for is less than that applying to any other bid, if the amount of Quarterly NTS Entry Capacity applied for in such bid is no less than that applied for under any earlier bid.

2.2.11 National Gas Transmission shall reject a capacity bid submitted on an annual invitation date where:

- (a) the requirement in paragraph 2.2.10 is not complied with;
- (b) any requirement of paragraphs 2.2.6 or 2.2.7 is not complied with

and National Gas Transmission may reject a capacity bid in accordance with Section V3.

2.2.12 Nothing in this paragraph 2.2 shall be construed as giving rise to any restriction on National Gas Transmission's ability to make available Quarterly NTS Entry Capacity (or Monthly NTS Entry Capacity) in an annual invitation in an amount which exceeds the Unsold NTS Entry Capacity.

2.2.13 In the event that a User submits monthly capacity bids in response to an annual invitation and the sum of:

- (a) the aggregate NTS Entry Capacity Charges payable by the User were all the Monthly NTS Entry Capacity applied for under the User's capacity bids in respect of 1 April to 30 September in Capacity Year Y and 1 October to 31 March in Capacity Year + 1 to be allocated in full; and
- (b) the User's Relevant Code Indebtedness at 17:00 hours on any Business Day on which monthly capacity bids may be made

exceeds 85% of the User's Code Credit Limit, National Gas Transmission shall not later than five (5) Business Days after the last relevant annual invitation date inform the User.

2.2.14 Following a notice under paragraph 2.2.13, in the event the User does not within ten (10) Business Days of such notice provide adequate surety or security (in accordance with Section V3.4.5), all monthly capacity bids submitted by the User in response to the annual invitation shall be disregarded for the purposes of this paragraph 2 (and have no effect).

2.2.15 Following the submission of quarterly capacity bids on each annual invitation date in the annual invitation period National Gas Transmission shall as soon as reasonably practicable after 17:00 hours on each such date calculate and notify Users, in respect of each calendar quarter and each Aggregate System Entry Point, of the Stability Group by reference to identifying where the quantities of Quarterly NTS Entry Capacity applied for in aggregate by Users are first equal to or less than the incremental quantities specified in the annual invitation in ascending order.

2.2.16 This paragraph 2.2.16 shall only apply where Quarterly NTS Entry Capacity is requested through a PARCA Application.

- (a) Where this paragraph 2.1.18 applies, then within 10 (ten) Business Days of initiating the Phase 1 PARCA Works in relation to that PARCA Application, National Gas Transmission will invite Users to submit applications for Quarterly NTS Entry Capacity in accordance with this paragraph 2.2.16; provided that no such invitation shall be made:
  - (i) in the period between the date of an annual invitation issued pursuant to paragraph 2.2.2 and the end of the annual invitation period in accordance with this paragraph 2.2;
  - (ii) in the period between the date of a previous annual invitation issued pursuant to this paragraph 2.2.16 and the end of that ad-hoc annual invitation period in accordance with this paragraph 2.2.
- (b) By not later than the Day falling twenty eight (28) Days before the first annual invitation date, National Gas Transmission will notify Users of the applicable reserve prices and the step prices that will apply in respect of the Aggregate System Entry Point for the purposes of the annual invitation.
- (c) National Gas Transmission will invite applications (annual invitation (for the avoidance of doubt there may be more than one annual invitation)) for Quarterly NTS Entry Capacity at Aggregate System Entry Points for each calendar quarter in Capacity Year +2 to Capacity Year +16 (inclusive) for such aggregate amounts of Unsold NTS Entry Capacity only as is specified in the annual invitation and Users may make applications for NTS Entry Capacity in respect of the Aggregate System Entry Point in accordance with this paragraph 2.2.16.
- (d) National Gas Transmission's annual invitation under paragraph 2.2.16(c) will specify:
  - (i) the date(s) on which applications ("**applications**") pursuant to the annual invitation may be made, which shall be a period of ten (10) consecutive Business Days, (each such date an "**annual invitation date**");

- (ii) for Aggregate System Entry Points, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive), the Available Unsold NTS Entry Capacity and the applicable reserve prices for Obligated Entry Capacity (in accordance with the Transportation Statement) (the "**applicable reserve price**");
- (iii) for Aggregate System Entry Points, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive):
  - (1) the relevant number of incremental capacity amounts of Quarterly NTS Entry Capacity greater than the Obligated Entry Capacity (the maximum incremental capacity amount being the lower of (1) an amount not less than an amount equal to 150% of Obligated Entry Capacity and (2) an amount determined by the application of National Gas Transmission's NTS's Entry Capacity Release Methodology Statement); and
  - (2) the step price payable by Users for each different incremental capacity amount were National Gas Transmission to make such incremental capacity amount available (even though no such incremental capacity will be made available by National Gas Transmission in these circumstances) in each case (in accordance with National Gas Transmission's Transportation Statement); and
- (iv) the relevant number for the purposes of paragraph (iii) being twenty (20) except in the event of a Aggregate System Entry Point where the Obligated Entry Capacity is less than 300,000,000 kWh/Day where the relevant number (being not greater than twenty (20) and not less than five (5)) as set out in National Gas Transmission's Transportation Statement.
- (e) Users may apply for Quarterly NTS Entry Capacity for a calendar quarter in each of Capacity Year + 2 to Capacity Year + 16 (inclusive) in respect of Aggregate System Entry Points on the annual invitation dates.
- (f) For the avoidance of doubt, and without prejudice to the further provisions of this paragraph 2.2.16, in relation to an annual invitation paragraphs 2.2.5, 2.2.6, 2.2.8, and 2.2.11(b) shall apply.
- (g) Following the submission of applications in relation to Aggregate System Entry Points paragraph 2.7 (other than paragraph 2.7.7) shall apply and National Gas Transmission shall allocate NTS Entry Capacity and Users will be registered as holding Quarterly NTS Entry Capacity at the Aggregate System Entry Point in the amounts so allocated.
- (h) National Gas Transmission will, by not later than the Day falling ten (10) Business Days after the last annual invitation date inform each User of those of its quarterly capacity bids which have been accepted and the amount of Quarterly NTS Entry Capacity which it is registered as holding for each calendar quarter pursuant to each such accepted quarterly capacity bid.

2.2.17 In the event that following calculation of the Stability Group for each calendar quarter and each Aggregate System Entry Point following submission of quarterly capacity bids on the next following invitation date, the Stability Group remains unchanged in respect of all but four or fewer calendar quarters and Aggregate System Entry Point combinations:

- (a) National Gas Transmission shall by not later than 08:00 hours on the next following annual invitation date, notify Users that this paragraph 2.2.17 applies and that the annual invitation period has ended; and
- (b) Users shall not be not be permitted to submit and National Gas Transmission shall not be permitted to accept any further quarterly capacity bids in respect of the annual invitation.

**2.3 Rolling Monthly NTS Entry Capacity auctions**

2.3.1 In respect of each Aggregate System Entry Point National Gas Transmission will each month invite Users to offer to surrender, and make applications for, Monthly NTS Entry Capacity for the following calendar month in accordance with this paragraph 2.3.

2.3.2 For the purposes of this paragraph 2.3:

- (a) **"Rolling Available NTS Entry Capacity"** in respect of an Aggregate System Entry Point and a calendar month, is an amount of Monthly NTS Entry Capacity equal to:

$$A + B + C$$

where:

- A is the Unsold NTS Entry Capacity (if any) for the calendar month;
- B is the Incremental NTS Entry Capacity (if any) for the calendar month; and
- C is the Surrendered NTS Entry Capacity (if any) for the calendar month;
- (b) **"Donor ASEP"** is an Aggregate System Entry Point in respect of which;
  - (i) no rolling monthly capacity bid remains unsatisfied following an allocation pursuant to paragraph 2.3.19; and
  - (ii) there remains Rolling Available NTS Entry Capacity for the relevant month (in an amount in excess of the minimum eligible amount);
- (c) **"inter-ASEP exchange rate"** is the rate in respect of different pairs of Aggregate System Entry Points used by National Gas Transmission for the purposes of paragraph 2.3.23 as established in accordance with the Entry Capacity Transfer and Trade Methodology Statement;
- (d) the **"Entry Capacity Transfer and Trade Methodology Statement"** is the capacity methodology statements in respect of entry capacity transfer and entry capacity trade prepared and published by National Gas Transmission in accordance with Special Condition 9.17 of National Gas Transmission's Transporter's Licence;
- (e) **"Recipient ASEP"** is an Aggregate System Entry Point in respect of which rolling monthly capacity bids remain unsatisfied following an allocation pursuant to paragraph 2.3.19;
- (f) **"relevant month"** is the calendar month in respect of which National Gas

Transmission shall invite Users to make rolling monthly surrender offers and rolling monthly capacity bids in accordance with this paragraph 2.3;

- (g) **“Surrendered NTS Entry Capacity”** in respect of an Aggregate System Entry Point and a calendar month, is the aggregate amount of Firm NTS Entry Capacity in respect of which Users have submitted rolling monthly surrender offers (excluding any rolling monthly surrender offer rejected in accordance with paragraph 2.3.9) in accordance with this paragraph 2.3;
- (h) **“unit price”** in respect of a rolling monthly capacity bid is calculated as follows:

$$X / Y$$

where:

X is the bid price (in pence/kWh/Day) of the rolling monthly capacity bid;

Y is:

- (i) for the purposes of paragraph 2.3.19, one (1); and
- (ii) for the purposes of paragraph 2.3.23, the relevant inter-ASEP exchange rate applying between the Aggregate System Entry Point and the relevant Donor ASEP; and
- (iii) **“weighted average unit price”** in respect of a rolling monthly surrender offer is calculated as follows:

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

where:

n is the number of rolling monthly capacity bids to which NTS Entry Capacity is allocated for the purposes of which a rolling monthly surrender offer is deemed to have been accepted pursuant to paragraphs 2.3.20(d) and 2.3.24(d) (each a ‘relevant capacity bid’ for the purposes of this paragraph (i));

P is the unit price of the relevant capacity bid; and

Q is that quantity of NTS Entry Capacity allocated as Surrendered by the Surrendering User pursuant to paragraphs 2.3.20 and 2.3.24 in relation to the relevant capacity bid.

2.3.3 By not later than five (5) Business Days before the date on which National Gas Transmission invites Users to make rolling monthly capacity bids National Gas Transmission will invite Users to offer to surrender (**“rolling monthly surrender invitation”**) Firm NTS Entry Capacity at each Aggregate System Entry Point for the relevant month for the purposes of this paragraph 2.3.

2.3.4 Users may, pursuant to an invitation under paragraph 2.3.3, offer to surrender Firm NTS Entry Capacity for each Day in the relevant month in respect of an Aggregate System Entry Point.

- 2.3.5 National Gas Transmission’s invitation under paragraph 2.3.3 will specify:
- (a) the calendar month in respect of which the rolling monthly surrender invitation is made;
  - (b) the date (the “**rolling monthly surrender date**”) being one of the next two Business Days following the date on which National Gas Transmission invites Users to surrender Firm NTS Entry Capacity under paragraph 2.3.3 on which Users may notify National Gas Transmission of amounts of Firm NTS Entry Capacity which they are willing to surrender for the relevant month; and
  - (c) the prevailing reserve price for Monthly NTS Entry Capacity at each Aggregate System Entry Point for the relevant month.
- 2.3.6 An offer (“**rolling monthly surrender offer**”) to surrender Firm NTS Entry Capacity pursuant to paragraph 2.3.4 shall specify:
- (a) the identity of the User (“**Surrender User**”);
  - (b) the relevant month;
  - (c) the Aggregate System Entry Point;
  - (d) the amount (not less than the minimum eligible amount) of Firm NTS Entry Capacity offered for surrender (in kWh/Day) (“**surrender amount**”); and
  - (e) the minimum price (the “**rolling monthly surrender price**”) which the User wishes to be paid in respect of the surrender of Firm NTS Exit Capacity;
- and where a User submits a rolling monthly surrender offer(s) the User agrees to hold Available NTS Entry Capacity at the Aggregate System Entry Point for each day in the relevant month in an amount not less than the aggregate surrender amount in respect of the rolling monthly surrender offer(s) submitted by the User.
- 2.3.7 A User may have at any one time up to but no more than two (2) rolling monthly surrender offers in respect of a particular Aggregate System Entry Point.
- 2.3.8 A rolling monthly surrender offer:
- (a) may not be submitted before 08:00 hours or after 17:00 hours on a rolling monthly surrender date;
  - (b) may be withdrawn or amended until, but not after, 17:00 hours on a rolling monthly surrender date.
- 2.3.9 National Gas Transmission will reject a rolling monthly surrender offer submitted on a rolling monthly surrender date where:
- (a) any requirement of paragraphs 2.3.6, 2.3.7 or 2.3.8 is not complied with;
  - (b) the amount of Firm NTS Entry Capacity offered for surrender exceeds the amount of the User’s Available Firm NTS Entry Capacity at the Aggregate System Entry Point on any Day in the relevant month (determined by reference to the application of this paragraph 2.3 and System Capacity Transfers which at the relevant time have become effective in accordance with paragraph 5.2.4).

2.3.10 By not later than five (5) Business Days before the rolling monthly invitation date, National Gas Transmission will invite (“**rolling monthly invitation**”) Users to apply for Monthly NTS Entry Capacity at each Aggregate System Entry Point for the relevant month for the purposes of this paragraph 2.3.

2.3.11 Users may, pursuant to an invitation under paragraph 2.3.10, apply for Monthly NTS Entry Capacity for each Day in the relevant month in respect of an Aggregate System Entry Point.

2.3.12 National Gas Transmission’s invitation under paragraph 2.3.10 will specify:

- (a) the date ("**rolling monthly**" invitation date) being one of the twenty (20) Business Days preceding the last Business Day of the calendar month preceding the relevant month on which applications pursuant to the rolling monthly invitation may be made;
- (b) for each Aggregate System Entry Point the amount of:
  - (i) the Surrendered NTS Entry Capacity in respect of which the rolling monthly surrender price is:
    - (1) less than the reserve price;
    - (2) equal to the reserve price;
    - (3) greater than the reserve price;
  - (ii) the Rolling Available NTS Entry Capacity; and
- (c) for each Aggregate System Entry Point the reserve price.

2.3.13 Users may apply for Monthly NTS Entry Capacity in respect of an Aggregate System Entry Point for the relevant month on the rolling monthly invitation date.

2.3.14 An application (a "**rolling monthly**" capacity bid) for Monthly NTS Entry Capacity pursuant to paragraph 2.3.13 shall specify:

- (a) the identity of the User;
- (b) the relevant month;
- (c) the Aggregate System Entry Point;
- (d) the amount of Monthly NTS Entry Capacity (not less than the minimum eligible amount) applied for (in kWh/Day);
- (e) the minimum amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraphs 2.3.19 and 2.3.23; and
- (f) the amount (the "**bid price**") which shall not be less than the reserve price specified in the rolling monthly invitation which the User is willing to pay by way of Capacity Charge in respect of the Monthly NTS Entry Capacity applied for.

2.3.15 A User may have at any one time up to but no more than twenty (20) rolling monthly

capacity bids in respect of a particular Aggregate System Entry Point.

2.3.16 A rolling monthly capacity bid:

- (a) may not be submitted before 08:00 hours or after 17:00 hours on a rolling monthly invitation date;
- (b) may be withdrawn or amended until, but not after, 17:00 hours on a rolling monthly invitation date.

2.3.17 National Gas Transmission will reject a rolling monthly capacity bid submitted on a rolling monthly invitation date where:

- (a) The bid price is less than the reserve price;
- (b) any requirement of paragraphs 2.3.14, 2.3.15 or 2.3.16 is not complied with

and National Gas Transmission may reject a rolling monthly capacity bid in accordance with Section V3.

2.3.18 Following the submission of rolling monthly surrender offers and rolling monthly capacity bids Monthly NTS Entry Capacity will be allocated for the relevant month at an Aggregate System Entry Point:

- (a) first in accordance with paragraph 2.3.19;
- (b) where paragraph 2.3.21 applies, thereafter in accordance with paragraph 2.3.23

for which purposes National Gas Transmission may ignore (such that the rolling monthly surrender offer has no effect for the purposes of this paragraph 2.3) any rolling monthly surrender offer where at the time of ranking rolling monthly capacity bids in accordance with paragraphs 2.3.19(a) and 2.3.23(a) the amount of Firm NTS Entry Capacity offered (or remaining offered) for surrender exceeds the amount of the User's Available Firm NTS Entry Capacity at the Aggregate System Entry Point on any Day in the relevant month.

2.3.19 Monthly NTS Entry Capacity in respect of an Aggregate System Entry Point will be allocated pursuant to rolling monthly capacity bids submitted in respect of the relevant month as follows:

- (a) all rolling monthly capacity bids (excluding any rejected pursuant to paragraph 2.3.17) will be ranked in order of price (highest ranking first);
- (b) Monthly NTS Entry Capacity will be allocated to rolling monthly capacity bids with the highest bid price first until such time as all the rolling monthly capacity bids are satisfied or the amount of Monthly NTS Entry Capacity allocated is equal to the Rolling Available NTS Entry Capacity at the Aggregate System Entry Point;
- (c) subject to paragraphs (d), (e) and (f), where the amount of Monthly NTS Entry Capacity applied for under a rolling monthly capacity bid exceeds the amount ("**remaining unallocated amount**") of the Rolling Available NTS Entry Capacity remaining unallocated after allocation to higher priced bids the User will be allocated an amount equal to the remaining unallocated amount;

- (d) subject to paragraphs (e) and (f), where two or more rolling monthly capacity bids ("**equal priced bids**") specify the same bid price, and the amount of Monthly NTS Entry Capacity applied for in aggregate under the equal priced bids exceeds the remaining unallocated amount, the remaining unallocated amount shall be allocated pro rata the amounts applied for in each such rolling monthly capacity bid;
- (e) where the amount to be allocated in respect of a rolling monthly capacity bid pursuant to paragraphs (c) and (d) would be less than the minimum amount specified in the bid, the rolling monthly capacity bid will (without prejudice to paragraph 2.3.23) be disregarded for the purposes of this paragraph 2.3.19) and an allocation made between the other rolling monthly capacity bids with the same bid price in accordance with paragraph (d) or (as the case may be) an allocation made in respect of the next ranked rolling monthly capacity bid;
- (f) where the amount to be allocated in respect of any rolling monthly capacity bid would be less than the minimum eligible amount, no allocation shall be made to that bid (and, without prejudice to paragraph 2.3.23, no further allocation shall be made in respect of the Aggregate System Entry Point); and
- (g) National Gas Transmission will not allocate Monthly NTS Entry Capacity to a rolling monthly capacity bid where the allocation could only be satisfied by the reduction of Surrendered NTS Entry Capacity at the Aggregate System Entry Point (in accordance with paragraph 2.3.20) in respect of which the rolling monthly surrender price is greater than the unit price of the relevant rolling monthly capacity bid.

2.3.20 For the purposes of paragraph 2.3.19, where an allocation of Monthly NTS Entry Capacity is made following acceptance of a rolling monthly capacity bid:

- (a) National Gas Transmission will first reduce the amount (if any) of the Surrendered NTS Entry Capacity at the Aggregate System Entry Point in respect of which the rolling monthly surrender price is equal to or less than the reserve price;
- (b) where following the application of paragraph (a) there remains no Surrendered NTS Entry Capacity with a rolling monthly surrender price equal to or less than the reserve price, National Gas Transmission will next reduce (if any) the amount of Unsold NTS Entry Capacity at the Aggregate System Entry Point;
- (c) where following the application of paragraph (b) there remains no Unsold NTS Entry Capacity, National Gas Transmission will next reduce (if any) the amount of Surrendered NTS Entry Capacity at the Aggregate System Entry Point in respect of which the rolling monthly surrender price is greater than the reserve price;
- (d) in reducing the Surrendered NTS Entry Capacity National Gas Transmission will be deemed to have accepted one or more rolling monthly surrender offers at the Aggregate System Entry Point (in whole or in part), for which purpose National Gas Transmission shall be deemed to have accepted rolling monthly surrender offers in price order (lowest ranking first) and where two or more rolling monthly surrender offers have the same rolling monthly surrender price the offers shall be accepted on a pro rata basis; and
- (e) where a rolling monthly surrender offer is accepted for the purposes of

paragraph (a) or (c) the Surrender User's Available Firm NTS Entry Capacity at the Aggregate System Entry Point shall be reduced by an amount equal to the amount in respect of which the rolling monthly surrender offer was accepted.

- 2.3.21 Where following an allocation in accordance with paragraph 2.3.19 there remains rolling monthly capacity bids which are unsatisfied (whether in whole or in part) in respect of an Aggregate System Entry Point ("**unsatisfied bids**") and there remains Rolling Available NTS Entry Capacity at any other Aggregate System Entry Point:
- (a) the unsatisfied bids for each Recipient ASEP will be grouped in accordance with paragraph 2.3.22 (for which purposes a rolling monthly capacity bid which remains unsatisfied will be included in respect of the unsatisfied bid quantity); and
  - (b) a further allocation of Monthly NTS Entry Capacity will take place at Recipients ASEPs in accordance with paragraph 2.3.23.
- 2.3.22 For the purposes of paragraph 2.3.23 and in respect of each Recipient ASEP:
- (a) the "**unsatisfied bid quantity**" is:
    - (i) in relation to an unsatisfied bid, the quantity of Monthly NTS Entry Capacity applied for in the relevant rolling monthly capacity bid less the quantity of Monthly NTS Entry Capacity allocated to such rolling monthly capacity bid pursuant to paragraph 2.3.19; and
    - (ii) in relation to an unsatisfied bid group, the aggregate unsatisfied bid quantity for all rolling monthly capacity bids in an unsatisfied bid group;
  - (b) the unsatisfied bids will be grouped on the following basis:
    - (i) the unsatisfied bids will be ranked in price order (highest ranking first);
    - (ii) subject to there being sufficient unsatisfied bids, the unsatisfied bids will be grouped in descending price order into a maximum of four (4) bid groups (each an "**unsatisfied bid group**"); where a bid group shall comprise one or more unsatisfied bids such that:
      - (1) the first and highest ranking bid group comprises unsatisfied bids in respect of which the aggregate amount of Monthly NTS Entry Capacity applied for is not less than twenty-five percent (25%) of the unsatisfied bid quantity;
      - (2) the first and second highest ranking bid groups together comprise unsatisfied bids in respect of which the aggregate amount of Monthly NTS Entry Capacity is not less than fifty percent (50%) of the unsatisfied bid quantity; and
      - (3) the first, second and third highest ranking bid groups together comprise unsatisfied bids in respect of which the aggregate amount of Monthly NTS Entry Capacity applied is not less than seventy-five percent (75%) of the unsatisfied bid quantity;
    - (iii) where an unsatisfied bid could be included, for the purposes of paragraph (ii), in two (2) unsatisfied bid groups it shall be included in the highest

ranked bid group;

- (iv) where there are two or more equally priced unsatisfied bids that could be included in two unsatisfied bid groups for the purposes of this paragraph (b), the unsatisfied bids will be included in the unsatisfied bid group with the highest unsatisfied bid group price; and
  - (v) where the number or characteristics of the unsatisfied bids at a Recipient ASEP are such to prevent the identification of four (4) unsatisfied bid groups in the manner anticipated by paragraph (ii) a lesser number of unsatisfied bid groups may be identified;
- (c) for each unsatisfied bid group the "**unsatisfied bid group price**" shall be calculated as follows:

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

where:

- n is the number of unsatisfied bids in the unsatisfied bid group;
- P is the bid price for each relevant unsatisfied bid in the unsatisfied bid group; and
- Q is the unsatisfied bid quantity for each relevant unsatisfied bid in the unsatisfied bid group.

2.3.23 Where paragraph 2.3.21 applies Monthly NTS Entry Capacity in respect of a Recipient ASEP will be allocated pursuant to rolling monthly capacity bids comprised in unsatisfied bid groups and submitted in respect of the relevant month as follows:

- (a) all unsatisfied bid groups for all Recipient ASEPs will be ranked in order of unsatisfied bid group price (highest ranking first), and where two or more unsatisfied bid groups have the same unsatisfied bid group price, such unsatisfied bid groups will be ranked as follows:
  - (i) the unsatisfied bid group comprising the rolling monthly capacity bid with the highest bid price shall rank highest; provided that where the highest individual bid price is the same in two or more unsatisfied bid groups, then;
  - (ii) the unsatisfied bid group with the largest unsatisfied bid quantity shall rank highest; provided that where the unsatisfied bid quantity is the same, then;
  - (iii) the unsatisfied bid group comprising the earliest received rolling monthly capacity bid shall rank highest;
- (b) where, following the ranking of unsatisfied bid groups in accordance with paragraph (a), there are unsatisfied bid groups at the same Recipient ASEP ranked consecutively, the unsatisfied bid groups will be amalgamated for the purposes of determining the inter-ASEP exchange rate when allocating Monthly

NTS Entry Capacity to rolling monthly capacity bids comprised in the amalgamated unsatisfied bid group;

- (c) subject to the provisions of this paragraph 2.3.23, Monthly NTS Entry Capacity will be allocated to rolling monthly capacity bids comprised in the highest ranked unsatisfied bid group first (and subject to this paragraph (c) to rolling monthly capacity bids comprised in the next ranked unsatisfied bid group), until such time as in respect of an unsatisfied bid group:
- (i) all the rolling monthly capacity bids are satisfied;
  - (ii) Monthly NTS Entry Capacity is only available on the basis of the application of an inter-ASEP exchange rate which is greater than 10:1; or
  - (iii) there is no Rolling Available NTS Entry Capacity remaining at any Donor ASEPs;
- (d) for the purposes of paragraph (c):
- (i) when considering an unsatisfied bid group, National Gas Transmission will rank each Donor ASEP by reference to the inter-ASEP exchange rate applying between the Recipient ASEP and the Donor ASEP in accordance with the Entry Capacity Transfer and Trade Methodology Statement;
  - (ii) National Gas Transmission will allocate Monthly NTS Entry Capacity to rolling monthly capacity bids comprised in an unsatisfied bid group from the highest ranked Donor ASEP first and where there is no longer Rolling Available NTS Entry Capacity at a Donor ASEP National Gas Transmission shall allocate Monthly NTS Entry Capacity from the next ranked Donor ASEP;
  - (iii) where there is no longer Rolling Available NTS Entry Capacity at a Donor ASEP National Gas Transmission may recalculate the inter-ASEP exchange rate for each of the remaining Donor ASEPs and may, as a result of such recalculation, reconsider the order in which the remaining Donor ASEPs are ranked for the purpose of this paragraph 2.3.23;
  - (iv) where all the rolling monthly capacity bids comprised in an unsatisfied bid group cannot be satisfied by reference to the Rolling Available NTS Entry Capacity at a Donor ASEP(s) and the relevant inter-ASEP exchange rate, National Gas Transmission will allocate Monthly NTS Entry Capacity to the rolling monthly capacity bids comprised in the unsatisfied bid group in bid price order, allocating Monthly NTS Entry Capacity to the rolling monthly capacity bid with the highest bid price first (and where there are two or more rolling monthly capacity bids with the same bid price Monthly NTS Entry Capacity shall be allocated by reference to the time the rolling monthly capacity bids were received by National Gas Transmission, with the earliest received rolling monthly capacity bid ranking highest); and
  - (v) where rolling monthly capacity bids comprised in an unsatisfied bid group remain unsatisfied following consideration of all relevant Donor ASEPs (whether in whole or part) the rolling monthly capacity bids will be treated for the purposes of this paragraph 2.3.23 as being comprised in

the next ranked unsatisfied bid group for that Recipient ASEP;

- (e) for the purposes of this paragraph 2.3.23:
  - (i) Monthly NTS Entry Capacity allocated to a rolling monthly capacity bid pursuant to this paragraph 2.3.23 will be subject to the application of the relevant inter-ASEP exchange rate(s);
  - (ii) where Monthly NTS Entry Capacity is allocated to a rolling monthly capacity bid comprised in an unsatisfied bid group the Rolling Available NTS Entry Capacity at the relevant Donor ASEP shall be reduced by an amount calculated as follows:

$$P * Q$$

where:

P is the quantity allocated to the rolling monthly capacity bid from the relevant Donor ASEP;

Q is the inter-ASEP exchange rate applying between the Recipient ASEP and the relevant Donor ASEP;

- (f) subject to paragraphs (g) and (h) where the unsatisfied bid quantity under a rolling monthly capacity bid exceeds the amount ("**remaining unallocated amount**") of the Rolling Available NTS Entry Capacity remaining unallocated after allocation to higher priced bids the User will be allocated an amount equal to the remaining unallocated amount;
- (g) where the amount to be allocated in respect of a rolling monthly capacity bid pursuant to this paragraph 2.3.23, in respect of which no allocation was made pursuant to paragraph 2.3.19, would be less than the minimum amount specified in the bid, the rolling monthly capacity bid will be disregarded for the purposes of this paragraph 2.3.23 and an allocation made in respect of the next ranked rolling monthly capacity bid;
- (h) where the amount to be allocated in respect of a rolling monthly capacity bid pursuant to this paragraph 2.3.23, in respect of which no allocation was made pursuant to paragraph 2.3.19, would be less than the minimum eligible amount, no allocation shall be made to that bid (and no further allocation shall be made in respect of the Aggregate System Entry Point);
- (i) where one of the conditions referred to in paragraph (c) applies in respect of each unsatisfied bid group National Gas Transmission will not accept any further unsatisfied bids (which such bids shall be disregarded and have no further effect); and
- (j) for the purposes of this paragraph 2.3.23 and paragraph 2.3.24 National Gas Transmission will not allocate Monthly NTS Entry Capacity to a rolling monthly capacity bid where the allocation could only be satisfied by the reduction of Surrendered NTS Entry Capacity at the Donor ASEP (in accordance with paragraph 2.3.24) in respect of which the rolling monthly surrender price is greater than the unit price of the relevant rolling monthly capacity bid.

2.3.24 For the purposes of paragraph 2.3.23, where an allocation of Monthly NTS Entry Capacity is made:

- (a) National Gas Transmission will first reduce the amount (if any) of the Surrendered NTS Entry Capacity at the Donor ASEP in respect of which the rolling monthly surrender price is equal to or less than the reserve price;
- (b) where following the application of paragraph (a) there remains no Surrendered NTS Entry Capacity with a rolling monthly surrender price equal to or less than the reserve price, National Gas Transmission will next reduce (if any) the amount of Unsold NTS Entry Capacity at the Aggregate System Entry Point;
- (c) where following the application of paragraph (b) there remains no Unsold NTS Entry Capacity, National Gas Transmission will next reduce (if any) the amount of Surrendered NTS Entry Capacity at the Donor ASEP in respect of which the rolling monthly surrender price is greater than the reserve price;
- (d) in reducing the Surrendered NTS Entry Capacity National Gas Transmission will be deemed to have accepted one or more rolling monthly surrender offers at the Donor ASEP (in whole or in part), for which purpose National Gas Transmission shall be deemed to have accepted rolling monthly surrender offers in price order (lowest ranking first) and where two or more rolling monthly surrender offers have the same rolling monthly surrender price the offers shall be accepted on a pro rata basis; and
- (e) where a rolling monthly surrender offer is accepted for the purposes of paragraph (a) or (c) the Surrender User's Available Firm NTS Entry Capacity at the Donor ASEP shall be reduced by an amount equal to the amount in respect of which the rolling monthly surrender offer was accepted.

2.3.25 Where a rolling monthly surrender offer or rolling monthly capacity bid is accepted:

- (a) the Surrender User shall remain liable for the Capacity Charges payable in respect of the surrendered Firm NTS Entry Capacity for the relevant month;
- (b) the User who submitted the rolling monthly capacity bid agrees to pay by way of NTS Entry Capacity Charges the relevant bid price for the relevant month in respect of the Monthly NTS Entry Capacity allocated in accordance with this paragraph 2.3;
- (c) where Monthly NTS Entry Capacity is allocated to a rolling monthly capacity bid by reason of the acceptance of a rolling monthly surrender offer National Gas Transmission shall pay to the Surrender User an amount, subject to paragraph (b), equal to the weighted average unit price multiplied by the amount of Firm NTS Entry Capacity surrendered (and allocated as Monthly NTS Entry Capacity in accordance with paragraphs 2.3.20(d) and 2.3.24(d)); and
- (d) for the purposes of paragraph (c) National Gas Transmission shall not be required, in respect of any Aggregate System Entry Point at which a rolling monthly surrender offer(s) were accepted for the purposes of this paragraph 2.3, to pay the Surrender User(s) an amount in aggregate which exceeds the amounts received from a User(s) as a result of the allocation of Monthly NTS Entry Capacity following the acceptance of rolling monthly surrender offers in accordance with paragraph 2.3.20(d) and 2.3.24(d) (and National Gas Transmission shall make such adjustments to the amounts payable to the

Surrender User(s) as are reasonable for such purpose).

- 2.3.26 Where a rolling monthly capacity bid is accepted the User whose rolling monthly capacity bid was accepted shall be registered as holding Monthly NTS Entry Capacity (in the amount so allocated) for the relevant month at the relevant Aggregate System Entry Point.
- 2.3.27 Amounts due under paragraph 2.3.25 shall be invoiced and payable in accordance with Section S.
- 2.3.28 Each User agrees and acknowledges that in respect of each relevant month:
- (a) the issue of invitations pursuant to paragraphs 2.3.3 and 2.3.10 represent the means by which a User may request an entry capacity transfer or trade rate or rates;
  - (b) where a User submits a rolling monthly surrender offer or rolling monthly capacity bid (as the case may be) the User shall be deemed to have requested National Gas Transmission to enact an entry capacity transfer or trade for the purposes of Special Condition 9.17.6 of National Gas Transmission's Transporter's Licence;

and National Gas Transmission may disregard any other request from a User for an entry capacity transfer or trade rate or rates.

## 2.4 Weekly NTS Entry Capacity auctions

- 2.4.1 Users may apply for Weekly NTS Entry Capacity in respect of an Aggregate System Entry Point for a calendar week in accordance with this paragraph 2.4.
- 2.4.2 An application (a "**weekly**" capacity bid) for Weekly NTS Entry Capacity shall specify:
- (a) the identity of the User;
  - (b) the Aggregate System Entry Point;
  - (c) the calendar week for which the Weekly NTS Entry Capacity is applied for;
  - (d) the amount (not less than the minimum eligible amount) of Weekly NTS Entry Capacity applied for;
  - (e) the minimum amount (not less than the minimum eligible amount) of Weekly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.8.2(e); and
  - (f) the amount (the "**bid price**"), which shall not be less than the Reserve Price which the User is willing to pay by way of Capacity Charge in respect of the Weekly NTS Entry Capacity applied for.
- 2.4.3 A weekly capacity bid:
- (a) may be submitted at any time between 08:00 and 17:00 on the tenth (10th) Day before the first Day for the calendar week in respect of which the Weekly NTS Entry Capacity is applied for; and
  - (b) may, subject to paragraph 2.4.4, be withdrawn or amended at any time before

Weekly NTS Entry Capacity is allocated in respect of such bid.

- 2.4.4 A weekly capacity bid may not be withdrawn during a WSEC capacity allocation period (irrespective of whether or not the weekly capacity bid is in relation to an Aggregate System Entry Point at which, for the purposes of the capacity allocation, there is Available Weekly Capacity) and where a User seeks to withdraw a bid during such period, National Gas Transmission will notify the User that a WSEC capacity allocation period is current and National Gas Transmission may, subject to paragraph 2.4.7, accept such weekly capacity bid.
- 2.4.5 In relation to each Aggregate System Entry Point and in respect of any calendar week a User may have, at any one time, up to but not more than twenty (20) weekly capacity bids which are capable of acceptance in accordance with this paragraph 2.4.
- 2.4.6 Where one or more Days in a calendar week falls within one Gas Year and the remaining consecutive Days in that calendar week fall in the immediately next following Gas Year, the Reserve Price applicable to each Gas Year will be levied to the number of days accordingly; and, not later than 5 Days before a weekly WSEC invitation date for a calendar week during which more than one Reserve Price shall apply pursuant to this paragraph 2.4.6, National Gas Transmission will notify Users that a different Reserve Price will apply to each of the two different periods in that calendar week.
- 2.4.7 National Gas Transmission shall reject a weekly capacity bid where:
- (a) the bid price is less than the published Reserve Price;
  - (b) any other requirement of paragraphs 2.4.2, 2.4.3 and 2.4.5 is not complied with
- and National Gas Transmission may reject a weekly capacity bid in accordance with Section V3.
- 2.4.8 For each calendar week in respect of each Aggregate System Entry Point, where Available Weekly Capacity is available National Gas Transmission will initiate a WSEC capacity allocation period.
- 2.4.9 Where National Gas Transmission has initiated a WSEC capacity allocation period or for the purposes of paragraph 2.4.12, Weekly NTS Entry Capacity (up to the amount, if any, of the Available Weekly Capacity) will be allocated in accordance with paragraph 2.8.
- 2.4.10 Subject to paragraph 2.8.3, National Gas Transmission will accept bids in respect of which Weekly NTS Entry Capacity is allocated in accordance with paragraph 2.8.2, and each User whose bid is so accepted will be registered as holding Weekly NTS Entry Capacity (in the amount so allocated) for the calendar week in respect of the Aggregate System Entry Point.
- 2.4.11 Where there is no Available Weekly Capacity in respect of an Aggregate System Entry Point for a calendar week, or the amount thereof is less than the minimum eligible amount, National Gas Transmission will not accept any weekly capacity bids.
- 2.4.12 Weekly capacity bids will also be selected for acceptance in accordance with the System Management Principles.
- 2.4.13 National Gas Transmission will accept weekly capacity bids selected pursuant to

paragraph 2.8.2 or 2.4.12 and the amount of Available Weekly Capacity for each Day during that calendar week at the Aggregate System Entry Point will be decreased by the amount for which the bid was selected.

- 2.4.14 A weekly capacity bid is "available" where submitted and not withdrawn prior to the start of any WSEC capacity allocation period.
- 2.4.15 For the purposes of this paragraph 2.4:
- (a) the "**available capacity rate**" in relation to an Aggregate System Entry Point is the rate (in kWh/hour) calculated as an amount of Weekly NTS Entry Capacity equal, as appropriate, to the Available Weekly Capacity, divided by the number of hours in the calendar week;
  - (b) the "**Available Weekly Capacity**" in relation to an Aggregate System Entry Point, is an amount of Weekly NTS Entry Capacity equivalent to the sum of Unsold NTS Entry Capacity (which was available for such calendar in accordance with paragraph 2.3 (if any)) which remains available following the application of paragraph 2.3 in respect of each Day in the calendar week in which such Day falls and any additional Weekly NTS Entry Capacity that National Gas Transmission may in its sole discretion choose to make available for the calendar week (if any);
  - (c) the "**Weekly NTS Entry Capacity**" in respect of an Aggregate System Entry Point and a calendar week, is an amount of Weekly NTS Entry Capacity equal to:

$$A + B$$

where

A is the Unsold NTS Entry Capacity (if any) for the calendar week;

and

B is the Incremental NTS Entry Capacity (if any) for the calendar week;

- (d) the "**WSEC invitation date**" means the tenth (10th) Day before the first Day for the calendar week in respect of which the Weekly NTS Entry Capacity is applied for;
- (e) a "**WSEC capacity allocation**" is the allocation of Weekly NTS Entry Capacity during a WSEC capacity allocation period in accordance with paragraph 2.8;
- (f) a "**WSEC capacity allocation period**" is the period between 08:00 and 17:00 on the ninth (9th) Day before the first Day for the calendar week in respect of which the Weekly NTS Entry Capacity is applied for;

## 2.5 Daily NTS Entry Capacity

2.5.1 Users may apply for Daily NTS Entry Capacity in respect of an Aggregate System Entry Point for a Day in accordance with this paragraph 2.5.

2.5.2 An application (a "**daily**" capacity bid) for Daily NTS Entry Capacity shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the Day for which the Daily NTS Entry Capacity is applied for;
- (d) the amount (not less than the minimum eligible amount and not more than the maximum eligible amount for that User) of Daily NTS Entry Capacity applied for;
- (e) the minimum amount (not less than the minimum eligible amount) of Daily NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.8.2(e);
- (f) the amount (the "**bid price**"), which shall not be less than the reserve price nor more than the maximum eligible price for that User, which the User is willing to pay by way of Capacity Charge in respect of the Daily NTS Entry Capacity applied for; and
- (g) whether such bid is a fixed or reducing daily capacity bid.

2.5.3 A daily capacity bid:

- (a) may be submitted at any time from the 7th Day before the Gas Flow Day until 02:00 hours on the Day for which the Daily NTS Entry Capacity is applied for; and
- (b) may, subject to paragraph 2.5.4, in the case of a fixed bid be withdrawn or amended and in the case of a reducing bid withdrawn, at any time before Daily NTS Entry Capacity is allocated in respect of such bid.

2.5.4 A daily capacity bid may not be withdrawn during an entry capacity allocation period (irrespective of whether or not the daily capacity bid is in relation to an Aggregate System Entry Point at which, for the purposes of the capacity allocation, there is Available Daily Capacity) and where a User seeks to withdraw a bid during such period, National Gas Transmission will notify the User that an entry capacity allocation period is current and National Gas Transmission may, subject to paragraph 2.5.6, accept such daily capacity bid.

2.5.5 In relation to each Aggregate System Entry Point and in respect of any Day (or part of any such Day) a User may have, at any one time, up to but not more than twenty (20) daily capacity bids which are capable of acceptance in accordance with this paragraph 2.5.

2.5.6 National Gas Transmission shall reject a daily capacity bid where:

- (a) the bid price is less than the reserve price;
- (b) any other requirement of paragraph 2.5.2 is not complied with

and National Gas Transmission may reject a daily capacity bid in accordance with Section V3.

2.5.7 For each Day (or part of each such Day) in respect of each Aggregate System Entry Point, where Available Daily Capacity is available National Gas Transmission will

initiate an entry capacity allocation period. For the avoidance of doubt, where Daily NTS Entry Capacity in respect of an Aggregate System Entry Point is applied for on the Day for which such Daily NTS Entry Capacity is required, National Gas Transmission will initiate an entry capacity allocation period on each of the next hour bars falling thereafter, until such daily capacity bid is no longer available in accordance with 2.5.14, up to and including 02:00 hours on such Day where Available Daily Capacity is available at that Aggregate System Entry Point.

- 2.5.8 Where National Gas Transmission has initiated an entry capacity allocation period or for the purposes of paragraph 2.5.11, Daily NTS Entry Capacity (up to the amount, if any, of the Available Daily Capacity) will be allocated in accordance with paragraph 2.8.
- 2.5.9 Subject to paragraph 2.8.3, National Gas Transmission will accept bids in respect of which Daily NTS Entry Capacity is allocated in accordance with paragraph 2.8.2, and each User whose bid is so accepted will be registered as holding Daily NTS Entry Capacity (in the amount so allocated) for the Day in respect of the Aggregate System Entry Point.
- 2.5.10 Where there is no Available Daily Capacity in respect of an Aggregate System Entry Point for a Day, or the amount thereof is less than the minimum eligible amount, National Gas Transmission will not accept any daily capacity bids.
- 2.5.11 Daily capacity bids will also be selected for acceptance in accordance with the System Management Principles.
- 2.5.12 National Gas Transmission will accept daily capacity bids selected pursuant to paragraph 2.8.2 or 2.5.11 and the amount of Available Daily Capacity for the Day at the Aggregate System Entry Point will be decreased by the amount for which the bid was selected.
- 2.5.13 For the purposes of this paragraph 2.5:
- (a) the "**Available Daily Capacity**" in relation to an Aggregate System Entry Point, is an amount of Daily NTS Entry Capacity equivalent to the sum of Unsold NTS Entry Capacity (which was available for such Day in accordance with paragraph 2.3 (if any)) which remains available following the application of paragraph 2.3 in respect of each Day in the calendar month in which such Day falls or which remains available following the application of paragraph 2.4 in respect of each Day in the calendar week in which such Day falls and any additional Daily NTS Entry Capacity that National Gas Transmission may in its sole discretion choose to make available for the Day (if any);
  - (b) the "**bid effective time**" is the time on the hour in relation to a daily capacity bid being the later of:
    - (i) 05:00 hours on the Gas Flow Day; or
    - (ii) the time falling no earlier than 60 minutes after Daily NTS Entry Capacity has been allocated in respect of such bid;
  - (c) an "**entry capacity allocation period**" is the period of 15 minutes, in which National Gas Transmission conducts capacity allocation at an Aggregate System Entry Point for a Day, and which subject to there being Available Daily Capacity and available daily capacity bids at such time:

- (i) first commences at 13:00 hours on the Preceding Day to that for which the Daily NTS Entry Capacity is applied for;
- (ii) commences on any hour bar falling thereafter up to and including 02:00 hours on the Day for which the Daily NTS Entry Capacity is applied for (but not thereafter);
- (d) a "**capacity allocation**" is the allocation of Daily NTS Entry Capacity during an entry capacity allocation period in accordance with paragraph 2.8;
- (e) a "**fixed bid**" is a daily capacity bid in relation to which the Daily NTS Entry Capacity applied for is not conditional on the bid effective time and a "**reducing bid**" is a daily capacity bid in relation to which the amount of Daily Entry Capacity applied for is determined as:

$$(DSEC / BET) * N$$

where:

DSEC is the amount of Daily NTS Entry Capacity applied for when the bid was first submitted;

BET commencing from the earliest bid effective time in respect of such bid, the number of hours remaining on the Gas Flow Day;

N the number of hours remaining from the actual bid effective time were Daily NTS Entry Capacity to be allocated in respect of such a bid;

- (f) the "**reserve price**" shall mean:
  - (i) in respect of Daily NTS Entry Capacity applied for and allocated prior to 05:00 on the Day for which it was applied for, the reserve price for Unsold NTS Entry Capacity (in accordance with National Gas Transmission's Transportation Statement); or
  - (ii) in respect of Daily NTS Entry Capacity applied for and allocated after 05:00 hours on the Day for which it was applied for, zero.

2.5.14 A daily capacity bid is "**available**" where:

- (a) submitted and not withdrawn prior to the start of any entry capacity allocation period; and
- (b) the bid effective time is later than 05:00 on the Gas Flow Day, the implied capacity rate is less than or equal to the available capacity rate at the relevant Aggregate System Entry Point

and for the avoidance of doubt, where Daily NTS Entry Capacity is allocated in respect of a bid such bid shall be extinguished and no longer be available for the purposes of paragraph 2.8.

2.5.15 For the purposes of this paragraph 2.5:

- (a) the "**available capacity rate**" in relation to an Aggregate System Entry Point is the rate (in kWh/hour) calculated as an amount of Daily NTS Entry Capacity

equal, as appropriate, to the Available Daily Capacity, divided by the number of hours remaining in the Day following the capacity allocation effective time;

- (b) the "**capacity allocation effective time**" is:
  - (i) where the entry capacity allocation period ends prior to 03:00 hours on the Preceding Day, 05:00 on the Gas Flow Day; or
  - (ii) the hour bar following the next hour bar falling after the end of an entry capacity allocation period;
- (c) the "**implied capacity rate**" in relation to a:
  - (i) fixed bid, is the rate (in kWh/hour), calculated as the amount of Daily NTS Entry Capacity in respect of which the bid was made divided by the number of hours remaining in the Day were Daily NTS Entry Capacity to be allocated in respect of such bid;
  - (ii) reducing bid, is the rate (in kWh/hour) calculated as the amount of Daily NTS Entry Capacity in respect of which the bid was made divided by the number of hours remaining in the Day from the hour bar following the hour bar next falling after submission of such bid.

## 2.6 Daily Interruptible NTS Entry Capacity

2.6.1 Users may apply for Daily Interruptible NTS Entry Capacity in respect of an Aggregate System Entry Point for a Day in accordance with this paragraph 2.6.

2.6.2 An application (a "**daily interruptible**" capacity bid) for Daily NTS Entry Capacity pursuant to this paragraph 2.6 shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the Day for which the Daily Interruptible NTS Entry Capacity is applied for;
- (d) the amount (not less than the minimum eligible amount and not more than the maximum eligible amount for that User) of Daily Interruptible NTS Entry Capacity applied for;
- (e) the minimum amount (not less than the minimum eligible amount) of Daily Interruptible NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.8.2(e); and
- (f) the amount (the "**bid price**"), which shall not be less than the reserve price nor more than the maximum eligible price for that User, which the User is willing to pay by way of Capacity Charge in respect of the Daily Interruptible NTS Entry Capacity applied for.

2.6.3 A daily interruptible capacity bid:

- (a) may be submitted at any time from the 7th Day before the Gas Flow Day until 13:00 hours on the Preceding Day; and

- (b) may be withdrawn or amended until, but not after, 13:00 hours on the Preceding Day.
- 2.6.4 For each Day, in respect of each Aggregate System Entry Point:
- (a) National Gas Transmission will notify Users of the amount of Available Interruptible Capacity by not later than 12:00 hours on the Preceding Day; and
  - (b) Daily Interruptible NTS Entry Capacity (up to the amount if any of the Available Interruptible Capacity) will be allocated pursuant to daily interruptible capacity bids in accordance with paragraph 2.8.
- 2.6.5 In relation to each Aggregate System Entry Point and in respect of any Day a User may have, at any one time, up to but not more than 20 daily interruptible capacity bids which are capable of acceptance in accordance with paragraph 2.8.
- 2.6.6 National Gas Transmission will reject a daily interruptible capacity bid where:
- (a) the bid price is less than the reserve price;
  - (b) any other requirement of paragraph 2.6.2 is not complied with
- and National Gas Transmission may reject a daily interruptible capacity bid in accordance with Section V3.
- 2.6.7 Subject to paragraph 2.8.3, National Gas Transmission will accept bids in respect of which Daily Interruptible NTS Entry Capacity is allocated in accordance with paragraph 2.8.2, and each User whose bid is so accepted will be registered as holding Daily Interruptible NTS Entry Capacity (in the amount so allocated) for the Day in respect of the Aggregate System Entry Point.
- 2.6.8 Where there is no Available Interruptible Capacity in respect of an Aggregate System Entry Point for a Day, or the amount thereof is less than the minimum eligible amount, National Gas Transmission will not accept any daily interruptible capacity bids.
- 2.6.9 National Gas Transmission will, not later than 15:00 hours on the Preceding Day, inform each User of those of its daily interruptible capacity bids which have been accepted and the amount of Daily Interruptible NTS Entry Capacity which it is registered as holding pursuant to each such accepted bid.
- 2.6.10 For the purposes of this paragraph 2.6 the "**Available Interruptible Capacity**" in respect of an Aggregate System Entry Point for any Day is:
- (a) an amount of NTS Entry Capacity equal to the daily average unutilised firm capacity; and
  - (b) an amount of NTS Entry Capacity (if any) additional to that in (a) which National Gas Transmission determines, in its sole discretion, shall be made available.
- 2.6.11 The "**daily average unutilised firm capacity**" in respect of any relevant period in relation to an Aggregate System Entry Point is an amount of NTS Entry Capacity equal to:

where:

AUC is the aggregate amount, for each relevant day, by which the Firm NTS Entry Capacity at the Aggregate System Entry Point held by Users in aggregate exceeds the sum of the Entry Point Daily Quantity Delivered for each System Entry Point comprised in the Aggregate System Entry Point

and a "**relevant day**" is each of the thirty (30) Days up to (and including) the Day falling seven (7) Days before the first Day in any relevant period and "**relevant period**" is a period of seven (7) consecutive Days .

## **2.7 Allocation: Quarterly NTS Entry Capacity**

2.7.1 Following an annual invitation and in relation to an Aggregate System Entry Point and a calendar quarter where the Reserve Price Bid Amount:

- (a) is equal to or less than the Unsold NTS Entry Capacity, paragraph 2.7.2 will apply;
- (b) is greater than the Unsold NTS Entry Capacity, paragraph 2.7.3 will apply (other than where the circumstances in paragraph 2.7.4 exist in which case such paragraph shall apply).

2.7.2 Where this paragraph 2.7.2 applies pursuant to paragraph 2.6.1:

- (a) Quarterly NTS Entry Capacity will be allocated to each quarterly capacity bid (excluding any quarterly capacity bid rejected pursuant to paragraph 2.2.11) in the amount of Quarterly NTS Entry Capacity applied for; and
- (b) the User agrees to pay by way of NTS Entry Capacity Charges for the Quarterly NTS Entry Capacity allocated in accordance with paragraph (a) the applicable reserve price for the calendar quarter.

2.7.3 Where this paragraph 2.7.3 applies pursuant to paragraph 2.7.1, subject to paragraph 2.7.4:

- (a) Quarterly NTS Entry Capacity will be allocated to each quarterly capacity bid in the relevant step price group or the reserve price (as the case may be) (in each case excluding any quarterly capacity bid rejected pursuant to paragraph 2.2.11) in the amount of Quarterly NTS Entry Capacity applied for; and
- (b) the User agrees to pay by way of NTS Entry Capacity Charges for the Quarterly NTS Entry Capacity allocated in accordance with paragraph (a) the step price or the reserve price (as the case may be) corresponding to the relevant step price group for the calendar quarter.

2.7.4 In the event that there is no relevant step price group the Actual Available NTS Entry Capacity will be allocated to each quarterly capacity bid:

- (a) where paragraph 2.2.10(a) applies, in the step price group for which Users specified the highest step price when applying for Quarterly NTS Entry Capacity;
- (b) where paragraph 2.2.10(b) applies, in the step price group for which the incremental capacity amount which is equal to the Actual Available Aggregate

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(in each case excluding any quarterly capacity bid rejected pursuant to paragraph 2.2.11) pro rata the amount applied for (provided that where the amount to be allocated is less than the minimum amount specified in the quarterly capacity bid, the bid will be disregarded (and have no effect) and a revised allocation will be made between the quarterly capacity bids in accordance with this paragraph).

2.7.5 For the purposes of this paragraph 2.7, and in respect of an Aggregate System Entry Point in relation to a calendar quarter:

- (a) **"Actual Available NTS Entry Capacity"** is, following an annual invitation, an amount of Quarterly NTS Entry Capacity equal to the sum of:
- (i) Unsold NTS Entry Capacity (as determined prior to the annual invitation);
  - (ii) any additional Quarterly NTS Entry Capacity which NTS is required to make available pursuant to the Entry Capacity Release Methodology Statement following the submission of quarterly capacity bids in response to the annual invitation; and
  - (iii) any additional Quarterly NTS Entry Capacity which National Gas Transmission in its sole discretion determines to make available to Users;
- (b) the **"relevant step price group"** is:
- (i) where a step price group quantity is exactly equal to the Actual Available NTS Entry Capacity, the step price group in respect of which the step price group quantity is exactly equal to the Actual Available NTS Entry Capacity at the step price in respect of the Actual Available NTS Entry Capacity; and
  - (ii) where paragraph (i) above is not applicable and paragraph 2.2.10(a) applies, the step price group, when considering the incremental quantities specified in the annual invitation in ascending order, in respect of which the step price group quantity is first equal to or less than the Actual Available NTS Entry Capacity; and
  - (iii) where paragraph (i) above is not applicable and paragraph 2.2.10(b) applies, the step price group or those bids at the reserve price (as the case may be), when considering the step prices and the reserve price specified in the annual invitation in descending order, in respect of which the step price group quantity or the Reserve Price Bid Amount is last equal to or less than the Actual Available NTS Entry Capacity;
- (c) the **"Reserve Price Bid Amount"** is, in relation to an annual invitation, the aggregate amount of Quarterly NTS Entry Capacity applied for pursuant to quarterly capacity bids in respect of which different Users specified a price other than a step price when applying for Quarterly NTS Entry Capacity;
- (d) a **"step price group"** are those quarterly capacity bids in respect of which different Users specified the same step price when applying for Quarterly NTS Entry Capacity; and

- (e) the "**step price group quantity**" is the aggregate amount of Quarterly NTS Entry Capacity applied for by Users pursuant to quarterly capacity bids comprised in a step price group; and
  - (f) the "**Stability Group**" is the step price group, when considering the incremental quantities specified in the annual invitation in ascending order, in respect of which the step price group quantity is first equal to or less than the incremental quantities specified in the annual invitation in ascending order.
- 2.7.6 National Gas Transmission will accept quarterly capacity bids in respect of which Quarterly NTS Entry Capacity is allocated in accordance with paragraphs 2.7.2, 2.7.3 and 2.7.4, and each User whose bid is so accepted will be registered as holding Quarterly NTS Entry Capacity (in the amount so allocated) for the relevant calendar quarter in respect of the Aggregate System Entry Point.
- 2.7.7 National Gas Transmission will, not later than:
- (a) two months following the last annual invitation date in a Capacity Year inform each User of those of its quarterly capacity bids which have been accepted and the amount of Quarterly NTS Entry Capacity which it is registered as holding for each calendar quarter pursuant to each such accepted quarterly capacity bid; and
  - (b) twenty four (24) hours after the time at which National Gas Transmission notifies Users in accordance with paragraph (a) notify all Users in respect of each calendar quarter in accordance with paragraph 2.15.2.
- 2.7.8 Where an amount of NTS Entry Capacity became Registered pursuant to paragraph 1.14, the User or Nominated User(s) will, on the date specified in the PARCA, be registered as holding that amount of NTS Entry Capacity specified in the PARCA and/or the confirmed notices issued pursuant to paragraph 1.14.5.
- 2.8 Allocation: Monthly, Weekly, Daily and Daily Interruptible NTS Entry Capacity**
- 2.8.1 Following the submission of monthly capacity bids, weekly capacity bids, daily capacity bids and daily interruptible capacity bids, NTS Entry Capacity will be allocated for a relevant short term period in accordance with this paragraph 2.8.
- 2.8.2 For a relevant short term period, NTS Entry Capacity in respect of an Aggregate System Entry Point will be allocated pursuant to capacity bids submitted in respect of such short term period as follows:
- (a) all capacity bids submitted in respect of the relevant short term period (excluding any bid rejected pursuant to paragraph 2.2.11, 2.4.7, 2.5.6 or 2.6.6) will be ranked in order of bid price (the highest price ranking first) save that in the case of monthly capacity bids made pursuant to paragraph 2.2.4 the ranking will be made in respect of each relevant annual invitation date;
  - (b) in the case of monthly capacity bids made pursuant to paragraph 2.2.4, the Available NTS Entry Capacity for the calendar month;
    - (i) in the case of monthly capacity bids made pursuant to paragraph 2.2.4, the Available Monthly Capacity for the relevant annual invitation date for the calendar month;

- (ii) in the case of weekly capacity bids made pursuant to paragraph 2.4., the Available Weekly Capacity; and
  - (iii) in the case of daily capacity bids made pursuant to paragraph 2.5.1 the Available Daily Capacity; and
  - (iv) in the case of daily interruptible capacity bids made pursuant to paragraph 2.6.1, the Available Interruptible Capacity;
- (c) subject to paragraphs (d) and (e) and paragraph 2.8.3, where the amount of NTS Entry Capacity applied for under a bid exceeds the amount (the "**remaining unallocated amount**") of the relevant capacity remaining unallocated after allocation to higher priced bids, the User will be allocated an amount equal to the remaining unallocated amount;
- (d) subject to paragraph (e) and paragraph 2.8.3, where each of two or more bids ("**equal priced bids**") specifies the same bid price, and the amount of relevant capacity remaining applied for in aggregate under such bids exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the amounts applied for in each such bid;
- (e) where the amount to be allocated in respect of a bid pursuant to paragraph (c) or (d) is less than the minimum amount specified in the capacity bid, the bid will be disregarded (and of no effect), and a revised allocation will be made between remaining equal price bid(s) under paragraph (d), or (as the case may be) an allocation made in respect of the next priced bid.
- 2.8.3 Where the amount to be allocated in respect of any bid pursuant to paragraph 2.8.2 is less than the minimum eligible amount, National Gas Transmission will not accept that or any further capacity bids under, as appropriate, paragraphs 2.2, 2.4, 2.5 or 2.6.
- 2.8.4 Subject to paragraph 2.8.2, National Gas Transmission will accept bids in respect of which NTS Entry Capacity is allocated in accordance with paragraph 2.8.2, and each User whose bid is so accepted will be registered as holding NTS Entry Capacity (in the amount so allocated) for the relevant short term period in respect of the Aggregate System Entry Point.
- 2.8.5 Each User who applies for NTS Entry Capacity for a relevant short term period shall tender in respect of each capacity bid a bid price (in accordance with paragraph 2.2.7(f), 2.4.2(f), 2.5.2(f) or 2.6.2(f)) and agrees by making such application to pay by way of NTS Entry Capacity Charges the relevant bid price for the relevant short term period in respect of the NTS Entry Capacity allocated in accordance with this paragraph 2.8 pursuant to such capacity bid.
- 2.8.6 For the purposes of this paragraph 2.8:
- (a) "**relevant short term period**" means:
    - (i) in the case of an annual invitation under paragraph 2.2, the relevant calendar month;
    - (ii) in the case of a weekly invitation under paragraph 2.4, the relevant calendar week; and
    - (iii) for the purposes of paragraphs 2.5 and 2.6, the relevant Day; and

- (b) **"relevant capacity remaining"** is, for the purposes of an allocation in accordance with paragraph 2.8.2 following applications made under:
- (i) paragraph 2.2.5, Monthly NTS Entry Capacity;
  - (ii) paragraph 2.4.1, Weekly NTS Entry Capacity;
  - (iii) paragraph 2.5.1, Daily NTS Entry Capacity; and
  - (iv) paragraph 2.6.1, Daily Interruptible NTS Entry Capacity.

2.8.7 National Gas Transmission will:

- (a) in respect of Monthly NTS Entry Capacity allocated in respect of Capacity Year Y not later than one month following the final date on which applications for Monthly NTS Entry Capacity could be made, inform each User of those of its monthly capacity bids which have been accepted and the amount of Monthly NTS Entry Capacity which it is registered as holding for each calendar month in Capacity Year Y pursuant to each such accepted monthly capacity bid;
- (b) in respect of Monthly NTS Entry Capacity allocated in respect of Capacity Year 1 not later than two months following the final date on which applications for Monthly NTS Entry Capacity could be made, inform each User of those of its monthly capacity bids which have been accepted and the amount of Monthly NTS Entry Capacity which it is registered as holding for each calendar month in Capacity Year 1;
- (c) after a WSEC capacity allocation of Weekly NTS Entry Capacity and on or before the eighth (8th) Day before the first Day for the calendar week in respect of which the Weekly NTS Entry Capacity is applied for, inform each User of those of its capacity bids which have been accepted and the amount of Weekly NTS Entry Capacity which it is registered as holding pursuant to each such accepted capacity bid;
- (d) one (1) hour after a capacity allocation of Daily NTS Entry Capacity and Daily Interruptible NTS Entry Capacity inform each User of those of its capacity bids which have been accepted and the amount of Daily NTS Entry Capacity and Daily Interruptible NTS Entry Capacity which it is registered as holding pursuant to each such accepted capacity bid; and
- (e) twenty four (24) hours after the time at which National Gas Transmission notifies Users in accordance with paragraph (a), (b), (c) and (d) notify all Users in respect of each relevant short term period in accordance with paragraph 2.15.2.

## 2.9 Capacity Constraint Management

2.9.1 National Gas Transmission may, for the purposes of Capacity Management:

- (a) initiate an entry capacity allocation period (as defined in paragraph 2.4.13(c)) in accordance with the System Management Principles; and
- (b) undertake Capacity Management in accordance with the System Management Principles (which may include the acceptance of daily capacity offers on any Day at an Aggregate System Entry Point in such aggregate amounts as is

consistent with the System Management Principles).

2.9.2 For the purposes of the Code:

- (a) "**Capacity Management**" means, in relation to an Aggregate System Entry Point and in relation to any Day:
- (i) the entering into of a Capacity Management Agreement by National Gas Transmission; and/or
  - (ii) the curtailment of Interruptible NTS Entry Capacity in accordance with paragraphs 2.9; and/or
  - (iii) the acceptance by National Gas Transmission of daily capacity offers submitted by Users in accordance with paragraph 2.11

in each case in accordance with the System Management Principles (and this paragraph 2);

- (b) "**Capacity Management Charges**" are all amounts payable by National Gas Transmission to a User pursuant to a Capacity Management Agreement and include Capacity Surrender Charges; and
- (c) a "**Capacity Management Agreement**" is any form of agreement (or mechanism) identified in the statement to be prepared and published by National Gas Transmission pursuant to Special Condition 9.19 of National Gas Transmission's Transporter's Licence which may be utilised by National Gas Transmission and pursuant to which National Gas Transmission may secure the surrender of Firm NTS Entry Capacity by Users for the purposes of the management of a capacity constraint.

2.9.3 National Gas Transmission may enter into a Capacity Management Agreement with a User.

2.9.4 Where pursuant to the terms of a Capacity Management Agreement a User surrenders Firm NTS Entry Capacity at an Aggregate System Entry Point in relation to a Day, the amount of the User's Available Firm NTS Entry Capacity at the Aggregate System Entry Point shall be reduced by the amount surrendered by the User pursuant to the terms of the Capacity Management Agreement.

2.9.5 Capacity Surrender Charges will be invoiced and payable in accordance with Section S.

2.9.6 National Gas Transmission shall for the purposes of the management of a capacity constraint take such steps as are in accordance with the System Management Principles; it however being acknowledged that the System Management Principles do not form part of, and are not incorporated into, and are not binding upon National Gas Transmission pursuant to, the Code.

2.9.7 For the avoidance of doubt, National Gas Transmission shall not be under any obligation pursuant to paragraphs 2.2, 2.3, 2.4, 2.5, 2.6 or any other provision of this Section B2 to make available to Users NTS Entry Capacity surrendered by Users pursuant to the terms of a Capacity Management Agreement.

2.9.8 For the purposes of paragraph 2.9.9 below, the following words shall have the following meanings:

- (a) **"Forward Agreement"** means a Capacity Management Agreement (entered into following the issue of a Tender Invitation Notice) pursuant to which a User surrenders Firm NTS Entry Capacity to National Gas Transmission over a forward period of days (but, for the avoidance of doubt, shall not include an agreement made pursuant to the provisions of paragraph 2.11);
- (b) **"Option Agreement"** means a Capacity Management Agreement (entered into following the issue of a Tender Invitation Notice) pursuant to which a User grants an option to National Gas Transmission upon the exercise of which National Gas Transmission may accept the surrender of Firm NTS Entry Capacity (but, for the avoidance of doubt, shall not include an agreement made pursuant to the provisions of paragraph 2.11);
- (c) **"Relevant Forward Combination"** means a specific combination of Aggregate System Entry Point and forward delivery period as set out in a valid tender offer submitted to National Gas Transmission pursuant to a Tender Invitation Notice;
- (d) **"Relevant Option Combination"** means a specific combination of Aggregate System Entry Point and option exercise period as set out in a valid tender offer submitted to National Gas Transmission pursuant to a Tender Invitation Notice; and
- (e) **"Tender Invitation Notice"** means a notice issued by National Gas Transmission inviting Users to submit a tender offer for a Forward Agreement or an Option Agreement (as the case may be).

## 2.9.9

- (a) Where, in respect of a Relevant Forward Combination and pursuant to a Tender Invitation Notice, National Gas Transmission enters into Forward Agreement(s) with Users after the date of implementation of the modification proposal giving effect to this paragraph (a), it shall publish on the Business Day following that on which it enters into such Forward Agreement(s) and in respect of each Gas Flow Day in the relevant forward delivery period:
  - (i) the volume weighted average price in respect of all valid offers received by National Gas Transmission for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
  - (ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Gas Transmission for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
  - (iii) the minimum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
  - (iv) the maximum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
  - (v) in respect of such Forward Agreement(s), the volume weighted average price for the surrender of Firm NTS Entry Capacity pursuant to such agreements;

- (vi) in respect of such Forward Agreement(s), the aggregate quantity of Firm NTS Entry Capacity that was surrendered pursuant to such agreements;
  - (vii) in respect of such Forward Agreement(s), the minimum price paid for the surrender of Firm NTS Entry Capacity pursuant to such agreements; and
  - (viii) in respect of such Forward Agreement(s), the maximum price paid for the surrender of Firm NTS Entry Capacity pursuant to such agreements.
- (b) Where, in respect of a Relevant Option Combination and pursuant to a Tender Invitation Notice, National Gas Transmission enters into Option Agreement(s) with Users after the date of implementation of the modification proposal giving effect to this paragraph (b), it shall publish on the Business Day following that on which it enters into such Option Agreement(s):
- (i) the volume weighted average strike price in respect of all valid offers received by National Gas Transmission for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to the Tender Invitation Notice;
  - (ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Gas Transmission for that Relevant Option Combination pursuant to that Tender Invitation Notice;
  - (iii) the minimum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
  - (iv) the maximum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
  - (v) in respect of such Option Agreement(s), the volume weighted average strike price for the Firm NTS Entry Capacity available for surrender pursuant to such agreements;
  - (vi) in respect of such Option Agreement(s), the aggregate quantity of Firm NTS Entry Capacity that is available for surrender by Users pursuant to such agreements;
  - (vii) in respect of such Option Agreement(s), the minimum strike price for the surrender of Firm NTS Entry Capacity pursuant to such agreements; and
  - (viii) in respect of such Option Agreement(s), the maximum strike price for the surrender of Firm NTS Entry Capacity pursuant to such agreements.
- (c) Where, after the date of implementation of the modification proposal giving effect to this paragraph (c), National Gas Transmission, whether in whole or in part, exercises its right to accept the surrender of Firm NTS Entry Capacity in respect of any specific Gas Flow Day and specific Aggregate System Entry Point pursuant to an Option Agreement or Option Agreements, it shall publish on the first Business Day following that specific Gas Flow Day:
- (i) the aggregate quantity of Firm NTS Entry Capacity surrendered to National Gas Transmission in respect of that Gas Flow Day and

Aggregate System Entry Point pursuant to such exercise; and

- (ii) the volume weighted average strike price in respect of the Firm NTS Entry Capacity surrendered to National Gas Transmission in respect of that Gas Flow Day and Aggregate System Entry Point pursuant to such exercise.
- (d) Where, after the date of implementation of the modification proposal giving effect to this paragraph (d) and pursuant to a Tender Invitation Notice, National Gas Transmission receives valid tender offers in respect of a Relevant Forward Combination but National Gas Transmission does not enter into any Forward Agreements with Users in respect of that Relevant Forward Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish, within 4 Business Days following the last Day on which such tender offers may have been submitted to National Gas Transmission pursuant to that Tender Invitation Notice, and in respect of each Gas Flow Day in the relevant forward delivery period:
- (i) the volume weighted average price in respect of all valid offers received by National Gas Transmission for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
  - (ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Gas Transmission for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
  - (iii) the minimum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice; and
  - (iv) the maximum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice.
- (e) Where, after the date of implementation of the modification proposal giving effect to this paragraph (e) and pursuant to a Tender Invitation Notice, National Gas Transmission receives valid tender offers in respect of a Relevant Option Combination but National Gas Transmission does not enter into any Option Agreements with Users in respect of that Relevant Option Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish within 4 Business Days following the last Day on which such tender offers may have been submitted to National Gas Transmission pursuant to that Tender Invitation Notice:
- (i) the volume weighted average strike price in respect of all valid offers received by National Gas Transmission for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
  - (ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Gas Transmission for that Relevant Option Combination pursuant to that Tender Invitation Notice;
  - (iii) the minimum strike price offered by Users in valid offers for the

surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice; and

- (iv) the maximum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice.

**2.10 Curtailment of Interruptible NTS Entry Capacity**

2.10.1 For the purposes of this paragraph 2.9, an "**Entry Capability Shortfall**" in respect of an Aggregate System Entry Point for a Day is the amount (in kWh) by which the amount of (or rate at which) gas is or will be delivered exceeds the System Entry Capacity (as determined by National Gas Transmission).

2.10.2 Where at any time after 15:00 hours on the Preceding Day National Gas Transmission determines:

- (a) in relation to any Aggregate System Entry Point that there is or will be an Entry Capability Shortfall; or
- (b) that there is or will be a Transportation Constraint or a Localised Transportation Deficit which National Gas Transmission believes may be avoided or remedied by the curtailment of Interruptible NTS Entry Capacity held by Users at one or more Aggregate System Entry Points (whether or not those Aggregate System Entry Points are affected by the Transportation Constraint or Localised Transportation Deficit);

the Interruptible NTS Entry Capacity held by Users at that Aggregate System Entry Point may be curtailed subject to and in accordance with the System Management Principles and the further provisions of this paragraph 2.9.

2.10.3 National Gas Transmission will give a notice ("**interruptible curtailment notice**") to all Users specifying:

- (a) the Aggregate System Entry Point and the Day to which the notice relates;
- (b) the time ("**curtailment effective time**") with effect from which such curtailment is to take place, which shall be on the hour, shall not be earlier than 05:00 hours nor later than 01:00 hours on the Gas Flow Day, and shall not be less than 60 minutes after such notice is given; and
- (c) a factor ("**interruptible curtailment factor**") determined in accordance with the System Management Principles.

2.10.4 Where National Gas Transmission gives an interruptible curtailment notice, the amount of each User's Available Interruptible NTS Entry Capacity (excluding any negative Available Interruptible NTS Entry Capacity) will be determined as:

$$R * (ICF1 * P1 + ICF2 * P2 + \dots + ICFn * Pn) / 24$$

where R is the amount of the User's Available Interruptible NTS Entry Capacity for the Day;

and where for each interruptible curtailment notice (from 1 to n) given in respect of the Aggregate System Entry Point and the Day:

ICF is the interruptible curtailment factor, and

P is the period in hours from the curtailment effective time until the end of the Gas Flow Day or (if earlier) the curtailment effective time of a subsequent curtailment notice

and for the purposes of which, in the absence of any other interruptible curtailment notice, there shall be deemed to be an interruptible curtailment notice specifying an interruptible curtailment factor of one (1) in force at the start of the Gas Flow Day.

## **2.11 Entry Charges, General Non-Transmission Services Charges, Entry Transmission Services Revenue Recovery Charges, and Capacity Surrender Charges**

2.11.1 Users may offer to surrender Available Firm NTS Entry Capacity for a Day in respect of an Aggregate System Entry Point, and National Gas Transmission may accept such offers, subject to and in accordance with the System Management Principles and this paragraph 2.10.

2.11.2 An offer ("**daily capacity offer**") to surrender Firm NTS Entry Capacity pursuant to this paragraph 2.10 shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the Day for which NTS Entry Capacity is offered for surrender;
- (d) the amount (not less than the minimum eligible amount) of NTS Entry Capacity offered for surrender (in kWh/Day);
- (e) the minimum amount (not less than the minimum eligible amount) of NTS Entry Capacity for which the User is willing to have the offer accepted;
- (f) the amount (the "**offer price**") in pence/kWh/Day which the User wishes to be paid in respect of the of the surrender of the offered NTS Entry Capacity; and
- (g) whether such offer is a fixed or reducing daily capacity offer.

2.11.3 A daily capacity offer:

- (a) may be submitted at any time from 05:00 hours on the 7th Day before the Gas Flow Day until 01:00 hours on the Day for which the NTS Entry Capacity is offered for surrender; and
- (b) may, subject to paragraph 2.10.4, in the case of a fixed offer be withdrawn or amended and in the case of a reducing offer be withdrawn, at any time before NTS Entry Capacity in such bid is selected for surrender.

2.11.4 A daily capacity offer may not be withdrawn during a capacity selection period (irrespective of whether or not the daily capacity offer is in relation to an Aggregate System Entry Point at which, for the purposes of capacity selection, there is a Firm Capacity Shortfall) and where a User seeks to withdraw an offer during such period, National Gas Transmission will notify the User that a capacity selection period is current and National Gas Transmission may, subject to paragraph 2.10.6, accept such daily capacity offer.

- 2.11.5 In relation to each Aggregate System Entry Point and in respect of any Day (or part of any such Day) a User may have, at any one time, up to but not more than twenty (20) daily capacity offers which are capable of acceptance in accordance with this paragraph 2.10.
- 2.11.6 National Gas Transmission will reject a daily capacity offer where any requirement of paragraph 2.10.2 is not complied with, and may reject such an offer where the amount of NTS Entry Capacity offered for surrender exceeds the amount of the User's Available Firm NTS Entry Capacity (determined by reference to System Capacity Transfers which have at the relevant time become effective pursuant to paragraph 5.2.3(c) and the provisions of paragraph 2.8 and this paragraph 2.10).
- 2.11.7 For each Day (or part of each such Day) in respect of each Aggregate System Entry Point, where National Gas Transmission determines that:
- (a) there is a Firm Capacity Shortfall at one or more Aggregate System Entry Points; or
  - (b) there is or will be a Transportation Constraint or a Localised Transportation Deficit which National Gas Transmission believes may be avoided or remedied by the surrender of Firm System Entry Capacity held by Users at one or more Aggregate System Entry Points (whether or not those Aggregate System Entry Point are affected by the Transportation Constraint or Localised Transportation Deficit);

National Gas Transmission may initiate, not earlier than 13:00 hours on the Preceding Day, a capacity selection period.

- 2.11.8 NTS Entry Capacity Charges, General Non-Transmission Services Charge, Capacity Surrender Charges, and the Entry Transmission Services Revenue Recovery Charges will be invoiced and payable in accordance with Section S.
- 2.11.9 For the purposes of this paragraph 2.10:
- (a) the "**offer effective time**" is the time on the hour in relation to a daily capacity offer being the later of:
    - (i) 05:00 hours on the Gas Flow Day; and
    - (ii) the time not earlier than 60 minutes after Firm NTS Entry Capacity has been selected pursuant to such bid for surrender;
  - (b) a "**capacity selection period**" is the period of 15 minutes in which, where National Gas Transmission intends to accept Firm NTS Entry Capacity for surrender pursuant to available daily capacity offers, it conducts a capacity selection;
  - (c) a "**capacity selection**" is the acceptance of Firm NTS Entry Capacity for surrender during a capacity selection period in accordance with this paragraph 2.10;
  - (d) a "**fixed offer**" is a daily capacity offer in relation to which the amount of Firm NTS Entry Capacity offered for surrender is not conditional on the offer effective time and a "**reducing offer**" is a daily capacity offer in relation to which the amount of Firm Entry Capacity offered for surrender is determined

as:

$$(FSEC / OET) * N$$

where:

FSEC is the amount of Firm NTS Entry Capacity offered for surrender when the offer was first submitted;

OET commencing from the earliest offer effective time in respect of such bid, the number of hours remaining on the Gas Flow Day; and

N the number of hours remaining from the actual offer effective time were Firm NTS Entry Capacity to be selected for surrender pursuant to such offer; and

- (e) a "**Firm Capacity Shortfall**" is an amount of Firm NTS Entry Capacity equal to the amount by which the lesser of National Gas Transmission's estimate of the amount of gas that will be delivered to the Total System at the Aggregate System Entry Point during a Day (or part thereof) and the Aggregate Registered Firm NTS Entry Capacity held by all Users at that Aggregate System Entry Point exceeds the System Entry Capability at that Aggregate System Entry Point.

2.11.10 A daily capacity offer is "**available**" where:

- (a) submitted and not withdrawn prior to the start of any capacity selection period; and
- (b) where the offer effective time is later than 05:00 on the Gas Flow Day, the implied surrender rate is less than or equal to the available surrender rate at the relevant Aggregate System Entry Point

and for the avoidance of doubt, where Firm NTS Entry Capacity is selected for surrender pursuant to an offer such offer shall be extinguished and no longer be available for the purposes of this paragraph 2.10.

2.11.11 For the purposes of this paragraph 2.10:

- (a) the "**available surrender rate**" in relation to an Aggregate System Entry Point is the rate (in kWh/hour) calculated as an amount of Firm NTS Entry Capacity equal, as appropriate, to the Firm Capacity Shortfall or to the amount of Firm System Entry Capacity National Gas Transmission believes requires to be surrendered to avoid or remedy the relevant Transportation Constraint or Localised Transportation Deficit), divided by the number of hours remaining in the Day following the capacity selection effective time;
- (b) the "**capacity selection effective time**" is the hour bar following the next hour bar falling after the end of a capacity selection period;
- (c) the "**implied surrender rate**" in relation to:
- (i) a fixed offer, is the rate (in kWh/hour), calculated as the amount of Firm NTS Entry Capacity in respect of which the offer was made divided by the number of hours remaining in the Day were Firm NTS Entry Capacity

to be selected for surrender pursuant to such offer;

- (ii) a reducing offer, is the rate (in kWh/hour) calculated as the amount of Firm NTS Entry Capacity in respect of which the offer was made divided by the number of hours remaining in the Day from the hour bar following the hour next falling after submission of such offer.

## **2.12 Entry Charges, General Non-Transmission Services Charges, Entry Transmission Services Revenue Recovery Charges, the NTS Entry Transmission Services Rebate Charge, and Capacity Surrender Charges**

2.12.1 Entry-related Transportation Charges are payable in respect of the NTS as follows:

- (a) a User shall pay Capacity Charges ("**NTS Entry Capacity Charges**") to National Gas Transmission in respect of its Registered NTS Entry Capacity at Aggregate System Entry Points each Day, in accordance with paragraph 2.11.2 to 2.11.4;
- (b) National Gas Transmission shall pay Capacity Surrender Charges to a User, in accordance with paragraph 2.11.5;
- (c) a Shipper User shall pay General Non-Transmission Services Charges as Commodity Charges to National Gas Transmission in respect of its use of the NTS for the delivery of gas to the Total System on any Day, in accordance with paragraph 2.11.6, or a charge calculated by reference to Special Condition 2.1 and 2.3 of National Gas Transmission's Transporter's Licence;
- (d) a User shall pay to National Gas Transmission, or (where the Applicable Daily Rate is negative) National Gas Transmission shall pay to the User, the Entry Transmission Services Revenue Recovery Charge in respect of NTS Entry Capacity each Day, in accordance with paragraph 2.11.7;
- (e) if applicable, National Gas Transmission shall pay to a User the NTS Entry Transmission Services Rebate Charge, in accordance with paragraph 2.11.8.

2.12.2 The NTS Entry Capacity Charge payable by a User in respect of each Day will be determined subject to paragraph 9, for each Aggregate System Entry Point and each class (as described in paragraph 2.1.4) of NTS Entry Capacity, as the amount of the User's Registered NTS Entry Capacity (of the relevant class, and in the case of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity, applied for pursuant to paragraphs 2.2 and/or 2.3 and/or reserved under paragraph 1.14, and allocated following an invitation date and/or allocated under a PARCA pursuant to paragraph 1.14) multiplied by the Applicable Daily Rate.

2.12.3 The Applicable Daily Rate of NTS Entry Capacity Charges shall be:

- (a) in respect of Quarterly NTS Entry Capacity;
  - (i) applied for pursuant to an annual invitation under paragraph 2.2, the rate determined in accordance with Section 2 of the NTS Transportation Charging Methodology; and
  - (ii) applied for, reserved and registered under a PARCA pursuant to paragraph 1.14 the applicable price as set out in the relevant

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- (b) in respect of Monthly NTS Entry Capacity applied for pursuant to an invitation under paragraphs 2.2 and 2.3, the bid price tendered by the User in respect of the Monthly NTS Entry Capacity allocated for the relevant calendar month pursuant to paragraph 2.7.2;
  - (c) in respect of Daily NTS Entry Capacity, the bid price tendered by the User in respect of the Daily NTS Entry Capacity allocated for the Day pursuant to paragraph 2.7.2; and
  - (d) in respect of Daily Interruptible NTS Entry Capacity, the bid price tendered by the User in respect of the Daily Interruptible NTS Entry Capacity allocated for the Day pursuant to paragraph 2.7.2.
- 2.12.4 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, 2.10.8 and 2.17.9).
- 2.12.5 Where National Gas Transmission accepts a daily capacity offer pursuant to paragraph 2.10 National Gas Transmission will pay to the User a charge ("**Capacity Surrender Charge**") in an amount determined as the amount of NTS Entry Capacity for which the daily capacity offer was accepted by National Gas Transmission multiplied by the offer price specified in the daily capacity offer.
- 2.12.6 The General Non-Transmission Services Charge payable by a User in respect of each Day will be determined for each NTS Entry Point, excluding Storage Connection Points, as the User Daily Quantity Input multiplied by the Applicable Commodity Rate for such charge as determined under Section 4 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.
- 2.12.7 The Entry Transmission Services Revenue Recovery Charge payable by a User or National Gas Transmission in respect of each Day will be determined for each Aggregate System Entry Point as the User's Fully Adjusted Available NTS Entry Capacity, Excluding Existing Available Holding, multiplied by the Applicable Daily Rate for such charge and such Aggregate System Entry Point as determined in accordance with Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.
- 2.12.8 Where (as provided in Section 3.4.1 of the NTS Transportation Charging Methodology) the NTS Entry Transmission Services Rebate Charge is payable in respect of a Formula Year:
- (a) the amount of such charge payable to a User will be determined as the sum of the User's Registered NTS Entry Capacity for all Days of the Formula Year and for all NTS Entry Points multiplied by the applicable rate of such charge as determined under Section 3.4.2 of the NTS Transportation Charging Methodology;
  - (b) such charge shall be determined and invoiced as soon as reasonably practicable following the end of the Formula Year.
- 2.12.9 NTS Entry Capacity Charges, General Non-Transmission Services Charge, Capacity Surrender Charges, Entry Transmission Services Revenue Recovery Charges, and the NTS Entry Transmission Services Rebate Charge will be invoiced and payable in

accordance with Section S.

**2.13 Overrun charges**

2.13.1 If for any reason the quantity of gas delivered by a User to the Total System at an Aggregate System Entry Point on any Day exceeds the User’s aggregate Available NTS Entry Capacity (determined as Fully Adjusted), the User shall pay a charge ("**System Entry Overrun Charge**") in respect of NTS Entry Capacity at that Aggregate System Entry Point on that Day.

2.13.2 For the purposes of this paragraph 2.12, in respect of a User at an Aggregate System Entry Point for any Day, the "**overrun quantity**" is the amount by which the sum of the User’s UDQIs on that Day in respect of each System Entry Point comprised in the Aggregate System Entry Point exceeds the sum of the User’s Fully Adjusted Available NTS Entry Capacity.

2.13.3 The System Entry Overrun Charge shall be calculated as the amount of the overrun quantity multiplied by whichever is the greatest of:

- (a) (3 \* A), where 'A' is the highest bid price in relation to a capacity bid in respect of which NTS Entry Capacity was allocated following an invitation under paragraphs 2.2, 2.3 and 2.4 and/or the highest price payable in respect of NTS Entry Capacity allocated under a PARCA pursuant to paragraph 1.14; and
- (b) (1.1 \* B), where 'B' is the relevant average accepted offer price;
- (c) (1.1 \* C), where 'C' is the relevant average accepted forward price;
- (d) (1.1 \* D), where 'D' is the relevant average accepted exercise price; and
- (e) (1.1 \* E), where 'E' is the highest unit price accepted by National Gas Transmission

where (a), (b), (c), (d) and (e) are calculated by reference to information available to National Gas Transmission at 01:00 hours on the relevant Day.

2.13.4 For the purposes of paragraph 2.12.3(b), in respect of an Aggregate System Entry Point the "**relevant average accepted offer price**" for a Day is calculated as:

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

where:

- n is the number of relevant successful offers;
- Q is the amount of Daily NTS Entry Capacity surrendered pursuant to each relevant successful offer (being in aggregate equal to the relevant capacity); and
- P is the offer price of each relevant successful offer,

and for the purposes of this paragraph 2.12.4 a "**relevant successful offer**" is an offer in respect of which relevant capacity was surrendered by a User and "**relevant capacity**" is that amount of NTS Entry Capacity equal to the first 25% of the total Firm NTS Entry Capacity surrendered by Users (determined by ranking all relevant successful offers for the Day in price order (the highest ranked first) and aggregating the Firm NTS Entry Capacity surrendered for each relevant successful offer, in descending order of bid price starting with the highest priced until the aggregate Firm NTS Entry Capacity surrendered equals the relevant capacity) in accordance with paragraph 2.10 and the System Management Principles.

2.13.5 For the purposes of paragraph 2.12.3(c), in respect of an Aggregate System Entry Point the "**relevant average forward price**" for a Day is calculated as:

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

where:

- n is the number of relevant forward arrangements;
- Q is the amount of Daily NTS Entry Capacity surrendered (being in aggregate equal to the relevant forward capacity) pursuant to the relevant forward arrangements; and
- P is the forward price of each relevant forward arrangement,

and for the purposes of this paragraph 2.12.5 a "**relevant forward arrangement**" is a Capacity Management Agreement pursuant to which relevant forward capacity was surrendered by a User for the relevant Day on any earlier Day and "**relevant forward capacity**" is that amount of NTS Entry Capacity equal to the first 25% of Firm NTS Entry Capacity surrendered by Users (determined by ranking all relevant forward offers for the Day in price order (the highest ranked first) and aggregating the Firm NTS Entry Capacity surrendered for each relevant forward offer, in descending order of bid price starting with the highest priced until the aggregate Firm NTS Entry Capacity surrendered equals the relevant forward capacity) in accordance with paragraph 2.10 and the System Management Principles.

2.13.6 For the purposes of paragraph 2.12.3(d), in respect of an Aggregate System Entry Point the "**relevant average accepted exercise price**" for a Day is calculated as:

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

where:

- n is the number of relevant option arrangements;

Q is the amount of Daily NTS Entry Capacity surrendered (being in aggregate equal to the relevant option capacity) pursuant to the relevant option arrangements; and

P is the exercise price of each relevant option arrangement,

and for the purposes of this paragraph 2.12.5 a "**relevant option arrangement**" is a Capacity Management Agreement pursuant to which relevant option capacity was surrendered by a User for the relevant Day on any earlier Day following the exercise by National Gas Transmission of an option that NTS Entry Capacity be surrendered on such Day and "**relevant option capacity**" is that amount of NTS Entry Capacity equal to the first 25% of Firm NTS Entry Capacity surrendered by Users (determined by ranking all relevant option offers for the Day in price order (the highest ranked first) and aggregating the Firm NTS Entry Capacity surrendered for each relevant option offer, in descending order of bid price starting with the highest priced until the aggregate Firm NTS Entry Capacity surrendered equals the relevant option capacity) in accordance with paragraph 2.10 and the System Management Principles.

2.13.7 System Entry Overrun Charges shall be invoiced and payable in accordance with Section S.

## 2.14 Capacity Neutrality Arrangements

2.14.1 For each Aggregate System Entry Point the difference between amounts received or receivable and paid or payable by National Gas Transmission in respect of Relevant Capacity Charges and certain other amounts in respect of each Day in a calendar month shall be payable to or recoverable from relevant Users (and such amount shall not be reduced by any amount to be retained or borne by National Gas Transmission).

2.14.2 For each Aggregate System Entry Point, in relation to each Day:

- (a) "**Relevant Capacity Revenues**" are the aggregate of the amounts payable to National Gas Transmission by Users:
  - (i) by way of Capacity Charges in respect of:
    - (1) any additional Firm NTS Entry Capacity made available by National Gas Transmission (as determined by National Gas Transmission acting in its sole discretion) in excess of, and not comprising (for the avoidance of doubt), Unsold NTS Entry Capacity; and
    - (2) Monthly NTS Entry Capacity is allocated pursuant to paragraph 2.3.19 or 2.3.23 by reason of the acceptance of a rolling monthly surrender offer

at the Aggregate System Entry Point;
  - (ii) by way of System Entry Overrun Charges; and
  - (iii) where any User has negative Available NTS Entry Capacity, by way of System Entry Overrun Charges pursuant to (and calculated in respect of the amount determined under) paragraph 5.5.2(a); and
  - (iv) by way of Market Balancing Action Charges in respect of each Market

Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint; and

- (v) by way of any other amounts payable to National Gas Transmission in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements as a result of a Localised Transportation Deficit and/or a Transportation Constraint; and
- (vi) by way of Physical Renomination Incentive Charges

in respect of such Day;

(b) "**Relevant Capacity Costs**" are the aggregate of the amounts payable by National Gas Transmission to Users by way of:

- (i) Capacity Management Charges (for which purposes any premium payable by National Gas Transmission shall be attributable to the Day pro rata to the number of Days during which National Gas Transmission may exercise rights in respect of the surrender of Firm NTS Entry Capacity pursuant to the relevant Capacity Management Agreement); and
- (ii) Aggregate Constraint Amounts pursuant to Section I3.7.2;
- (iii) Market Balancing Action Charges in respect of each Market Balancing Buy Action (or negatively priced Balancing Sell Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint;
- (iv) any other amounts in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements as a result of a Localised Transportation Deficit and/or a Transportation Constraint;
- (v) amounts payable by National Gas Transmission in accordance with paragraph 2.3.25(c); and
- (vi) amounts payable by National Gas Transmission in accordance with paragraph 2.17;

in relation to the Aggregate System Entry Point in respect of such Day.

2.14.3 In relation to each Aggregate System Entry Point and a calendar month, National Gas Transmission shall pay to each relevant User an amount ("**Capacity Revenue Neutrality Charge**") determined as:

$$RCR * UFAC / AFAC$$

where:

RCR is the Relevant Capacity Revenues;

UFAC is the aggregate sum of the User's Fully Adjusted Firm Available NTS Entry Capacity (exclusive of any Reserved Entry Capacity under a PARCA pursuant to paragraph 1.14) at each Aggregate System Entry Point; and

AFAC is the aggregate sum of all User's Fully Adjusted Firm Available NTS Entry

Capacity (exclusive of any Reserved Entry Capacity under a PARCA pursuant to paragraph 1.14) at each Aggregate System Entry Point

in each case as determined at 03:00 hours on the relevant Day.

2.14.4 In relation to each Aggregate System Entry Point and a calendar month, each relevant User shall pay to National Gas Transmission an amount ("**Capacity Cost Neutrality Charge**") determined as:

$$\text{RCC} * \text{UFAC} / \text{AFAC}$$

where:

RCC are the Relevant Capacity Costs;

and 'UFAC' and 'AUFAC' have the meanings in paragraph 2.13.3.

2.14.5 For the purposes of this paragraph 2.13:

(a) the "**Second Capacity Adjustment Neutrality Amount**" for a Day in a calendar month (month 'm') is:

(i) the sum of:

- (1) the amount of any charge of a kind referred to in the definition of Relevant Capacity Revenues, and of any Capacity Neutrality Charge (payable to National Gas Transmission), which was due for payment to National Gas Transmission in month m-2 but were unpaid to National Gas Transmission as at the last Day of month m;
- (2) the amount of any interest paid (in accordance with Section S4.3.2) by National Gas Transmission to any User on any Day in month m by virtue of the User having made an over-payment in respect of any of such amount as is referred to in paragraph (1) above;

less

(ii) the sum of:

- (1) the amount of any charge of a kind referred to in the definition of Relevant Capacity Revenues, and of any Capacity Neutrality Charge (payable to National Gas Transmission) which:
  - (aa) was unpaid as at the last Day of month m-3 and was taken into account (under paragraph (a)(i) above) in calculating the Second Capacity Adjustment Neutrality Amount for month m-1; but
  - (bb) has been paid to National Gas Transmission since the last Day of month m-1;
- (2) the amount of any interest paid (in accordance with Section S4.3.2) by any User to National Gas Transmission on any Day in month m by virtue of late payment of any such charge as is referred to in

paragraph (1) above,

divided by the number of Days in month 'm';

- (b) "**Capacity Neutrality Charges**" comprise Capacity Revenue Neutrality Charges, Capacity Cost Neutrality Charges and Capacity Adjustment Neutrality Charges;
- (c) "**Relevant Capacity Charges**" comprise Relevant Capacity Revenues and Relevant Capacity Costs; and
- (d) a "**relevant User**" is a User registered as holding Firm NTS Entry Capacity at an Aggregate System Entry Point on the relevant Day.

2.14.6 In relation to a Day (and all Aggregate System Entry Points), where:

- (a) the Second Capacity Adjustment Neutrality Amount (if any) is negative, National Gas Transmission shall pay to each relevant User; and
- (b) the Second Capacity Adjustment Neutrality Amount (if any) is positive, each relevant User shall pay to National Gas Transmission,

an amount ("**Capacity Neutrality Adjustment Charge**") determined as:

$$\text{CNA}A * \text{UFAC} / \text{AFAC}$$

where CNA A is the Second Capacity Adjustment Neutrality Amount and 'UFAC' and 'AFAC' have the meanings in paragraph 2.13.3 (provided that in the event that no Firm NTS Entry Capacity was held by any User at any Aggregate System Entry Point on such Day, 'UFAC' and 'AFAC' shall be determined on the basis of the most recent preceding Day in respect of which a User held Firm NTS Entry Capacity at an Aggregate System Entry Point).

2.14.7 Capacity Neutrality Charges shall be invoiced and are payable in accordance with Section S.

## 2.15 Auction information

2.15.1 In respect of each annual invitation pursuant to paragraph 2.2.2(b), National Gas Transmission will by not later than 20:00 hours on each invitation date (under paragraph 2.2.3(b)) notify Users, in respect of each Aggregate System Entry Point and each relevant long term period, of the cumulative amounts of Quarterly NTS Entry Capacity in relation to which Users have in aggregate submitted Quarterly capacity bids at each price step on such and earlier annual invitation dates for each relevant Capacity Year.

2.15.2 Following each allocation of NTS Entry Capacity pursuant to paragraphs 2.1.14, 2.2, 2.4 and 2.5 National Gas Transmission will, in accordance with paragraphs 2.1.14(f), 2.6.7 and 2.7.7 and in respect of each Aggregate System Entry Point and relevant long term period or (as the case may be) relevant short term period, notify Users of:

- (a) the price (in pence/kWh) accepted for NTS Entry Capacity by a User (and the amount of NTS Entry Capacity applied for);
- (b) except in relation to an allocation of NTS Entry Capacity pursuant to paragraph 2.1.14, the relevant step price group;

- (c) the lowest accepted bid price in respect of a successful capacity bid and the amount of NTS Entry Capacity applied for;
- (d) aggregate volume of NTS Entry Capacity allocated to successful capacity bids;
- (e) the number of Users who submitted successful capacity bids and the number of Users who submitted unsuccessful capacity bids;
- (f) the weighted average price in respect of capacity bids for which NTS Entry Capacity was allocated calculated as:

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

where:

- n is the number of successful relevant capacity bids;
- Q is the amount of NTS Entry Capacity allocated to each successful relevant capacity bid; and
- p is the bid price of each successful relevant capacity bid

and for the purposes of this paragraph 2.14.2(f), "**relevant capacity bid**" is a bid in respect of which relevant capacity was allocated and "**relevant capacity**" is that amount of capacity equal to the first 50% of the total NTS Entry Capacity allocated (determined in accordance with the the provisions of paragraphs 2.6.2 or 2.6.6 or (as the case may be) paragraph 2.7.2;

- (g) the amount of Obligated Entry Capacity which remains unsold (if any) following the allocation; and
- (h) in the case of an allocation of Quarterly NTS Entry Capacity only, the number of Users who submitted, in respect of each step price group, a Quarterly capacity bid.

2.15.3 Following an allocation of NTS Entry Capacity pursuant to paragraph 2.3, National Gas Transmission will:

- (a) by not later than three (3) Business days before the last Business day of the calendar month preceding the relevant month, notify each User who submitted a rolling monthly capacity bid for the relevant month and in respect of each Aggregate System Entry Point, of:
  - (i) the rolling monthly capacity bids in respect of which an allocation of Monthly NTS Entry Capacity was made in accordance with paragraphs 2.3.19 and 2.3.23 and the amount of the allocation in respect of each such rolling monthly capacity bid;
  - (ii) the amount of Monthly NTS Entry Capacity held in aggregate by the User for the relevant month pursuant to an allocation in accordance with

paragraphs 2.3.19 and 2.3.23;

- (iii) the amount of NTS Entry Capacity held in aggregate by the User for the relevant month;
- (b) by not later than three (3) Business Days before the last Business Day of the calendar month preceding the relevant month, notify each User who submitted a rolling monthly surrender offer for the relevant month and in respect of each Aggregate System Entry Point, of:
  - (i) the amount of Firm NTS Entry Capacity which the User offered for surrender;
  - (ii) the aggregate quantity of Firm NTS Entry Capacity which was surrendered following acceptance of rolling monthly surrender offers submitted by the User for the purposes of paragraphs 2.3.19 and 2.3.23;
  - (iii) the weighted average unit price in respect of each rolling monthly surrender offer in respect of which Firm NTS Entry Capacity was surrendered by the User;
- (c) by not later than the Business Day following the notification under paragraphs (a) and (b), notify all Users in respect of each Aggregate System Entry Point, of:
  - (i) (the information referred to in paragraph 2.14.2 (other than the relevant step price group));
  - (ii) the amount of Monthly NTS Entry Capacity allocated for the relevant month pursuant to paragraph 2.3.19;
  - (iii) the amount of Monthly NTS Entry Capacity allocated for the relevant month pursuant to paragraph 2.3.23;
  - (iv) the aggregate amount of Firm NTS Entry Capacity which Users offered for surrender and the aggregate amount of Firm NTS Entry Capacity which was surrendered following acceptance of rolling monthly surrender offers submitted by Users for the purposes of paragraphs 2.3.19 and 2.3.23;
  - (v) that quantity (if any) of Daily NTS Entry Capacity which National Gas Transmission is required to make available to Users in accordance with paragraph 2.4 for the relevant month;
  - (vi) for each Donor ASEP the aggregate amount by which the Unsold NTS Entry Capacity at the Donor ASEP was reduced in accordance with paragraph 2.3.23;
  - (vii) for each Recipient ASEP:
    - (1) the order in which the unsatisfied bid groups were ranked for the purposes of paragraph 2.3.23;
    - (2) the highest and lowest bid price and the weighted average price (calculated in a manner consistent with the calculation in paragraph 2.14.2(f)) in respect a rolling monthly capacity bids for which

Monthly NTS Entry Capacity was allocated under paragraph 2.3.23;

- (3) the weighted average inter-ASEP exchange rate for each combination of Recipient ASEP and Donor ASEP utilised for the purposes of paragraph 2.3.23.

## **2.16 NTS Entry Capacity Retention**

- 2.16.1 For the purposes of the Code, “**Entry Capacity Substitution Methodology Statement**” means the capacity methodology statement published in respect of Entry Capacity substitution pursuant to Special Condition 9.17 of National Gas Transmission’s Gas Transporter’s Licence.
- 2.16.2 National Gas Transmission may, from time to time in accordance with the Entry Capacity Substitution Methodology Statement, invite Users to enter into an arrangement with National Gas Transmission pursuant to which National Gas Transmission may exclude certain amounts of unsold NTS Entry Capacity from being substituted from an ASEP to meet demand for incremental obligated NTS Entry Capacity at one or more other ASEPs. Any amount payable by a User (or to be refunded to a User) pursuant to such an arrangement shall be a “**NTS Entry Capacity Retention Charge**”, and the rate of such charge is determined in accordance with the NTS Transportation Charging Methodology.
- 2.16.3 The terms and conditions applicable to any such arrangement and the payment of NTS Entry Capacity Retention Charges shall be specified in the Entry Capacity Substitution Methodology Statement and/or the relevant invitation published by National Gas Transmission.

## **2.17 Class A Contingencies**

- 2.17.1 During the period of a Class A Contingency:
  - (a) where due to a Class A Contingency no capacity allocations of Daily NTS Entry Capacity in respect of a relevant Day are made by National Gas Transmission within the entry capacity allocation period (in accordance with paragraph 2.4.13(c)) the System Entry Overrun Charge payable by Users in respect of the relevant Day will not apply;
  - (b) applications for and registration of NTS Entry Capacity (pursuant to paragraph 2) will be operated in accordance with the relevant Contingency Procedures as contained in the Code Contingency Guidelines Document,
  - (c) where
    - (i) Capacity Management processes are required; and/or
    - (ii) Surrender of NTS Entry Capacity is required; and/or
    - (iii) Registration of System Capacity Trading processes is required;these will be operated in accordance with the relevant Contingency Procedures as contained in the Code Contingency Guidelines Document.

**2.18 Force Majeure affecting capacity at an ASEP**

- 2.18.1 Where National Gas Transmission 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.
- 2.18.2 National Gas Transmission 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.
- 2.18.3 The Force Majeure Capacity Management Arrangement will continue until such time as the ASEP Force Majeure ceases to apply and National Gas Transmission resumes performance of the obligations which have been prevented or delayed by the Force Majeure.
- 2.18.4 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 Gas Transmission 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 Gas Transmission 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.
- 2.18.5 National Gas Transmission 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 Gas Transmission, 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 00:00 hours on the Day);

- (h) the Exercise Price, which shall be zero.
- 2.18.6 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 Gas Transmission, in accordance with paragraph 2.17.7, the right to exercise one or more Force Majeure Options.
- 2.18.7 National Gas Transmission 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.
- 2.18.8 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 Gas Transmission to take any actions to give effect to such surrender.
- 2.18.9 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.
- 2.18.10 For the avoidance of doubt, paragraph 2.17.9 is without prejudice to any actions National Gas Transmission may take to agree additional surrender of NTS Entry Capacity where on the same Day National Gas Transmission 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.
- 2.18.11 When a Force Majeure Option Arrangement(s) is granted, National Gas Transmission 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.
- 2.18.12 Within one hour following the exercise of a Force Majeure Option National Gas Transmission 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.
- 2.18.13 All Force Majeure Premium Charges will be invoiced and payable in accordance UNC TPD Section S.
- 2.18.14 Where National Gas Transmission has issued an ASEP Force Majeure Notice and subsequently updates it such that the Force Majeure Amount is increased or decreased, National Gas Transmission 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;

2.18.15 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 2.10 on the date of the ASEP Force Majeure Notice;
- B is the Obligated 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 Gas Transmission 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 Gas Transmission 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 Gas Transmission 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 Gas Transmission upon the exercise of which National Gas Transmission may accept surrender of a quantity of Firm NTS Entry Capacity determined by National Gas Transmission (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 Gas Transmission 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 Gas Transmission to a Force Majeure Entry User for the entitlement of National Gas Transmission 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 paragraph 2.10 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 paragraph 2.10 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 any Daily Firm NTS Entry Capacity that has been allocated prior to the ASEP Force Majeure Notice for a Day within the FM Period but not including 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 Gas Transmission 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.

**3 NTS EXIT CAPACITY**

**3.1 Introduction**

3.1.1 Subject to the provisions of the Code,

(a) a Shipper User may:

by offtaking gas from the Total System at an NTS Supply Point, require a gas flow out of the NTS at that NTS Supply Point;

offtake gas from the Total System at a NTS Connected System Exit Point;

(b) a DNO User may cause or permit the flow of gas out of the NTS to an LDZ at a NTS/LDZ Offtake.

3.1.2 No provision of the Code in relation to gas flows at NTS Exit Points confers on any Shipper User any rights or obligations in respect of offtake of gas from the Total System other than at System Exit Points.

3.1.3 Users may:

(a) apply for and be registered as holding NTS Exit Capacity as:

(i) Annual NTS Exit (Flat) Capacity pursuant to an application in accordance with paragraphs 3.2 and 3.4;

(ii) Daily NTS Exit (Flat) Capacity pursuant to an invitation in accordance with paragraphs 3.5 and 3.6;

- (iii) NTS Exit (Flexibility) Capacity in accordance with paragraph 3.7;
  - (b) apply for, reserve and be registered as holding Enduring Annual NTS Exit (Flat) Capacity and/or, in the case of DNO Users only, NTS Exit (Flexibility) Capacity under a PARCA pursuant with paragraph 1.14
  - (c) offer or agree to surrender NTS Exit Capacity in accordance with paragraph 3.11.
- 3.1.4 Subject to paragraph 3.2.13(d), a User may not apply for, reserve under a PARCA pursuant to paragraph 1.14, bid or offer to surrender NTS Exit (Flat) Capacity at an NTS Exit Point in an amount less than 100,000 kWh per day (the "**minimum eligible amount**").
- 3.1.5 In relation to an NTS Exit Point:
- (a) "**Annual**" NTS Exit (Flat) Capacity is NTS Exit (Flat) Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a Gas Year;
  - (b) "**Daily**" NTS Exit (Flat) Capacity is NTS Exit (Flat) Capacity which may be applied for and registered as held (in a given amount) by a User for a particular Day only;
  - (c) "**Enduring**" Annual NTS Exit (Flat) Capacity is Annual NTS Exit (Flat) Capacity which may be applied for, reserved under a PARCA pursuant to paragraph 1.14 and registered as held (in a given amount) by a User with effect from the Day for which it is allocated pursuant to paragraph 3.2 and/or under a PARCA pursuant to paragraph 1.14, on the basis that the User will continue to hold such amount of capacity subject only to:
    - (i) a reduction in accordance with paragraph 3.2;
    - (ii) the User ceasing to hold the capacity in accordance with 3.3.4(a);
    - (iii) any System Capacity Assignment;
  - (d) Daily NTS Exit (Flat) Capacity is "**Off-peak**" where it is subject to curtailment in accordance with paragraph 3.10, and otherwise is "**Firm**"; and except where expressly stated to be Off-peak, references to Daily NTS Exit (Flat) Capacity are to Firm Daily NTS Exit (Flat) Capacity.
- 3.1.6 For the purposes of the Code:
- (a) the "**classes**" of NTS Exit Capacity are Enduring Annual NTS Exit (Flat) Capacity, Annual NTS Exit (Flat) Capacity, Firm Daily NTS Exit (Flat) Capacity, Off-peak Daily NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity;
  - (b) in respect of an NTS Exit Point and in relation to a Gas Year:
    - (i) the "**Baseline NTS Exit (Flat) Capacity**" is the amount of NTS Exit (Flat) Capacity which National Gas Transmission is required to make available to Users in relation to each Day in that Gas Year (or part thereof) pursuant to National Gas Transmission's Transporter's Licence

and as set out in National Gas Transmission's Exit Capacity release obligation summary report;

- (ii) subject to EID Section E, paragraph 7.1.4, at any time the "**Remaining Available NTS Exit (Flat) Capacity**" in relation to that Gas Year or (as the case may be) a Day in that Gas Year is the amount (if any) by which the Baseline NTS Exit (Flat) Capacity for that Gas Year exceeds the aggregate amount of NTS Exit (Flat) Capacity registered, at that time, as held by Users in relation to that Gas Year or Day (Reserved NTS Exit Capacity shall be treated (for the purposes only of determining the Remaining Available NTS Exit (Flat) Capacity) as if it were registered as held by a User);
- (c) for the purposes of any capacity invitation, the "**reserve price**" in relation to any class of NTS Exit Capacity, capacity period and NTS Exit Point is the price ascertained pursuant to National Gas Transmission's Transporters Licence as set out in National Gas Transmission's Transportation Statement;
- (d) a "**New**" NTS Exit Point is an NTS Exit Point in respect of which Users have not previously been able to submit an application or bid for Annual NTS Exit (Flat) Capacity in accordance with the provisions of paragraphs 3.2.3(a), 3.4 and/or under a PARCA pursuant to paragraph 1.14.

3.1.7 The "**User Daily Exit Quantity**" for a User in respect of a Day is:

- (a) in the case of a NTS Supply Point or NTS Connected System Exit Point, the Shipper User's UDQO for the NTS Supply Point or NTS Connected System Exit Point;
- (b) in the case of a NTS/LDZ Offtake, the quantity of gas treated as offtaken by the DNO User at the NTS/LDZ Offtake on that Day;

3.1.8 For the purposes of this paragraph 3 and in particular in the context of applications and invitations for Annual NTS Exit (Flat) Capacity or reservation of Enduring Annual NTS Exit (Flat) Capacity under a PARCA pursuant to paragraph 1.14 in accordance with the further provisions of this paragraph 3 and/or under a PARCA pursuant to paragraph 1.14 a reference to a 'Gas Year Y+n' is a reference to a Gas Year commencing on the nth anniversary of the first Day of the Gas Year in which such applications are to be made.

3.1.9 The "**Annual Application Window**" in a Gas Year (Y) is the period commencing at 08:00 hours and ending on 17:00 hours on each Business Day in July.

3.1.10 An "**enduring annual capacity notification**" is the notification made each Gas Year pursuant to Section B3.2.26 by National Gas Transmission informing Users they may make capacity applications for Enduring Annual NTS (Flat) Exit Capacity.

### **3.2 Release and Reduction of Enduring Annual NTS Exit (Flat) Capacity**

3.2.1 In each Gas Year (Y) Users may apply for Enduring Annual NTS Exit (Flat) Capacity to be registered as held with effect from the first Day of any month within Gas Years Y+4, Y+5 or Y+6 or in accordance with the provisions of 3.2.3(b), at each NTS Exit Point, in accordance with the further provisions of this paragraph 3.2 and having regard to the Exit Capacity Release Methodology Statement.

- 3.2.2 Where a User is for the time being registered as holding any amount of Enduring Annual NTS Exit (Flat) Capacity in respect of an NTS Exit Point, the User shall continue to be registered as holding such amount of Enduring Annual NTS Exit (Flat) Capacity until and unless the amount is increased by the User making a further application in a Gas Year following Gas Year Y in accordance with paragraph 3.2.4 or reduced by the User in accordance with paragraph 3.2.12 or paragraph B6.
- 3.2.3 An application for Enduring Annual NTS Exit (Flat) Capacity:
- (a) during an Annual Application Window may be for an amount of Enduring Annual NTS Exit (Flat) Capacity equal to the Enduring Annual NTS Exit (Flat) Capacity (if any) which the User wishes to apply for at the NTS Exit Point;
  - (b) may be made by a User at any time between 1 October and 30 June in Gas Year Y where the application is:
    - (i) in respect of a New NTS Exit Point; or
    - (ii) for an amount of Enduring Annual NTS Exit (Flat) Capacity which:
      - (1) if accepted would result in Users holding in aggregate an amount of Enduring Annual NTS Exit (Flat) Capacity in excess of 125% of the Baseline NTS Exit (Flat) Capacity at the NTS Exit Point in respect of the Gas Year for which the application is made; or
      - (2) exceeds 1GWh/Day;
  - (c) shall specify:
    - (i) the identity of the User;
    - (ii) the NTS Exit Point in respect of which the application is made;
    - (iii) the Gas Year in respect of which the application is made; and
    - (iv) the amount of Enduring Annual NTS Exit (Flat) Capacity applied for (being not less than the minimum eligible amount);

and where the User makes applications for different Gas Years (or any part thereof) the amount of Enduring Annual NTS Exit (Flat) Capacity applied for in respect of any later Gas Year shall be expressed as the amount in excess of the amount applied for in respect of any earlier Gas Year.
- 3.2.4 A User:
- (a) in the case of an application made under paragraph 3.2.3(a):
    - (i) may submit an application for Enduring Annual NTS Exit (Flat) Capacity during the Annual Application Window;
    - (ii) may apply for Enduring Annual NTS Exit (Flat) Capacity to be registered with effect from the first Day of any month within Gas Years Y+4, Y+5 and Y+6;
    - (iii) may have, at any one time, no more than one (1) application for each of

Gas Year Y+4, Y+5 and Y+6 for Enduring Annual NTS Exit (Flat) Capacity capable of acceptance by National Gas Transmission in respect of an NTS Exit Point; and

- (iv) may withdraw or modify an application at any time during the Annual Application Window.
- (b) in the case of an application made under paragraph 3.2.3(b):
  - (i) may apply for up to four (4) separate tranches of Enduring Annual NTS Exit (Flat) Capacity, specifying in each case the amount applied for in each separate tranche;
  - (ii) shall specify, in respect of each separate tranche applied for, the date with effect from which the User wishes to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity, such date being not earlier than six (6) months from the date the application is made and not later than 1 October in Gas Year Y+6; and
  - (iii) in respect of a New NTS Exit Point, shall submit with its application such other documentation (as published by National Gas Transmission from time to time) required by National Gas Transmission for the purposes of commencing work on new connections to the NTS.

3.2.5 National Gas Transmission may reject an application for Enduring Annual NTS Exit (Flat) Capacity:

- (a) where any of the requirements of paragraphs 3.2.3 or 3.2.4 is not complied with;
- (b) where the amount of Enduring Annual NTS Exit (Flat) Capacity applied for by way of a revised application submitted in accordance with paragraph 3.2.6(a) is, in the reasonable opinion of National Gas Transmission, not consistent with National Gas Transmission's rejection or acceptance in part only of an application made by the DNO User pursuant to paragraph 3.7.5 for NTS Exit (Flexibility) Capacity or Section J2.5.9 in relation to an increase in the Assured Offtake Pressure;
- (c) in accordance with Section V3.

3.2.6 In respect of an application made under paragraph 3.2.3(a) and (as the case may be) a notice of reduction given by a DNO User under paragraph 3.2.13 to which paragraph (a) applies:

- (a) where National Gas Transmission has rejected or accepted in part only an application made by a DNO User pursuant to paragraph 3.7.5 for NTS Exit (Flexibility) Capacity or Section J2.5 in relation to an increase in the Assured Offtake Pressure in respect of Gas Year Y+4, Y+5 or Y+6, a DNO User may, on any of the ten (10) Business Days following the provision of the indicative statement in accordance with paragraph 3.7.9(b) in Gas Year Y;
  - (i) submit a revised application for Enduring Annual NTS Exit (Flat) Capacity with effect from the first Day of any month within Gas Years Y+4, Y+5 and Y+6; and/or
  - (ii) submit a revised notice of reduction for Gas Years Y+1 to Y+6

(inclusive);

- (b) National Gas Transmission will, not later than 30 September in Gas Year Y:
- (i) accept in full (if not rejected pursuant to paragraph 3.2.5) a User's application (including a DNO User's revised application made under paragraph (a)(i)) for Enduring Annual NTS Exit (Flat) Capacity in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement; and
  - (ii) notify the User of which of its applications have been accepted, and in each case for what amount of Enduring Annual NTS Exit (Flat) Capacity;
  - (iii) (if not rejected pursuant to paragraph 3.2.17) give effect to a DNO User's revised notice of reduction given under paragraph 3.2.6(a)(ii) in accordance with paragraph 3.2.18;
- (c) the User will be registered as holding Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point in the amount in respect of which its application was accepted under paragraph (b) provided that in the case of a DNO User such amount shall be adjusted by any revised notice of reduction which has been given effect to in accordance with paragraph (b)(iii);
- (d) National Gas Transmission will, by not later than twenty-four (24) hours after the notification under paragraph (b)(ii), publish in respect of each NTS Exit Point for each of Gas Year Y+4, Y+5 and Y+6 the following information:
- (i) the number of Users who made an application for Enduring Annual NTS Exit (Flat) Capacity;
  - (ii) the aggregate quantity of Enduring Annual NTS Exit (Flat) Capacity in respect of which applications were accepted by National Gas Transmission; and
  - (iii) the aggregate quantity of any Enduring Annual NTS Exit (Flat) Capacity in respect of which applications were accepted in excess of the Baseline NTS Exit (Flat) Capacity.

3.2.7 Paragraphs 3.2.8 to 3.2.11 shall apply in respect of an application made under paragraph 3.2.3(b).

3.2.8 Where an application is made under paragraph 3.2.3(b) (which is not rejected pursuant to paragraph 3.2.5) National Gas Transmission will make an offer (in accordance with the principles in the Exit Capacity Release Methodology Statement) to the User which specifies:

- (a) the amount of Enduring Annual NTS Exit (Flat) Capacity offered, being equal to the amount applied for under paragraph 3.2.4(b)(i);
- (b) the date(s) with effect from which the User applied to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity (or each separate tranche specified in the application);
- (c) the date(s) with effect from which National Gas Transmission is able to make Enduring Annual NTS Exit (Flat) Capacity available at the NTS Exit Point, such

dates(s) being not earlier than the date(s) with effect from which the User applied to be registered as holding Enduring Annual NTS Exit (Flat) Capacity and not later than 1 October in the Gas Year Y+4; and

- (d) where applicable, the Demonstration Date;

and National Gas Transmission will use its reasonable endeavours to make available Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point with effect from the date(s) from which the User applied to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity.

- 3.2.9 National Gas Transmission will notify the User of its offer in accordance with paragraph 3.2.8 as soon as possible after an application under paragraph 3.2.3(b) is received, but in any event by not later than:
- (a) except where paragraphs (b) or (c) apply, fifteen (15) Business Days after the application was received;
  - (b) where National Gas Transmission is of the opinion Works may be required or there is likely to be a requirement for capacity substitution in accordance with the principles in the prevailing Exit Capacity Substitution Methodology Statement, ninety (90) days after the application was received;
  - (c) such later date, being a date falling more than ninety (90) days after the application was received, as National Gas Transmission and the User may agree.
- 3.2.10 A User may accept an offer made under paragraph 3.2.8 within thirty (30) days of the date on which the offer was made by National Gas Transmission or within such other greater period as agreed between National Gas Transmission and the User, and where the User accepts an offer the User will be registered as holding the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point with effect from the date(s) specified in the offer (in accordance with paragraph 3.2.8(c)) and/or the date specified under a PARCA pursuant to paragraph 1.14 (the "**Registration Date(s)**").
- 3.2.11 Within ten (10) days of acceptance of an offer by a User pursuant to paragraph 3.2.10 National Gas Transmission will publish the following information:
- (a) the NTS Exit Point at which the Enduring Annual NTS Exit (Flat) Capacity is to be registered pursuant to paragraph 3.2.10;
  - (b) the amount of Enduring Annual NTS Exit (Flat) Capacity registered;
  - (c) the Registration Date(s);
  - (d) if applicable, the Demonstration Date.
- 3.2.12 A User may reduce the amount of Enduring Annual NTS Exit (Flat) Capacity which it holds at an NTS Exit Point (subject to paragraph 3.2.14) by giving notice of such reduction to National Gas Transmission.
- 3.2.13 Save in respect of a DNO User where circumstances in paragraph 3.2.6(a) apply, a notice of reduction of Enduring Annual NTS Exit (Flat) Capacity may be given no earlier than 08:00 hours or later than 17:00 hours on a Business Day in the period 1 July to 15 July (inclusive) in any Gas Year (Y). A notice of reduction (including any revised notice of reduction given by a DNO User under paragraph 3.2.6(a)(ii)) shall specify:

- (a) the identify of the User;
- (b) the NTS Exit Point;
- (c) subject to paragraph 3.2.14, the date, being the first day of a calendar month, on which the User wishes the reduction to be effective ("**User Reduction Date**");
- (d) the amount of Enduring Annual NTS Exit (Flat) Capacity (which, notwithstanding paragraph 3.1.4, may be less than the minimum eligible amount) which the User no longer wishes to be registered as holding ("**reduction amount**");
- (e) the remaining amount (which may not be less than zero) of Enduring Annual NTS Exit (Flat) Capacity which the User wishes to be registered as holding.

3.2.14 The earliest date upon which a reduction may be effective shall be 1 October in Gas Year Y+1 or such later date (being the first day of a calendar month) as determined in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement.

3.2.15 National Gas Transmission:

- (a) may give effect to the reduction (acting in its sole discretion) from the User Reduction Date specified in the User's application where the User Reduction Date is not after the end of the commitment period as determined in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement ("**Commitment Period**"), where
  - (i) a User has applied to be registered as holding Enduring Annual NTS Exit (Flat) Capacity at any NTS Exit Point; and
  - (ii) National Gas Transmission is able to satisfy such application by reason of giving effect to the reduction applied for; or
- (b) will give effect to the reduction from the User Reduction Date specified in the User's application where the User Reduction Date is after the end of the Commitment Period.

3.2.16 Save in respect of a DNO User where circumstances in paragraph 3.2.6(a) apply, a User may withdraw or modify a notice of reduction at any time between 08:00 hours and 17:00 hours on a Business Day during the period referred to in paragraph 3.2.13.

3.2.17 National Gas Transmission may reject a notice of reduction where:

- (a) any of the requirements of paragraph 3.2.13 or 3.2.20 is not complied with;
- (b) by reference to System Capacity Transfers notified prior to the notice of reduction, the User's Enduring Annual NTS Exit (Flat) Capacity would, on the basis of the reduced amount specified in such notice, be negative at any time in the future;
- (c) the User Reduction Date is earlier than the end of the Commitment Period and National Gas Transmission is unable to utilise the reduction amount to satisfy a further application for Enduring Annual NTS Exit (Flat) Capacity at any NTS Exit Point;

- (d) in the case of a revised reduction notice submitted by a DNO User pursuant to paragraph 3.2.6(a)(ii), the revision is, in the reasonable opinion of National Gas Transmission, not consistent with National Gas Transmission's rejection or acceptance in part only of an application made by the DNO User pursuant to paragraph 3.7.5 for NTS Exit (Flexibility) Capacity or Section J2.5.9 in relation to an increase in the Assured Offtake Pressure.

3.2.18 National Gas Transmission will, not later than 30 September in Gas Year Y:

- (a) give effect to a User's notice of reduction (by reducing the User's Registered Enduring Annual NTS Exit (Flat) Capacity at the relevant NTS Exit Point) made pursuant to paragraph 3.2.13 (if not rejected pursuant to paragraph 3.2.17) in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement;
- (b) notify the User of the date on which the reduction is to be effective; and
- (c) notify the User of the amount of Enduring Annual NTS Exit (Flat) Capacity the User will continue to be registered as holding at the NTS Exit Point following the date specified in paragraph (b).

3.2.19 National Gas Transmission may invite Users to submit a notice of reduction at such other times as it may determine in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement, and any such invitation shall specify:

- (a) the period (being a period other than the period referred to in paragraph 3.2.13) during which a User may give a notice of reduction;
- (b) the earliest date on which National Gas Transmission may give effect to a reduction;
- (c) the date on which National Gas Transmission will notify a User of whether or not it will give effect to a notice of reduction; and
- (d) where applicable, the NTS Exit Points where such notices of reduction will be Permitted.

3.2.20 A notice of reduction in respect of an invitation under paragraph 3.2.19 shall, in addition to the details referred to in paragraph 3.2.13 specify:

- (a) a User Reduction Date which is not earlier than the date specified in paragraph 3.2.19(b);
- (b) the minimum amount of Enduring Annual NTS Exit (Flat) Capacity in respect of which National Gas Transmission may give effect to the notice of reduction ("**minimum reduction amount**").

3.2.21 By not later than the date specified in the invitation, National Gas Transmission:

- (a) will notify the User of whether or not it will give effect to the notice of reduction, and if so, the date on which the reduction is to be effective and of the amount of Enduring Annual NTS Exit (Flat) Capacity the User will continue to be registered as holding at the NTS Exit Point from such date.
- (b) may give effect to a User's notice of the reduction made pursuant to paragraph

3.2.20 (if not rejected pursuant to paragraph 3.2.17) for an amount of Enduring Annual NTS Exit (Flat) Capacity which is not:

- (i) greater than the reduction amount; or
- (ii) less than the minimum reduction amount

in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement;

3.2.22 National Gas Transmission will, not later than twenty four (24) hours after giving effect to a notice of reduction in accordance with paragraphs 3.2.6(b)(iii), 3.2.18 and 3.2.21, publish the aggregate quantity of Enduring Annual NTS Exit (Flat) Capacity in respect of which it gave effect to a notice of reduction:

- (a) pursuant to paragraph 3.2.6(b)(iii);
- (b) pursuant to paragraph 3.2.18;
- (c) pursuant to paragraph 3.2.21, for each relevant period.

3.2.23 National Gas Transmission will each Gas Year issue an enduring annual capacity notification to Users not later than twenty eight (28) days before the commencement of the Annual Application Window in respect paragraph 3.2.3(a) and the notification shall specify:

- (a) the Gas Years in respect of which the enduring annual capacity notification relates;
- (b) for each Gas Year, the Remaining Available NTS Exit (Flat) Capacity for each NTS Exit Point to which the enduring capacity notification relates.

### 3.3 Demonstration Dates

3.3.1 Where an application is made by a User in accordance with paragraph 3.2.3(b) (which is not rejected pursuant to paragraph 3.2.5) and National Gas Transmission is of the opinion that Works will be required:

- (a) National Gas Transmission will notify the User of the latest date by which the demonstration information is to be provided to it ("**Demonstration Date**"); and
- (b) the User will provide the demonstration information to National Gas Transmission by no later than the Demonstration Date.

3.3.2 For the purposes of paragraph 3.3.1:

- (a) "**demonstration information**" is such information (not being information which is in the possession or control of National Gas Transmission) as is sufficient to enable National Gas Transmission to be reasonably satisfied that the User (or other relevant party):
  - (i) will be able to progress to commencement; or
  - (ii) has commenced;

(iii) and in either case, is expected to be able to progress to completion;

such activities as are necessary to ensure that the Enduring Annual NTS Exit (Flat) Capacity applied for will be utilised by the offtake of gas at the NTS Exit Point with effect from the Registration Date(s);

(b) National Gas Transmission will publish guidelines (to be updated from time to time) setting out the scope and content of such demonstration information as it may require for the purposes of paragraph 3.3.1.

3.3.3 Where a User fails to provide National Gas Transmission with demonstration information by the Demonstration Date (and National Gas Transmission is not entitled to reject the application made under paragraph 3.2.3(b) in accordance with Section V3), National Gas Transmission may delay commencement of the Works and in such case:

(a) subject to paragraph 3.3.4:

(i) a new Demonstration Date shall apply, which shall be the date falling one year after the previously notified Demonstration Date (or with the agreement of the User, any earlier date);

(ii) National Gas Transmission may for the purposes of the User's application under paragraph 3.2.3(b) treat the application as being made for a Registration Date(s) falling on a date up to one year after the Registration Date specified by in the application made under paragraph 3.2.3(b);

(b) National Gas Transmission will notify the User of the new Demonstration Date and Registration Date(s) by no later than ten (10) Business Days following the previously notified Demonstration Date;

(c) the User will provide the demonstration information by no later than the new Demonstration Date notified in accordance with paragraph (b);

3.3.4 Where the User does not provide National Gas Transmission with demonstration information by the Demonstration Date notified under paragraph 3.3.1 or by two (2) subsequent Demonstration Dates notified under paragraph 3.3.3:

(a) unless otherwise agreed with the User, the User shall cease to hold the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point which the User was previously registered as holding pursuant to paragraph 3.2.10; and

(b) National Gas Transmission shall be entitled to recover from the User all costs and expenses incurred in performing design work in respect of the Works prior to the latest Demonstration Date notified to the User under this paragraph 3.3.

3.3.5 Where following an application under paragraph 3.2.3(a) National Gas Transmission is unable to make available (consistent with its acceptance of the application under paragraph 3.2.6(b)) Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point from the date of registration in accordance with 3.2.6(c) by reason of a failure or delay in connection with the completion of any necessary Works, or connection work being undertaken by National Gas Transmission, National Gas Transmission shall be required (subject to the provisions of Annex B-1 paragraph 3.10 and except where such failure or delay is due to an event or circumstance beyond the reasonable control of National Gas Transmission and which could not have been avoided by steps which might reasonably be expected to have been taken by it) to take Exit Constraint Management Actions in

relation to the NTS Exit Point on the date specified in the User’s application in accordance with 3.2.6(c) and any Day thereafter until such time as all necessary Works or connection work is completed.

- 3.3.6 Where following an application under paragraph 3.2.3(b) National Gas Transmission is unable to make available (consistent with its offer under paragraph 3.2.8) Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point from the Registration Date by reason of a failure or delay in connection with the completion of any necessary Works, or connection work being undertaken by National Gas Transmission, National Gas Transmission shall be required (subject to the provisions of Annex B-1 paragraph 3.10 and except where such failure or delay is due to an event or circumstance beyond the reasonable control of National Gas Transmission and which could not have been avoided by steps which might reasonably be expected to have been taken by it) to take Exit Constraint Management Actions in relation to the NTS Exit Point on the Registration Date and any Day thereafter until such time as all necessary Works or connection work is completed.
- 3.3.7 For the purposes of paragraph 3, “**Works**” means works, in relation to reinforcement of the NTS, in order to make available the Enduring Annual NTS Exit (Flat) Capacity applied for pursuant to an application made under paragraphs 3.2.3(a) and 3.2.3(b).
- 3.3.8 For the purposes of paragraph 3.3, “**connection work**” is the construction of the physical connection to the NTS of those facilities through which gas is intended to flow from the NTS at the relevant NTS Exit Point, including but not limited to any gas pipeline.

### **3.4 Release of Annual NTS Exit (Flat) Capacity**

- 3.4.1 In each Gas Year (Y) National Gas Transmission will issue an annual capacity notification for capacity applications, and Users may (by submitting capacity applications) apply for, Annual NTS Exit (Flat) Capacity in respect of each of Gas Years Y+1, Y+2 and Y+3, at each NTS Exit Point, in accordance with:
- (a) the provisions of paragraph 3.4.2; and
  - (b) the applicable provisions of Annex B-1.
- 3.4.2 For the purposes of Annex B-1, in relation to an annual capacity notification pursuant to this paragraph 3.4:
- (a) capacity applications may be made in the Annual Application Window;
  - (b) the capacity periods are Gas Years Y+1, Y+2 and Y+3;
  - (c) the amount of Annual NTS Exit (Flat) Capacity subject to such annual capacity notification in respect of each NTS Exit Point and each capacity period shall be the amount of Remaining Available NTS Exit (Flat) Capacity that is available for all Gas Days within that Gas Year plus such additional amount of Annual NTS Exit (Flat) Capacity above the Baseline NTS Exit (Flat) Capacity as National Gas Transmission may decide to release for that Gas Year in its absolute discretion.
- 3.4.3 Users will be registered as holding Annual NTS Exit (Flat) Capacity allocated pursuant to their capacity applications in accordance with the provisions of Annex B-1.

**3.5 Release of Daily NTS Exit (Flat) Capacity**

3.5.1 Users may apply for Daily NTS Exit (Flat) Capacity in respect of an NTS Exit Point in respect of a Day by submitting daily capacity bids in accordance with the provisions of Annex B-1.

3.5.2 For the purposes of Annex B-1, in relation to the capacity invitation pursuant to this paragraph 3.5 in respect of a Day (D):

- (a) there will be an exit capacity allocation period commencing at:
  - (i) 15:00 hours on Day D-1; and
  - (ii) 06:00 and thereafter on each hour bar until 02:00 hours on Day D;
- (b) National Gas Transmission may elect to have one or more further exit capacity allocation periods, commencing at any time (up to but not later than 02:00 hours) on Day D, by giving notice to Users not later than sixty (60) minutes before the commencement of each such exit capacity allocation period;
- (c) the amount of Daily NTS Exit (Flat) Capacity subject to such capacity invitation in respect of each NTS Exit Point shall be:
  - (i) the Remaining Available NTS Exit (Flat) Capacity on Day D and such additional amount, if any, of Daily NTS Exit (Flat) Capacity as National Gas Transmission may in its discretion choose to make available for the Day;
  - (ii) in the case of each other exit capacity allocation period, such amount, if any, of Daily NTS Exit (Flat) Capacity as National Gas Transmission may in its discretion choose to make available for the Day.

3.5.3 Users will be registered as holding Daily NTS Exit (Flat) Capacity allocated pursuant to their daily capacity bids in accordance with the provisions of Annex B-1.

**3.6 Release of Off-Peak Daily NTS Exit (Flat) Capacity**

3.6.1 Users may apply for Off-peak Daily NTS Exit (Flat) Capacity in respect of an NTS Exit Point in respect of a Day by submitting daily capacity bids in accordance with the provisions of Annex B-1.

3.6.2 For the purposes of Annex B-1, in relation to the capacity invitation pursuant to this paragraph 3.6 in respect of a Day (D):

- (a) there will be an exit capacity allocation period commencing at 15:00 hours on Day D-1;
- (b) the amount of Off-peak Daily NTS Exit (Flat) Capacity subject to such capacity invitation in respect of each NTS Exit Point shall be:
  - (i) the amount determined under paragraph 3.6.3;
  - (ii) where at 13:30 hours on Day D-1 the prevailing Forecast Total System Demand for Day (D) is less than 80% of the 1-in-20 peak day demand, the Maximum NTS Exit Point Offtake Rate multiplied by 24, less the

aggregate amount of Firm NTS Exit (Flat) Capacity held by Users; and

- (iii) such additional amount, if any, of Off-peak Daily NTS Exit (Flat) Capacity as National Gas Transmission may in its discretion make available for the Day without prejudicing the offtake of gas by Users consistent with the amounts of Firm Daily NTS Exit (Flat) Capacity held in aggregate by Users.

- 3.6.3 The amount of Off-peak Daily NTS Exit (Flat) Capacity in relation to an NTS Exit Point required to be released pursuant to paragraph 3.6.2(b)(i) is an amount determined as:

$$\text{AUC} / 30$$

where:

AUC is the aggregate amount, over the thirty (30) day period ending on and including Day D-7, by which on each Day in such period the Firm NTS Exit (Flat) Capacity (excluding Reserved Capacity) at the NTS Exit Point held by Users in aggregate exceeds the sum of the User Daily Exit Quantities for the NTS Exit Point.

- 3.6.4 For the purposes of this paragraph 3.6, National Gas Transmission shall, in respect of each Day, by not later than 13:30 hours on the Preceding Day notify Users of the prevailing Forecast Total System Demand expressed as a percentage of the 1-in-20 peak day demand.
- 3.6.5 Users will be registered as holding Off-peak Daily NTS Exit (Flat) Capacity allocated pursuant to their daily capacity bids in accordance with the provisions of Annex B-1.
- 3.6.6 In respect of an NTS Exit Point the "**Maximum NTS Exit Point Offtake Rate**" is an amount (where positive) determined as the instantaneous rate of offtake (in kWh/hour) which the Transporter determines to be the maximum instantaneous rate at which it is feasible to make gas available for offtake at the NTS Exit Point.
- 3.6.7 No later than the date from which gas may be first offtaken from a New NTS Exit Point National Gas Transmission will notify the User of the Maximum NTS Exit Point Offtake Rate.
- 3.6.8 A User shall take all reasonable steps to ensure that it is made aware of any change to the size or nature of, or the nature of use of, gas facility which uses gas offtaken by the User at an NTS Exit Point and shall notify National Gas Transmission of any such change as soon as reasonably practicable after being so aware.
- 3.6.9 Where National Gas Transmission becomes aware of a change to the size or nature of, or the nature of use of, the gas facility which uses gas offtaken by the User at an NTS Exit Point, it shall notify the relevant User as soon as reasonably practicable thereafter.
- 3.6.10 Within five (5) Business Days of becoming aware of such change under paragraph 3.6.8 or of receiving notice under 3.6.9, the User shall provide to National Gas Transmission:
- (a) reasonable details of the change;
  - (b) the date on which the change occurred; and
  - (c) details of the reasons for the change.

- 3.6.11 Where National Gas Transmission determines that it will be feasible to revise the Maximum NTS Exit Point Offtake Rate at an NTS Exit Point following receipt by National Gas Transmission of a notice under paragraph 3.6.10, it will notify the User of the revised Maximum NTS Exit Point Offtake Rate; and the date from which the revised rate may become effective.
- 3.6.12 For the purposes of paragraph 3.6, “**gas facility**” means in respect of any NTS Exit Point, the plant, equipment and/or facility, in which gas offtaken from the Total System at that point is to be used (including any plant equipment and/or facility in which gas is compressed, stored or otherwise treated before being consumed).

### **3.7 Offtake Capacity Statement**

- 3.7.1 National Gas Transmission will issue to each DNO User, not later than 30 September in each Gas Year, a statement ("**Offtake Capacity Statement**") specifying, for each DNO User, for each of the Gas Years (each a "**relevant**" Gas Year) Gas Year +1 to Gas Year +5 (inclusive), in relation to each NTS/LDZ Offtake an amount of NTS Exit (Flexibility) Capacity.
- 3.7.2 The Offtake Capacity Statement may be revised (as to any relevant Gas Year) in accordance with the further provisions of this paragraph 3.7.
- 3.7.3 The Offtake Capacity Statement issued in any Gas Year will, as respects each relevant Gas Year, contain the same details as were specified in the preceding year's statement for that Gas Year, subject to any revision pursuant to paragraph 3.7.5 and 3.7.10.
- 3.7.4 Subject to the further provisions of this paragraph 3.7 for each relevant Gas Year (or part thereof) a DNO User shall be registered as holding in respect of each relevant NTS/LDZ Offtake the amount of NTS Exit (Flexibility) Capacity specified in respect of such Gas Year (or part thereof) in the prevailing Offtake Capacity Statement.
- 3.7.5 A DNO User may apply:
- (a) to increase its NTS Exit (Flexibility) Capacity at a NTS/LDZ Offtake:
    - (i) in relation to any relevant Gas Year (year Y) or any relevant Gas Year after Year Y by submitting an application to National Gas Transmission during the period 1 July to 31 July in Gas Year Y-1 (the "**Application Window**");
    - (ii) in relation to any relevant Gas Year(s) or the remaining part thereof, out with the Application Window, as a result of a request for new or additional capacity at a Supply Point, where the DNO User might otherwise be unable to comply with the relevant conditions of its Transporter's Licence, by submitting an application to National Gas Transmission;
  - (b) for an amount of NTS Exit (Flexibility) Capacity at an NTS/LDZ Offtake in relation to any relevant Gas Year (Y) (and the preceding Gas Year where the DNO User has not submitted an earlier application for an amount of NTS Exit (Flexibility) Capacity pursuant to this paragraph 3.7.5(b) in respect of such Gas Year) by submitting an application to National Gas Transmission during the Application Window 1 July to 31 July in Gas Year Y-5.

subject to and in accordance with this paragraph 3.7.

- 3.7.6 An application for an amount of NTS Exit (Flexibility) Capacity or for an increase in NTS Exit (Flexibility) Capacity at an NTS/LDZ Offtake shall specify:
- (a) the identity of the DNO User;
  - (b) the relevant NTS/LDZ Offtake;
  - (c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which the application is made;
  - (d) the amount or increased amount of NTS Exit (Flexibility) Capacity applied for.
- 3.7.7 National Gas Transmission may reject, or accept in part only, an application for an amount of or an increase in the NTS Exit (Flexibility) Capacity in respect of an NTS/LDZ Offtake where, or (as the case may be) to the extent that, National Gas Transmission determines that it would not be feasible to make gas available for offtake at the NTS/LDZ Offtake on the basis of such amount or increased amount of NTS Exit (Flexibility) Capacity throughout the period for which the application is made.
- 3.7.8 In making any determination under paragraph 3.7.7 in relation to applications made within an Application Window, National Gas Transmission will take into account all applications received by National Gas Transmission within the Application Window from DNO Users for an amount of or an increase in NTS Exit (Flexibility) Capacity
- 3.7.9 National Gas Transmission will in the case of an application under paragraph 3.7.5:
- (a) as soon as reasonably practicable thereafter notify DNO Users where they believe they are unlikely to be able to meet the application in full, providing details of:
    - (i) the circumstances surrounding any restrictions; and
    - (ii) the maximum available capacity;
  - (b) in the case of an application made under paragraph 3.7.5(a)(i) or 3.7.5(b), within 15 Business Days following the last Day of the Application Window provide an indicative statement notifying the DNO User whether its application is accepted in whole or in part, or rejected, specifying the indicative amount of NTS Exit (Flexibility) Capacity for each NTS/LDZ Offtake and each Gas Year and maximum available NTS Exit (Flexibility) Capacity;
  - (c) a DNO User will then have an opportunity to seek clarification, reconsider and resubmit its application for NTS Exit (Flexibility) Capacity within ten (10) Business Days following notification from National Gas Transmission under paragraph 3.7.9(b) above;
  - (d) National Gas Transmission will use reasonable endeavours to consider and where necessary discuss an application made under paragraph 3.7.9(c) with a DNO User with a view to agreeing by 30 September the Offtake Capacity Statement to be issued by such date in accordance with paragraph 3.7.1; and
  - (e) in the case of an application made under paragraph 3.7.5(a)(ii) National Gas Transmission must within fifteen (15) Business Days of such application provide a statement to the DNO User in accordance with paragraphs 3.7.1 to 3.7.4 (except with regard to date of 30 September). Such statement will for the

purpose of paragraph 3.7.2 be deemed to be an Offtake Capacity Statement revision. It is understood that in determining whether capacity is available, National Gas Transmission will take into account whether it would be likely to trigger the declaration of a Potential Network Gas Supply Emergency or actual Network Gas Supply Emergency. If this is likely to be the case it is understood that capacity would not be deemed available.

- 3.7.10 A DNO User may decrease the amount of its NTS Exit (Flexibility) Capacity at a NTS/LDZ Offtake in relation to any relevant Gas Year (Year Y) or any relevant Gas Year after Year Y by notifying such decrease to National Gas Transmission during the Application Window in Gas Year Y-1, specifying:
- (a) the identity of the User;
  - (b) the relevant NTS/LDZ Offtake;
  - (c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which notification is made;
  - (d) the decreased amount of NTS Exit (Flexibility) Capacity.
- 3.7.11 Where National Gas Transmission accepts an application (in whole or part) for an amount of, or an increase in NTS Exit (Flexibility) Capacity, or where a DNO User decreases the amount of its NTS Exit (Flexibility) Capacity, National Gas Transmission will issue a revised Offtake Capacity Statement reflecting such amount, or such increase or decrease.
- 3.7.12 The NTS Exit (Flexibility) Capacity held by a DNO User at an NTS/LDZ Offtake on a Day may also be increased as provided in Section J7.3, but the Offtake Capacity Statement will not be revised to reflect such increase.
- 3.7.13 The Ten Year Statement to be prepared and published by National Gas Transmission in accordance with TPD Section O4 may include details of the amount of NTS Exit (Flexibility) Capacity held by DNO Users at NTS/LDZ Offtakes.
- 3.7.14 The provisions set out in this Section B3.7 should not be confused with the provisions set out in the UNC OAD Section H relating to NTS Long Term Demand Forecasting. Information provided by DNO Users under UNC OAD Section H2 should not be construed as an application for the purposes of this paragraph 3.7. Similarly information provided by National Gas Transmission under OAD Section H to DNO Users should not be construed as an allocation for the purposes of paragraph 3.7.

### **3.8 NTS Exit Constraints**

- 3.8.1 Where National Gas Transmission determines, in relation to a Day or the remaining part of a Day, that it will not or may not be feasible to make gas available for offtake at an NTS Exit Point in the amounts or rates at which National Gas Transmission expects gas to be offtaken by Users (within their entitlements pursuant to the amounts of NTS Exit Capacity held by them), there is an "**NTS Exit Constraint**" in relation to that NTS Exit Point.
- 3.8.2 Where there is an NTS Exit Constraint, National Gas Transmission may take any or all of the steps provided in paragraph 3.8.3 for the purposes of:
- (a) reducing the amounts of NTS Exit (Flat) Capacity held by Users in respect of

that NTS Exit Point for that Day; or

- (b) reducing the quantity of gas offtaken by Users at that NTS Exit Point on that Day

provided where an NTS Exit Constraint occurs on a Day which is, in respect of the relevant NTS Exit Point, a maintenance day constituting Programmed Maintenance (determined in accordance with Section L4.2), National Gas Transmission will not be required to take any Exit Constraint Management Actions in relation to the NTS Exit Point.

3.8.3 The steps ("**Exit Constraint Management Actions**") which may be taken in relation to an NTS Exit Constraint are:

- (a) the entering into and/or exercise of a right pursuant to an Exit Constraint Management Agreement, as provided in paragraph 3.9;
- (b) the curtailment of Off-peak Daily NTS Exit (Flat) Capacity in accordance with paragraph 3.10;
- (c) the initiation of a capacity invitation for, and the selection of, daily capacity offers in respect of NTS Exit (Flat) Capacity in accordance with paragraph 3.11;
- (d) the issue of a offtake reduction invitation, and acceptance of offtake reduction offers, in accordance with Annex B-2.

3.8.4 The Parties acknowledge that National Gas Transmission's determinations as to the taking of any Exit Constraint Management Action are governed by the System Management Principles; that the System Management Principles do not form part of, and are not incorporated into, and are not binding on National Gas Transmission pursuant to, the Code.

3.8.5 For the avoidance of doubt, amounts of NTS Exit (Flat) Capacity which are surrendered by Users in relation to any Day pursuant to any Exit Constraint Management Action shall not form part of the Remaining Available NTS Exit Capacity for that Day; and National Gas Transmission shall have no obligation to make such amounts available to Users.

3.8.6 The amount of a User's Available NTS Exit (Flat) Capacity at any NTS Exit Point shall be reduced (for the relevant Day or Days) by the amount of any such capacity surrendered pursuant to any Exit Constraint Management Action taken by National Gas Transmission in relation to a Day or Days; and for the purposes of the Code, a reference to the amount of a User's Available NTS Exit (Flat) Capacity of any class at any NTS Exit Point for any Day or Days:

- (a) as "**Adjusted**" pursuant to any of paragraphs 3.9, 3.10, 3.11 is a reference to such amount as reduced pursuant to such paragraph(s);
- (b) as "**Unadjusted**" pursuant to any such paragraph is a reference to such amount before and disregarding such reduction;
- (c) as "**Fully Adjusted**" is a reference to such amount as reduced pursuant to each of paragraphs 3.9, 3.10 and 3.11.

3.8.7 For the purposes of the Code:

- (a) **"Exit Constraint Management"** means the taking of any Exit Constraint Management Action in accordance with the System Management Principles and this paragraph 3.8;
- (b) **"Exit Constraint Management Charges"** are all amounts payable by National Gas Transmission to a User pursuant to an Exit Constraint Management Agreement, NTS Exit Capacity Surrender Charges and NTS Offtake Reduction Charges.

3.8.8 Notwithstanding any other provision of the Code, National Gas Transmission shall for the purposes of the management of a capacity constraint be entitled to apply and take such steps as are in accordance with the System Management Principles; it however being acknowledged that the System Management Principles do not form part of, and are not incorporated into, and are not binding upon National Gas Transmission pursuant to, the Code.

### **3.9 Exit Constraint Management Agreement**

3.9.1 For the purposes of the Code an **"Exit Constraint Management Agreement"** is any form of agreement (or mechanism) identified in the System Management Principles to be prepared and published by National Gas Transmission pursuant to Special Condition 9.19 of National Gas Transmission's Transporter's Licence which may be utilised by National Gas Transmission and pursuant to which National Gas Transmission may secure the surrender of Firm NTS Exit (Flat) Capacity by Users for the purposes of the management of an NTS Exit Constraint.

3.9.2 National Gas Transmission may enter into (and exercise rights pursuant to) Exit Constraint Management Agreements with Users.

3.9.3 In accordance with the System Management Principles:

- (a) an Exit Constraint Management Agreement may comprise:
  - (i) an Exit Forward Agreement, pursuant to which a User will surrender a particular amount of NTS Exit (Flat) Capacity in relation to a period of one or more Days;
  - (ii) an Exit Option Agreement, pursuant to which National Gas Transmission may require a User to surrender a particular amount (or up to that amount) of NTS Exit (Flat) Capacity in relation to any Day in a period of one or more Days;
- (b) Exit Constraint Management Agreements may be entered into following a tender carried out by National Gas Transmission for offers by Users to enter into such agreements.

3.9.4 National Gas Transmission will publish information in relation to Exit Constraint Management Agreements, separately in respect of each class of NTS Exit Capacity, each NTS Exit Point and each period or (as the case may be) Day, for which any tender was carried out or as the case may be option was exercised, as follows:

- (a) following the carrying out of any tender for such agreements, irrespective of whether National Gas Transmission accepted any offers received in response to such tender:

- (i) the volume-weighted average forward price (in the case of forward agreements) or option exercise price (in the case of option agreements) of valid offers received;
  - (ii) the aggregate amount of NTS Exit (Flat) Capacity for which valid offers were received;
  - (iii) the lowest and the highest offer price or option exercise price under any valid offer received;
- (b) following the carrying out of any tender for such agreements, where National Gas Transmission accepted any such offer(s):
- (i) the volume-weighted average forward price (in the case of forward agreements) or option exercise price (in the case of option agreements) of offers accepted;
  - (ii) the aggregate amount of NTS Exit (Flat) Capacity for which offers were accepted;
  - (iii) the lowest and the highest forward price or option exercise price under any offer accepted;
- (c) following the exercise in respect of any Day of the right under an option agreement to require the surrender of NTS Exit (Flat) Capacity:
- (i) the aggregate amount of NTS Exit (Flat) Capacity for which such options were exercised;
  - (ii) the volume-weighted average option exercise price of the options exercised.

3.9.5 The information under paragraph 3.9.4 is to be published:

- (a) in the case of paragraph 3.9.4(a) and (b), where National Gas Transmission accepted any such offer(s), on the Business Day following that on which Exit Constraint Management Agreements were entered into pursuant to such acceptance;
- (b) in the case of paragraph 3.9.4(a), where National Gas Transmission did not accept any such offer(s), on the 4th Business Day following the last Day on which Users were entitled to submit offers pursuant to the tender;
- (c) in the case of paragraph 3.9.4(c), on the Business Day following the Day for which the options were exercised.

3.9.6 For the purposes of this paragraph 3.9:

- (a) an **"Exit Forward Agreement"** means an Exit Constraint Management Agreement pursuant to which (against payment of a forward price for a Day) a User surrenders Firm NTS Exit (Flat) Capacity to National Gas Transmission over a forward period of days in accordance with the terms of such agreement);
- (b) an **"Exit Option Agreement"** means an Exit Constraint Management Agreement pursuant to which a User grants an option to National Gas

Transmission upon the exercise of which National Gas Transmission will pay an option exercise price and the User will surrender Firm NTS Exit (Flat) Capacity for a Day in accordance with the terms of such agreement

(in each case being an agreement made other than in accordance with paragraph 3.11 or Annex B-2).

### 3.10 Curtailment of Off-peak Daily NTS Exit (Flat) Capacity

3.10.1 Where, in relation to an NTS Exit Constraint on a Day, National Gas Transmission wishes to curtail Off-peak Daily NTS Exit (Flat) Capacity held at any NTS Exit Point, National Gas Transmission will give a notice ("**exit off-peak curtailment notice**") to Users specifying:

- (a) the NTS Exit Point(s) and the Day to which the notice relates;
- (b) the time ("**exit curtailment effective time**") with effect from which such curtailment is to take place, which shall be on the hour, shall not be earlier than 05:00 hours nor later than 01:00 hours on the Gas Flow Day, and shall not be less than four (4) hours after such notice is given; and
- (c) a factor ("**exit off-peak curtailment factor**") determined in accordance with the System Management Principles.

3.10.2 Where National Gas Transmission gives an exit off-peak curtailment notice in relation to a Day, the amount of each User's Available Off-peak Daily NTS Exit (Flat) Capacity for the Day will be determined as:

$$R * \sum_i (\text{ExICFi} * P_i) / 24$$

where:

R is the amount of the User's Available Off-peak Daily NTS Exit (Flat) Capacity for the Day at the NTS Exit Point;

$\sum_i$  is the sum over all exit off-peak curtailment notices (i) given in respect of the NTS Exit Point and the Day;

and where for each such exit off-peak curtailment notice (i):

ExICFi is the exit off-peak curtailment factor; and

Pi is the period in hours from the exit curtailment effective time until the end of the Gas Flow Day or (if earlier) the exit curtailment effective time of a subsequent exit off-peak curtailment notice

and for the purposes of which, in the absence of any other exit off-peak curtailment notice, there shall be deemed to be an exit off-peak curtailment notice specifying an off-peak curtailment factor of one (1) in force at the start of the Gas Flow Day.

### 3.11 Surrender of Daily NTS Exit (Flat) Capacity

3.11.1 Users may offer to surrender Available NTS Exit (Flat) Capacity in respect of an NTS Exit Point in relation to a Day by submitting daily capacity offers in accordance with the provisions of Annex B-1.

- 3.11.2 For the purposes of Annex B-1, in relation to the capacity invitation pursuant to this paragraph 3.11 in respect of a Day (D):
- (a) where, in relation to an NTS Exit Constraint, National Gas Transmission wishes to accept daily capacity offers in respect of NTS Exit (Flat) Capacity, National Gas Transmission will initiate a capacity selection period no earlier than 15:00 hours on D-1 and no later than 01:00 hours on Day D;
  - (b) the amount of NTS Exit (Flat) Capacity subject to such capacity invitation shall be such amount as National Gas Transmission shall in its discretion choose to accept for surrender.

3.11.3 NTS Exit (Flat) Capacity will be surrendered in the amounts for which Users' capacity offers were selected in accordance with the provisions of Annex B-1.

**3.12 NTS Exit (Flat) Capacity Charges, General Non-Transmission Services Charges, Exit Transmission Services Revenue Recovery Charges and NTS Exit (Flat) Capacity Surrender Charges**

3.12.1 Exit-related Transportation Charges are payable in relation to the NTS as follows:

- (a) a User shall pay Capacity Charges ("**NTS Exit (Flat) Capacity Charges**") to National Gas Transmission in respect of its Registered NTS Exit (Flat) Capacity at NTS Exit Points each Day, in accordance with paragraphs 3.12.3 to 3.12.5;
- (b) National Gas Transmission shall pay NTS Offtake Reduction Charges to a User, in accordance with paragraph 3.12.6;
- (c) a Shipper shall pay General Non-Transmission Services Charges as Commodity Charges to National Gas Transmission in respect of its use of the NTS for the offtake of gas from the Total System on any Day, in accordance with paragraphs 3.12.8 and 3.12.9, or a charge payable by reference to the arrangements in Special Condition 2.1 and 2.3 of National Gas Transmission's Transporter's Licence;
- (d) a User shall pay to National Gas Transmission, or (where the Applicable Daily Rate is negative) National Gas Transmission shall pay to the User, the Exit Transmission Services Revenue Recovery Charge in respect of NTS Exit (Flat) Capacity on each Day, in accordance with paragraph 3.12.10.

3.12.2 No charges are payable by DNO Users in respect of NTS Exit (Flexibility) Capacity.

3.12.3 The NTS Exit (Flat) Capacity Charge payable by a User in respect of each Day will be determined subject to paragraph 9, for each NTS Exit Point, and each class and each allocation of NTS Exit (Flat) Capacity, as the amount of the User's Registered NTS Exit (Flat) Capacity registered (pursuant to such allocation) multiplied by the Applicable Daily Rate.

3.12.4 The Applicable Daily Rate of NTS Exit (Flat) Capacity Charges shall be:

- (a) in respect of:
  - (i) Enduring Annual NTS Exit (Flat) Capacity; and

- (ii) Annual NTS Exit (Flat) Capacity allocated to the User in respect of a Gas Year pursuant to paragraph 3.4;

the rate determined in accordance with Section 2 of the NTS Transportation Charging Methodology and set out in National Gas Transmission's Transportation Statement;

- (b) in respect of each amount of:

- (i) Daily NTS Exit (Flat) Capacity allocated to the User in respect of a Day pursuant to paragraph 3.5;
- (ii) Daily Off-peak NTS Exit (Flat) Capacity allocated to the User in respect of a Day pursuant to paragraph 3.6;

the bid price tendered by the User pursuant to the respective annual capacity bid or daily capacity bid pursuant to which such NTS Exit (Flat) Capacity was allocated.

3.12.5 For the purposes of paragraph 3.12.3, the amount of the User's Registered NTS Exit (Flat) Capacity shall be determined Unadjusted pursuant to paragraphs 3.9, 3.10, 3.11 or (as the case may be) paragraph 3.4 of Annex B-2.

3.12.6 Where National Gas Transmission accepts an offtake reduction offer made by a User pursuant to Annex B-2, National Gas Transmission will pay to the User a charge ("**NTS Offtake Reduction Charge**") determined as the quantity for which the offtake reduction offer was accepted multiplied by the offer price.

3.12.7 The General Non-Transmission Services Charge payable by a User in respect of each Day will be determined:

- (a) for each System Exit Point excluding Storage Connection Points, as the User Daily Quantity Output; and
- (b) for a Storage Connection Point in relation to which the User is a storage use gas provider, as the User's daily storage use gas quantity, multiplied by the Applicable Commodity Rate for such charge as determined under Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.

3.12.8 For the purposes of paragraph 3.12.7, a User's daily storage use gas quantity for a Day in a month (m) is the quantity of storage use gas for month m attributed to the User, as notified to National Gas Transmission pursuant to the terms of the Storage Connection Agreement in respect of such Storage Connection Point, divided by the number of Days in month m.

3.12.9 The Exit Transmission Services Revenue Recovery Charge payable by a User or National Gas Transmission in respect of each Day will be determined for each NTS System Exit Point as the User's Fully Adjusted Available NTS Exit (Flat) Capacity multiplied by the Applicable Daily Rate of such charge and such NTS System Exit Point as determined in accordance with Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.

3.12.10 NTS Exit (Flat) Capacity Charges, General Non-Transmission Services Charges, NTS Exit (Flat) Capacity Surrender Charges, NTS Offtake Reduction Charges, and Exit

Transmission Services Revenue Recovery Charges will be invoiced and payable in accordance with Section S.

### 3.13 NTS Exit Capacity: overruns and overrun charges

3.13.1 If for any reason, in relation to an NTS Exit Point and a Day:

- (a) the quantity of gas offtaken by a User at the NTS Exit Point on the Day exceeds the User's Fully Adjusted Available NTS Exit (Flat) Capacity (an "**individual flat overrun**"); and
- (b) the aggregate quantity of gas offtaken by all Users at the NTS Exit Point on the Day exceeds the sum of the Users' Fully Adjusted Available NTS Exit (Flat) Capacity (an "**aggregate flat overrun**")

there is a "**Chargeable NTS Exit (Flat) Overrun**", and the User shall pay a charge ("**NTS Exit (Flat) Overrun Charge**") in respect of NTS Exit Capacity at that NTS Exit Point on that Day in accordance with this paragraph 3.13.

3.13.2 The amount of the Chargeable NTS Exit (Flat) Overrun shall be determined as:

$$AO * IO / \Sigma IO$$

where:

AO is the aggregate flat overrun for the Day;

IO is the amount of a User's individual flat overrun for the Day

and where  $\Sigma$  is the sum over all Users with individual flat overruns at that NTS Exit Point on the Day.

3.13.3 The NTS Exit (Flat) Overrun Charge payable by a relevant User shall be calculated as the User's individual flat overrun multiplied by whichever is the greatest of:

- (a)  $(6 * A)$ , where 'A' is:
  - (i) the highest bid price paid to National Gas Transmission in relation to any capacity bid accepted in respect of the Day; or
  - (ii) the Applicable Daily Rate in relation to a capacity application in respect of the Gas Year in which the Day falls, at the NTS Exit Point;
- (b)  $(1.1 * B)$ , where 'B' is the highest offer price, forward price or option exercise price paid by National Gas Transmission in respect of any Exit Constraint Management Action taken in respect of the Day at the NTS Exit Point; and
- (c)  $(6 * C)$ , where 'C' is the highest reserve price under any invitation for the Day or the Gas Year in which the Day falls for NTS Exit (Flat) Capacity at the NTS Exit Point.

3.13.4 If for any reason a DNO User's Exit Flexibility Quantity at an NTS/LDZ Offtake on any Day exceeds the DNO User's NTS Exit (Flexibility) Capacity, there is an overrun ("**NTS Exit (Flexibility) Overrun**").

3.13.5 The amount of the NTS Exit (Flexibility) Overrun ('NEFO') at an NTS/LDZ Offtake on

any Day is the quantity determined as follows:

$$\text{NEFO} = \max \{(\text{EFQ} - \text{NEFC}), 0\}$$

where:

EFQ is the DNO User's Exit Flexibility Quantity determined in accordance with paragraph 3.13.6;

NEFC is the DNO User's NTS Exit (Flexibility) Capacity (which may be positive or negative).

3.13.6 A DNO User's Exit Flexibility Quantity ('EFQ') for a Day at an NTS/LDZ Offtake is the quantity determined as follows:

$$\text{EFQ} = (\text{Q2200} * (1 - \text{FT})) - (\text{QD} * 16/24)$$

where:

Q2200 is the quantity of gas offtaken by the DNO User at the NTS/LDZ Offtake between 06:00 hours and 22:00 hours on the Day;

FT is 0.015 (a 1.5% flexibility tolerance);

QD is the quantity of gas offtaken by the DNO User at the NTS/LDZ Offtake in the whole of the Day.

3.13.7 No charge is payable by a DNO User in respect of an NTS Exit (Flexibility) Overrun.

3.13.8 For the purposes of this paragraph 3.13:

- (a) a relevant User will be appointed as "**Overrun User**" in relation to any NTS Exit Point and a Day if:
  - (i) all relevant Users jointly have given a notice of such appointment to National Gas Transmission; and
  - (ii) where following a notice of appointment, a User proposes to become a relevant User, the User and each relevant User give a new notice of appointment to National Gas Transmission;
  - (iii) no relevant User has given notice (effective for such Day) of revocation of such appointment; and
  - (iv) National Gas Transmission has not rejected such notice or cancelled such appointment pursuant to Section V3;
- (b) the notice of the appointment shall state:
  - (i) the agreement of the Overrun User to be appointed;
  - (ii) the agreement of each other relevant User (or prospective relevant User) to such appointment; and
  - (iii) the date with effect from which the appointment is to take effect;
- (c) any notice of the appointment or revocation of the appointment of an Overrun User shall be effective in relation to a Day only if given at least five (5)

Business Days before that Day;

- (d) in relation to a Day, a relevant User is any User which (on such Day) is a Registered User in respect of such NTS Exit Point;
- (e) an Overrun User will cease to be appointed with effect from the Day on which a User becomes a relevant User where no new notice of appointment has been given and is effective in respect of such Day.

3.13.9 Where, in relation to any NTS Exit Point an Overrun User is appointed in respect of any Day, for the purposes of this paragraph 3.13 all amounts payable (by any relevant User) by way of NTS Exit (Flat) Overrun Charges in respect of such NTS Exit Point and such Day shall be payable by the Overrun User (and no relevant User other than the Overrun User shall be liable to pay such amounts).

3.13.10 For the purposes of this paragraph 3.13, the calculation of a Chargeable NTS Exit (Flat) Overrun shall take into account any additional quantity of gas offtaken at an NTS/LDZ Offtake consistent with any revision to the rate of offtake of gas for the Day at the NTS/LDZ Offtake following the application of OAD Sections I2.4, 2.5 and 6.5.

3.13.11 In relation to each NTS Exit Zone and each Day (D), National Gas Transmission will publish by not later than 12:00 on D+1 and D+6:

- (a) the aggregate quantity of gas offtaken by all Users between 06.00 and 22.00;
- (b) the aggregate quantity of gas offtaken by all Users; and
- (c) the sum of the NTS Exit Flexibility Quantity utilised by all Users;

(and for the purposes of this paragraph 3.13.11(c) National Gas Transmission shall calculate a notional Exit Flexibility Quantity for each NTS Supply Point and NTS Connected System Exit Point in each NTS Exit Zone in a manner consistent with the formula in paragraph 3.13.6).

3.13.12 In relation to each Linepack Zone and each Day (D), National Gas Transmission will publish by not later than 12:00 on D+1 and D+6:

- (a) the opening linepack; and
- (b) the closing linepack for each hour of the Day (D).

3.13.13 National Gas Transmission may publish revised information previously published pursuant to paragraphs 3.13.11 and 3.13.12 in respect of a Day (D) where following D+6 more accurate information becomes available.

3.13.14 Where a NTS Exit Point is comprised in an Aggregate NTS Exit Point:

- (a) the references in paragraph 3.13.1(a) and (b):
  - (i) to quantities of gas offtaken, are to quantities offtaken (by the User or all Users respectively) in aggregate at all NTS Exit Points comprised in the Aggregate NTS Exit Point;
  - (ii) to NTS Exit (Flat) Capacity, are to NTS Exit (Flat) Capacity at the Aggregate NTS Exit Point.

- (b) references in paragraphs 3.13.2, 3.13.3, 3.13.8 and 3.13.9 to the NTS Exit Point are to the Aggregate NTS Exit Point.

## **4 SUPPLY POINT AND LDZ CAPACITY**

### **4.1 Introduction**

4.1.1 Subject to the provisions of the Code, a User may:

- (a) offtake gas from the Total System at any LDZ Supply Point;
- (b) by offtaking gas from the Total System at an LDZ System Exit Point, require a gas flow in the relevant LDZ; and
- (c) offtake gas from the Total System at an LDZ Metered Connected System Exit Point.

4.1.2 Nothing in this paragraph 4 shall apply in respect of an NTS Exit Point or an NTS CSEP.

4.1.3 For the purposes of paragraphs 4.2 and 4.3, subject to Annex B-3, paragraph 12.1, in relation to a CSEP Supply Point, references to Supply Point Registration, Supply Point Registration Date and Supply Point Deregistration shall be construed as references to the equivalent matters under the IGT Code pursuant to the provisions of IGTAD Section D2.1 (as reflected in the CSEP Supply Point Register).

4.1.4 References in this paragraph 4 to a User applying for, requesting or electing certain Registration Details in respect of a Proposed Supply Point, where such application, request or election is made by way of a Detail Registration Nomination, shall be construed on the basis that the User's application, request or election is subject to the condition that a Relevant CSS Request (in relation to which the Detail Registration Response is operational) becomes effective.

### **4.2 Supply Point Capacity: Registration**

4.2.1 A User who becomes the Registered User of a:

- (a) DM Supply Point shall be treated as having applied for and registered as holding Supply Point Capacity ("**DM Supply Point Capacity**"):
  - (i) where the Supply Point Registration is effective on the basis of a Base Registration Nomination which specifies an operative Detail Registration Response, the amount of the Offered Supply Point Capacity specified in the operative Detail Registration Response, subject to Section G5.4.5(b);
  - (ii) where paragraph (i) does not apply, the amount of Supply Point Capacity determined in accordance with Annex G-1;
- (b) NDM Supply Point shall be treated as having applied for and registered as holding Supply Point Capacity ("**NDM Supply Point Capacity**") as determined in accordance with Section H4.1

in each case with effect from the Supply Point Registration Date of the Supply Point.

- 4.2.2 A User's Registered Supply Point Capacity in respect of a Registered DM Supply Point:
- (a) may be increased or reduced subject to and in accordance with the conditions and requirements in Annex B-3 but subject to and save as otherwise provided by paragraph 4.9 in the case of a Seasonal Large Supply Point;
  - (b) shall not be reduced nor (subject to paragraph 4.7) increased other than as provided in paragraph (a), nor (subject to Section V4.3) shall the registration be terminated, except as provided in paragraph 4.3.

- 4.2.3 A User's Registered Supply Point Capacity in respect of a Registered NDM Supply Point will be determined from time to time in accordance with Section H4.1.

### **4.3 Supply Point Capacity: Cessation of Registration**

- 4.3.1 The Registered User will cease to be registered as holding DM Supply Point Capacity at a DM Supply Point and NDM Supply Point Capacity at a NDM Supply Point when the User ceases to be the Registered User of the DM Supply Point or NDM Supply Point in accordance with a Supply Point Deregistration which is effective.

### **4.4 LDZ Capacity Registration: LDZ Supply Points**

- 4.4.1 Save as otherwise provided by paragraph 4.9 a User will at all times be registered as holding LDZ Capacity at each LDZ Supply Point in an amount equal to the amount of the Supply Point Capacity which the User is for the time being registered as holding (pursuant to any provision of the Code) at that Supply Point (and accordingly a User is not be required to apply for LDZ Capacity).
- 4.4.2 In accordance with paragraph 4.4.1, a User will cease to be registered as holding LDZ Capacity at an LDZ Supply Point where it ceases to hold Supply Point Capacity at such Supply Point.

### **4.5 LDZ Capacity Registration: LDZ Connected System Exit Points**

- 4.5.1 A CSEP User may hold LDZ Capacity at an LDZ Metered Connected System Exit Point.
- 4.5.2 The basis on which a User may apply for or may be treated as having applied for and may be registered as holding LDZ Capacity at an LDZ Metered Connected System Exit Point will be in accordance with the CSEP Network Exit Provisions.
- 4.5.3 The CSEP Network Exit Provisions may provide (subject to Section V3) for:
- (a) a minimum amount and a maximum amount of LDZ Capacity to be held by CSEP Users in aggregate at an LDZ Metered Connected System Exit Point, and for such amounts to vary from time to time;
  - (b) the LDZ Capacity held by each CSEP User at an LDZ Metered Connected System Exit Point to vary from Day to Day.

### **4.6 LDZ, Supply Point Charges and CSEP Charges**

- 4.6.1 A User shall pay:

- (a) Capacity Charges ("**LDZ Capacity Charges**") in respect of its Registered LDZ Capacity at LDZ System Exit Points;
  - (b) Commodity Charges ("**LDZ Commodity Charges**") in respect of its use of each LDZ;
  - (c) Customer Charges in respect of its Registered LDZ Supply Points; and
  - (d) CSEP Charges in respect of each relevant Connected System Exit Point in relation to which it is a CSEP User.
- 4.6.2 The LDZ Capacity Charge payable by a User in respect of each Day will be determined (for each LDZ System Exit Point) as the amount of its Registered LDZ Capacity multiplied by the Applicable Daily Rate. For the avoidance of doubt the LDZ Capacity Charge in respect of a Seasonal Large Supply Point is only payable by the User in respect of those Days that fall within the applicable Restricted LDZ Capacity Period for that Seasonal Large Supply Point.
- 4.6.3 The LDZ Commodity Charge payable (for any Day) by a User will be determined (for each LDZ System Exit Point) as the amount of its User Daily Quantity Output multiplied by the Applicable Commodity Rate.
- 4.6.4 The Customer Charge payable by a User in respect of each Day will be determined (for each Supply Point):
- (a) as to the Capacity Variable Component (if any) thereof, as the amount of its Registered Supply Point Capacity multiplied by the Applicable Daily Rate;
  - (b) as to the Commodity Variable Component (if any) thereof for a Day, as the amount of its UDQO multiplied by the Applicable Commodity Rate;
  - (c) as to the Fixed Component (if any) thereof, as the applicable fixed charge.
- 4.6.5 For the avoidance of doubt no Capacity Charge is payable in respect of Supply Point Capacity.
- 4.6.6 The CSEP Charge payable by a User in respect of each Day will be determined for each relevant Connected System Exit Point in accordance with the relevant provisions of the Transportation Statement.
- 4.6.7 LDZ Capacity Charges, LDZ Commodity Charges, Customer Charges and CSEP Charges will be invoiced and payable in accordance with Section S.
- 4.6.8 Pursuant to the prevailing Transportation Statement, a User may elect that, for the purpose of paragraph 4.6.2, the Applicable Daily Rate of the LDZ Capacity Charge in respect of an LDZ Specified Exit Point shall be the LDZ Optional Capacity Rate, determined in accordance with the following provisions:
- (a) for the purpose of Code:
    - (i) a "**Notional NTS Connection Point**" is the point on the NTS which is derived by the Transporter in accordance with paragraph 4.6.9 and in the case of a Proposed Supply Point as identified by the Transporter in its Detail Registration Response or Supply Point Offer or in the case of a CSEP, the point identified by the Transporter in accordance with

paragraph (f);

- (ii) an "**LDZ Specified Exit Point**" is, in the case of a Supply Point, the System Exit Point notified to the Transporter as the Proposed Supply Point in the User's Detail Registration Nomination or Supply Point Nomination or, in the case of a CSEP the LDZ System Exit Point identified as the CSEP in the Conventional Notice in accordance with paragraph (f);
- (b) the LDZ Capacity Charge payable (for any Day) by a Registered User or CSEP User will be determined (for each Specified Exit Point) as the Registered LDZ Capacity multiplied by the LDZ Optional Capacity Rate applicable for the capacity (calculated in accordance with paragraph (c)) and the distance (calculated in accordance with paragraph (d)) and shall be invoiced and are payable in accordance with Section S;
- (c) for the purposes of this paragraph 4.6.8 the capacity of the LDZ Specified Exit Point shall be the Supply Point Capacity, determined in accordance with Annex B-3, paragraph 5.1 except:
  - (i) for an LDZ Supply Point the capacity shall be the sum of the DM Supply Point Capacity and the NDM Supply Point Capacity that the User is registered as holding from time to time in accordance with paragraphs 4.2 and 4.3 respectively;
  - (ii) for a Shared Supply Meter Point the capacity shall be determined in accordance with Section G9.7.1;
  - (iii) for an LDZ CSEP the capacity shall be determined in accordance with paragraph 4.5.2;
- (d) the distance (to the nearest 0.1 km) from the Notional NTS Connection Point to the curtilage of the LDZ Specified Exit Point or the offtake from the Total System at the LDZ Specified Exit Point (whichever is the lesser) shall be calculated on a straight line basis using eight figure grid references and the Transporter shall determine an eight figure grid reference for each Notional NTS Connection Point and each LDZ Specified Exit Point (which may be revised in accordance with paragraph (f) or Sections G5.3.14 or 6.5.12);
- (e) an application for the LDZ Optional Capacity Rate for a Supply Point shall be made by submitting a Detail Registration Nomination in accordance with Section G5.3 or a Supply Point Nomination in accordance with G6.4.2(g) and, for a CSEP, shall be made in accordance with the provisions of paragraph (f);
- (f) a CSEP User, or a Proposing CSEP User, may apply for the LDZ Optional Capacity Rate in the following manner:
  - (i) by notice to the Transporter stating the CSEP User, the LDZ Specified Exit Point; and
  - (ii) the Transporter shall identify the Notional NTS Connection Point and offer the LDZ Optional Capacity Rate and shall provide the distance between the LDZ Specified Exit Point and the Notional NTS Connection Point, the capacity of the CSEP determined in accordance with paragraph 4.5.2 and the eight figure grid references used; and

- (iii) where the CSEP User disputes the distance specified by the Transporter under paragraph (ii), the CSEP user may resubmit an application in accordance with paragraph (i) stating an alternative eight figure grid reference for the LDZ Specified Exit Point with supporting evidence of calculation;
- (iv) the CSEP User shall confirm acceptance of the offer made in accordance with paragraph (ii) not earlier than 15 days after the submission of the confirmation (or such lesser period as the Transporter may specify) and not later than six months from the date of the offer;
- (g) where the User elects to pay the LDZ Optional Capacity Rate the LDZ Commodity Charge shall not be payable.

4.6.9 The Notional NTS Connection Point shall be derived by the Transporter as:

- (a) in the case of a Supply Point, the point on the NTS at which the NTS is nearest to either:
  - (i) the curtilage of the LDZ Specified Exit Point; or
  - (ii) the offtake from the Total System at the LDZ Specified Exit Point
 whichever gives the lesser distance;
- (b) in the case of a CSEP the point on the NTS at which the NTS is nearest to the LDZ Specified Exit Point.

#### 4.7 Supply Point Ratchet

4.7.1 Subject to paragraph 1.3.2, and paragraphs 4.7.10 and 4.7.12 if for any reason:

- (a) in respect of a DM Supply Point (other than a Seasonal Large Supply Point) on any Day, other than a Day in the months of June to September inclusive, or
- (b) in respect of a Seasonal Large Supply Point, on any Day,
 

the quantity of gas offtaken by a User from the Total System at a DM Supply Point exceeds the User's Registered DM Supply Point Capacity (such occurrence being in each case a "**Supply Point Ratchet**"), then in each such case:

  - (i) the User's Registered DM Supply Point Capacity at that Supply Point shall automatically be increased with effect from the following Day in accordance with paragraph 4.7.3; and
  - (ii) subject to paragraph 4.7.11, the User shall pay a charge ("**Supply Point Ratchet Charge**") in respect of the Capacity Ratchet Amount in accordance with paragraph 4.7.7 or 4.7.8.

4.7.2 For the purposes of this Section B, subject to paragraph 4.7.10, the "**Capacity Ratchet Amount**" shall be the amount by which the User's UDQO on the Day of the Supply Point Ratchet in respect of the DM Supply Point exceeds the User's Registered DM Supply Point Capacity.

- 4.7.3 Subject to Annex B-3, paragraph 6.5, the increased amount (the "**Ratcheted Supply Point Capacity**") of the User's DM Registered Supply Point Capacity shall be:
- (a) the sum of the User's DM Registered Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount;
  - (b) where the Supply Point at which the Supply Point Ratchet occurred comprises a NExA Supply Meter Point, the lesser of:
    - (i) the sum of the User's DM Registered Supply Point Capacity on the Day of the Supply Point Ratchet and Capacity Ratchet Amount; and
    - (ii) where the sum of the User's DM Registered Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount would exceed any maximum daily rate of offtake specified in the NExA, any maximum daily rate of offtake specified in the NExA.

4.7.4 Where the Supply Point Ratchet relates to:

- (a) a Class 1 Supply Point a "**Class 1**" Ratchet Charge shall apply;
- (b) a Class 2 Supply Point a "**Class 2**" Ratchet Charge shall apply.

4.7.5 Notwithstanding paragraph 4.7.3, and unless the User's Registered Supply Point Capacity is increased other than pursuant to the Supply Point Ratchet, until the last Day of the calendar month in which the Supply Point Ratchet occurred the LDZ Capacity Charge and the Capacity Variable Component of the Customer Charge payable in respect of the Supply Point shall be determined on the basis of the User's Registered DM Supply Point Capacity on the Day of the Supply Point Ratchet (and not on the basis of the Ratcheted Supply Point Capacity).

4.7.6 For the avoidance of doubt the User's Registered LDZ Capacity will be increased so as to be equal to the Ratcheted Supply Point Capacity in accordance with paragraph 4.4.

4.7.7 A Class 1 Ratchet Charge shall be calculated as the Capacity Ratchet Amount multiplied by the sum of:

- (a) 2 times the Applicable Annual Rate (including where determined in accordance with paragraph 1.8.5(a)) of the LDZ Capacity Charge; and
- (b) where applicable, 2 times the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge

the rate in each case being determined (where such rate is a function of LDZ Capacity or Supply Point Capacity) by reference to the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity at the DM and any NDM Supply Point on the Day of the Supply Point Ratchet.

4.7.8 A Class 2 Ratchet Charge shall be calculated as the sum of:

$$((A + B + C) * D) - ((E + F + G) * H) * J / 365$$

where in respect of the Ratchet Supply Point Capacity;

A the Applicable Annual Rate of the LDZ Capacity Charge;

- B the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge;
- C the applicable annual rate of the LDZ ECN charge;
- D is the Ratchetted Supply Point Capacity;

where in respect of the Registered User’s Supply Point Capacity on the Day of the Supply Point Ratchet:

- E the Applicable Annual Charge of the LDZ Capacity Charge;
- F the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge;
- G the applicable annual rate of the LDZ ECN charge;
- H is the Registered User’s Supply Point Capacity on the Day of the Supply Point Ratchet; and
- J the number of Days in the period between:
  - (a) in the case of a Supply Point:
    - (i) for which the User was the Registered User prior to the start of the Gas Year in which the Supply Point Ratchet occurred, the preceding 1 October;
    - (ii) for which the User was not the Registered User prior to the start of the Gas Year in which the Supply Point Ratchet occurred, the Supply Point Registration Date;
    - (iii) which is a Seasonal Larger Supply Point, the first Day of the Restricted LDZ Capacity Period; and
  - (b) the first Day of the calendar month in respect of which LDZ Capacity Charges, Capacity Variable Component (if any) of the Customer Charges and LDZ ECN charges (being the charges payable pursuant to Section Y, Part B paragraph 9) are determined on the basis of the Ratchetted Supply Point; and

where the ‘LDZ ECN charge’ is the charge payable by Users pursuant to TPD Section Y Part B paragraph 9.

4.7.9 Subject to paragraph 4.7.9, the Supply Point Ratchet Charge shall be invoiced and payable in accordance with Section S.

4.7.10 Where a DM Supply Point comprises a Shared Supply Meter Point:

- (a) paragraph 4.7.1 shall apply only if and to the extent that the aggregate quantity offtaken from the Total System by all Sharing Registered Users at the DM Supply Points which comprise such Shared Supply Meter Point exceeds the aggregate of such Users’ Registered Supply Point Capacity at such Supply Point, the amount of such excess (the “**aggregate ratchet excess**”);
- (b) for each such Sharing Registered User, the Capacity Ratchet Amount shall be

determined as the amount (the "**individual ratchet excess**") by which that User's UDQO exceeds its Registered Supply Point Capacity, divided by the sum of the individual ratchet excesses for all such Sharing Registered Users, multiplied by the aggregate ratchet excess.

4.7.11 Without prejudice to Section G6.8.3 to 6.8.6 (inclusive), where in accordance with Section G6.4.1 the Proposing User has submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point First Nomination ("**Supply Point First Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point First Registration**") and subsequent to the date of such Supply Point First Registration such User incurs and pays a Supply Point Ratchet Charge in respect of such Supply Point then, where such Proposing User has also submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point Second Nomination ("**Supply Point Second Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point Second Registration**") then, subject to paragraph 4.7.12, the Transporter will reimburse the User the amount of such Supply Point Ratchet Charge which has been paid by the User for the period of 18 Days commencing from the Supply Point First Registration Date.

4.7.12 The amount of such reimbursement in accordance with paragraph 4.7.11 shall not exceed the amount of the Supply Point Ratchet Charge which applies in respect of the Confirmed Supply Point Capacity for the Supply Point Second Registration. For the purpose only of calculating the amount of such reimbursement, such Confirmed Supply Point Capacity shall not be treated as increased in accordance with Section G6.8.4(a) as a result of the occurrence of a Supply Point Ratchet.

4.7.13 Where on any Day(s) in any relevant Billing Period, on the occurrence of a Supply Point Ratchet the User's Registered DM Supply Point Capacity is greater than or equal to the Provisional Maximum Supply Point Capacity (the "**Relevant Day(s)**"), only the highest Supply Point Ratchet Charge incurred on the Relevant Day(s) in such relevant Billing Period shall be invoiced and payable in accordance with paragraph 4.7.9.

4.7.14 Paragraph 4.7.13 applies in relation to a Supply Point where:

- (a) pursuant to the Supply Point Registration:
  - (i) the Supply Meter Point was (prior to such Supply Point Registration) Class 3 or 4; and
  - (ii) following such Supply Point Registration the Supply Meter Point is Class 1 or 2; or
- (b) pursuant to a Supply Point Amendment, the Registered User changes the Class of the Supply Meter Point from Class 3 or 4 to Class 1 or 2;

and where (in either case)

- (c) the Supply Point is not a Seasonal Large Supply Point; and
- (d) the DM Supply Point Capacity following such Supply Point Registration or Supply Point Amendment is not less than the NDM Supply Point Capacity of the Supply Point prior to it.

4.7.15 Where this paragraph 4.7.13 applies, for a period starting with the Supply Point

Registration Date or (as the case may be) effective date of the Supply Point Amendment, and ending on the earlier of:

- (a) the expiry of a period of 12 months; or
- (b) the date (if any) when the DM Supply Point Capacity becomes less than the NDM Supply Point Capacity as referred to in paragraph 4.7.12(d); or
- (c) the Supply Point Registration Date of any subsequent Supply Point Registration pursuant to which a User other than the Existing User becomes the Registered User

the Registered User shall not be liable for any Supply Point Ratchet Charge in respect of the Supply Point (but without prejudice to paragraph 4.7.1(b)(i)).

4.7.16 Where any of the circumstances set out in the Distribution Network Operator Designated Class 1 Guidance Document apply in respect of a Class 2, 3 or 4 Supply Point the Transporter may designate the Supply Point as one in respect of which Class 1 Ratchet Charges should apply; and where the Transporter so designates a Supply Point it shall notify the CDSP, and the CDSP shall promptly notify the Registered User and the designation shall be effective from the date of the CDSP's notification unless paragraph 4.7.17(a) applies.

4.7.17 The Transporter may only designate a Supply Point for the purposes of paragraph 4.7.14:

- (a) subject to paragraph (b), on a Day in the period from 1 June to the date falling forty (40) Supply Point Systems Business Days before the following 1 October in any calendar year;
- (b) in the case of a new Supply Point, in the period ending thirty (30) Supply Point Systems Business Days after the Supply Point Registration Date.

4.7.18 Where the CDSP notifies the Registered User a Supply Point is designated for the purposes of paragraph 4.7.14 the Registered User may within twenty (20) Supply Point Systems Business Days of the CDSP's notification notify the CDSP of the User's objection to the designation on the basis the User believes the circumstances set out in the Distribution Network Operator Designated Class 1 Guidance Document do not apply, and the CDSP shall notify the Transporter of any such objection.

4.7.19 Following the CDSP's notification under paragraph 4.7.16, the Transporter shall notify the CDSP of the Transporter's response to the User's objection within twenty (20) Supply Point Systems Business Days of notification of the User's objection; and where:

- (a) the Transporter accepts the circumstances do not apply the Supply Point shall not be so designated, and Class 1 Ratchet Charges shall not apply (and in the event any Class 1 Ratchet Charges have been applied in relation to the Supply Point an adjustment shall be made (in the case of Class 2 Supply Point on the basis Class 2 Ratchet Charges should have been applied and in the case of a Class 3 or 4 Supply Point on the basis no Supply Point Ratchet Charges should have applied);
- (b) the Transporter rejects the User's objection, Class 1 Ratchet Charges shall apply from the date of the CDSP's notification under paragraph 4.7.14.

- 4.7.20 For the purposes of paragraphs 4.7.14 to 4.7.17 (inclusive) the Transporters shall prepare and publish (and may update from time to time) a guidance document (“**Distribution Network Operator Designated Class 1 Guidance Document**”) setting out:
- (a) the circumstances which must apply before the Transporter may designate a Class 2, 3 or 4 Supply Point as one in respect of which Class 1 Ratchet Charges should apply;
  - (b) the basis on which a User may object to a designation, and the basis on which a Transporter may accept or reject a User's objection to a designation for the purposes of paragraph 4.7.17.
- 4.7.21 Where the Transporter designates a Class 2, 3 or 4 Supply Point for the purposes of paragraph 4.7.14, the Registered User shall within twenty (20) Supply Point Systems Business Days of the later of CDSP's notification under paragraph 4.7.14 or the Transporter's rejection of the Registered User's objection in accordance with paragraph 4.7.17(b) submit a Supply Point Amendment to change the Class of the Supply Meter Point and Supply Point to Class 1 (failing which the CDSP shall make such amendment to the Supply Point Register and notify the Registered User of such amendment)

#### **4.8 LDZ CSEP Overrun Charge**

- 4.8.1 If for any reason in any calendar month (an “**overrun month**”):
- (a) in respect of a LDZ Connected System Exit Point (other than a Seasonal LDZ Connected System Exit Point) on any Day other than a Day in a month from June to September inclusive; or
  - (b) in respect of a Seasonal LDZ Connected System Exit Point, on any Day in any Month;
    - (i) the quantity of gas offtaken by a CSEP User from the Total System at a relevant LDZ Metered Connected System Exit Point or Seasonal LDZ Connected System Exit Point on any Day exceeds the User's Registered LDZ Capacity; and
    - (ii) (where pursuant to the CSEP Network Exit Provisions this paragraph (ii) applies) the aggregate quantity of gas offtaken by all CSEP Users at the relevant Metered Connected System Exit Point on such Day exceeds the sum of such CSEP Users' Registered LDZ Capacities

(such Day being an “**overrun day**”) the User shall pay a charge (“**LDZ CSEP Overrun Charge**”) in respect of LDZ Capacity at that Metered Connected System Exit Point in that month.

- 4.8.2 For the purposes of this paragraph 4.8, in respect of a CSEP User:
- (a) the “**overrun quantity**” in respect of an overrun day is the amount by which the UDQO in respect of the relevant LDZ Metered Connected System Exit Point exceeds the User's Registered LDZ Capacity;
  - (b) the “**chargeable overrun quantity**” in respect of an overrun month is the largest overrun quantity in respect of any overrun day in that month.

- 4.8.3 The LDZ CSEP Overrun Charge shall be calculated as the amount of the chargeable overrun quantity multiplied by two (2) times the Applicable Annual Rate (including where determined in accordance with paragraph 1.8.5(a)) of the LDZ Capacity Charge.
- 4.8.4 The LDZ CSEP Overrun Charge shall be invoiced and payable in accordance with Section S.

#### **4.9 Seasonal LDZ Capacity**

- 4.9.1 **“Seasonal Period”** means the period commencing 05:00 on 1 April and ending at 05:00 on the next following 1 October.
- 4.9.2 In respect of any DM Supply Point (other than an NTS Exit Point) whose Annual Quantity is greater than or equal to 5,860,000 kWh (*200,000 therms*), a User may, on or before 1 March in the current Gas Year (or such later date in the Gas Year as the DNO shall allow) request pursuant to a Detail Registration Nomination or Supply Point Nomination or a Capacity Revision Application that:
- (a) the User be registered as the holder of Supply Point Capacity at that DM Supply Point on all Days; and
  - (b) LDZ Capacity and a specific Supply Point Offtake Rate are made available for that DM Supply Point only for a restricted period of specified consecutive calendar months falling within the Seasonal Period in the current Gas Year (the **“User Nominated Restricted LDZ Capacity Period”**).
- 4.9.3 Following a request by a User pursuant to paragraph 4.9.2, the DNO shall notify the User of such period (if any) of consecutive calendar months within the Seasonal Period throughout which the LDZ Capacity, Supply Point Capacity and Supply Point Offtake Rate requested by the User can be made available at the relevant DM Supply Point (the **“DNO Notified Restricted LDZ Capacity Period”**).
- 4.9.4 If both (1) the start of the User Nominated Restricted LDZ Capacity Period is no earlier than the start of the DNO Notified Restricted LDZ Capacity Period; and (2) the end of the User Nominated Restricted LDZ Capacity Period is no later than the end of the DNO Notified Restricted LDZ Capacity Period, then (subject to the acceptance by the Transporter of a Capacity Revision Application (in respect of a capacity increase at an Existing Supply Point) or Supply Point Registration (in respect of a New Supply Point)):
- (a) the DM Supply Point shall be classified as a **“Seasonal Large Supply Point”**;
  - (b) the period of consecutive calendar months during the Seasonal Period throughout which LDZ Capacity shall be made available for that DM Supply Point at the requested Supply Point Offtake Rate (the **“Restricted LDZ Capacity Period”**) shall be the shorter of:
    - (i) the DNO Notified Restricted LDZ Capacity Period; and
    - (ii) the User Nominated Restricted LDZ Capacity Period; and
  - (c) once set pursuant to paragraph 4.9.4(b) the Restricted LDZ Capacity Period in respect of the relevant Seasonal Large Supply Point shall not be varied without the prior consent of the DNO.

## 4.9.5 In respect of a Seasonal Large Supply Point:

- (a) the User's Registered Supply Point Capacity will be registered (in accordance with this Section B) for a period (the “**SLSP Annual Period**”) of twelve (12) months from 05:00 on the first day of the Restricted LDZ Capacity Period and, subject to paragraphs 4.7 and 4.9.5(c), such Supply Point Capacity will apply in respect of all Gas Flow Days within the SLSP Annual Period. For the avoidance of doubt, the Capacity Variable Component of the Customer Charge shall be payable in respect of each Day within the SLSP Annual Period and will not be limited to the Restricted LDZ Capacity Period.
- (b) the User's Registered LDZ Capacity will only be available in respect of those Days falling within the Restricted LDZ Capacity Period and the User shall hold no Registered LDZ Capacity in respect of any Day that does not fall within the Restricted LDZ Capacity Period;
- (c) the Supply Point Capacity and LDZ Capacity shall be increased in accordance with paragraph 4.7 (Supply Point Ratchet) provided always that the resulting increased LDZ Capacity pursuant to any Supply Point Ratchet will only be available during the Restricted LDZ Capacity Period.
- (d) without prejudice to paragraph 4.9.4(c), if prior to the expiry of any SLSP Annual Period the User wishes to increase the Supply Point Capacity, LDZ Capacity or Supply Point Offtake Rate then, in accordance with Annex B-3, it may submit a Capacity Revision Application or an application for an increased Supply Point Offtake Rate.
- (e) without prejudice to paragraph (g), the User shall not be entitled to reduce either the Supply Point Capacity or the LDZ Capacity in respect of a Seasonal Large Supply Point until the expiry SLSP Annual Period;
- (f) in the event of any inconsistency between (on the one hand) paragraphs 4.9.5(d) or 4.9.5(e) and (on the other hand) the provisions of Annex B-3, then paragraph 4.9.5(d) or 4.9.5(e) (as the case may be) shall prevail.
- (g) the User's Registered Supply Point Capacity as at the expiry of any SLSP Annual Period shall be Registered for a further period of twelve (12) months with effect from the expiry of such SLSP Annual Period (such further period of twelve (12) months being a new SLSP Annual Period); and
  - (i) the User shall be Registered as holding LDZ Capacity for the next following Restricted LDZ Capacity Period falling within the new SLSP Annual Period; and
  - (ii) the Supply Point Offtake Rate prevailing at the expiry of the current SLSP Annual Period shall continue to the new SLSP Annual Period;

Provided always that the User may, prior to the commencement of the new SLSP Annual Period, request a reduction in Supply Point Capacity and LDZ Capacity where such reduction is to be effective from the first day of the new SLSP Annual Period.

## 4.9.6 The offtake arrangements in respect of a Seasonal Large Supply Point shall be comprised in Network Exit Provisions and, where applicable any Siteworks Contract in relation to that Seasonal Large Supply Point.

#### 4.9.7 Seasonal Capacity Failure Charge

If, in respect of a Seasonal Large Supply Point and any Day (being a Day which is not within the Restricted LDZ Capacity Period for that Seasonal Large Supply Point) the User offtakes gas and exceeds the Registered LDZ Capacity (which, for the avoidance of doubt, is zero in respect of any Day that is not within the Restricted LDZ Capacity Period) a Seasonal Capacity Failure will have occurred and:

- (a) the User shall pay a charge (a Seasonal Capacity Failure Charge) in respect of each Day on which a Seasonal Capacity Failure occurs determined as:
  - (i) the Applicable Annual Rate for Registered LDZ Capacity multiplied by the aggregate quantity (in kWh) of gas offtaken at that Seasonal Large Supply Point on that Day;
- (b) the Seasonal Capacity Failure Charge will be:
  - (i) payable in addition to any Supply Point Ratchet Charge payable in respect of that Seasonal Large Supply Point and that Day; and
  - (ii) invoiced and payable as an Ancillary Invoice in accordance with Section S2.4; and
- (c) irrespective of whether the Seasonal Capacity Failure resulted from Force Majeure, where the Transporter determines that the Seasonal Capacity Failure results in a significant risk to the security of the relevant System, the Transporter may take any steps available to it to isolate or disconnect any or all Supply Meter Points comprised within the Seasonal Large Supply Point.

#### 4.10 Seasonal LDZ Capacity at LDZ Metered CSEPs

- 4.10.1 **“Seasonal Period”** means the period commencing 05:00 on 1 April and ending at 05:00 on the next following 1 October.
- 4.10.2 In this paragraph 4.10, references to a LDZ Metered CSEP are to a LDZ System Point as referred to in Section A3.3.1 and not to any separate System Exit Point deemed (pursuant to CSEP Network Exit Provisions) to be comprised in such a System Point as provided in Section A3.3.5.
- 4.10.3 In respect of any LDZ Metered CSEP, a CSEP User may, on or before 1 March in the current Gas Year (or such later date in the Gas Year as the DNO shall allow) request (in accordance with Section B4.5.2 and the relevant CSEP Network Exit Provisions) that LDZ Capacity at that LDZ Metered CSEP be made available to the CSEP User for only a restricted period of specified consecutive calendar months falling within the Seasonal Period in the current Gas Year (the **“CSEP User Requested Period”**).
- 4.10.4 Following a request by a User pursuant to paragraph 4.10.3, the DNO shall notify the CSEP User of such period (if any) of consecutive calendar months within the Seasonal Period throughout which the LDZ Capacity requested by the CSEP User can be made available at the relevant LDZ Metered CSEP (the **“DNO Notified Period”**).
- 4.10.5 If both (1) the start of the CSEP User Requested Period is no earlier than the start of the DNO Notified Period; and (2) the end of the CSEP User Requested Period is no later than the end of the DNO Notified Period, then:

- (a) the LDZ Metered CSEP shall be classified as a **“Seasonal LDZ Metered CSEP”**;
- (b) the period of consecutive calendar months during the Seasonal Period throughout which LDZ Capacity shall be made available to the CSEP User at that LDZ Metered CSEP (the **“Restricted LDZ CSEP Capacity Period”**) shall be the shorter of:
  - (i) the DNO Notified Period; and
  - (ii) the CSEP User Requested Period; and
- (c) once set pursuant to paragraph 4.10.5(b) the Restricted LDZ CSEP Capacity Period in respect of the relevant CSEP User and Seasonal LDZ Metered CSEP shall not be varied without the prior consent of the DNO.

4.10.6 In respect of a CSEP User and a Seasonal LDZ Metered CSEP:

- (a) the CSEP User's Registered LDZ Capacity will only be available in respect of those Days falling within the Restricted LDZ CSEP Capacity Period and the CSEP User shall hold no Registered LDZ Capacity in respect of any Day that does not fall within the Restricted LDZ CSEP Capacity Period;
- (b) without prejudice to paragraph (c), the CSEP User shall not be entitled to reduce its LDZ Capacity during the Restricted LDZ CSEP Capacity Period;
- (c) the CSEP User shall be Registered as holding LDZ Capacity at the Seasonal LDZ Metered CSEP for the Restricted LDZ CSEP Capacity Period falling within all subsequent Seasonal Periods;

provided always that the CSEP User may, prior to the commencement of the next following Seasonal Period, request a reduction in LDZ Capacity at the relevant Seasonal LDZ Metered CSEP where such reduction is to be effective from the first day of the Restricted LDZ CSEP Capacity Period in such next following Seasonal Period.

4.10.7 The offtake arrangements in respect of a Seasonal LDZ Metered CSEP shall be comprised in CSEP Network Exit Provisions.

4.10.8 Seasonal CSEP Capacity Failure Charge

If, in respect of a Seasonal LDZ Metered CSEP and any Day (being a Day which is not within the Restricted LDZ CSEP Capacity Period for that CSEP User in respect of that Seasonal LDZ Metered CSEP) the CSEP User offtakes gas and exceeds the CSEP User's Registered LDZ Capacity (which, for the avoidance of doubt, is zero in respect of any Day that is not within the Restricted LDZ CSEP Capacity Period) a **“Seasonal CSEP Capacity Failure”** will have occurred and:

- (a) the CSEP User shall pay a charge (a **“Seasonal CSEP Capacity Failure Charge”**) in respect of each Day on which a Seasonal CSEP Capacity Failure occurs determined as the Applicable Annual Rate for Registered LDZ Capacity multiplied by the aggregate quantity (in kWh) of gas offtaken by the CSEP User at that Seasonal LDZ Metered CSEP on that Day.
- (b) the Seasonal CSEP Capacity Failure Charge will be:

- (i) payable in addition to any LDZ CSEP Overrun Charge payable by the CSEP User in respect of that Seasonal LDZ Metered CSEP and that Day; and
- (ii) invoiced and payable as an Ancillary Invoice in accordance with Section S2.4; and
- (c) irrespective of whether the Seasonal CSEP Capacity Failure resulted from Force Majeure, where the Transporter determines that the Seasonal CSEP Capacity Failure results in a significant risk to the security of the relevant System, the Transporter may take any steps available to it to isolate or disconnect the Seasonal LDZ Metered CSEP as specified and agreed between the Transporter and the Connected System Operator and defined in the CSEP Network Exit Provisions.

## 5 CAPACITY TRANSFER

### 5.1 Basis of transfer

5.1.1 A User (the "**Transferor User**") may transfer all or part of:

- (a) its Available NTS Entry Capacity, as Adjusted for the time being pursuant to paragraphs 2.9 and 2.10, in respect of an Aggregate System Entry Point; and/ or
- (b) its Available Firm NTS Exit (Flat) Capacity, as Adjusted for the time being pursuant to paragraphs 3.9 and 3.11, in respect of an NTS Exit Point;

to another User (the "**Transferee User**"), subject to and in accordance with this paragraph 5.

5.1.2 For the purposes of the Code a "**System Capacity Transfer**" is a transfer of System Capacity in accordance with paragraph 5.1.1.

5.1.3 A System Capacity Transfer may be for any Day or consecutive Days within the period for which the Transferor User holds (by virtue of registration or any System Capacity Transfer) such capacity.

5.1.4 National Gas Transmission may but shall not be required to reject a System Capacity Transfer where the Transferred System Capacity exceeds the Transferor User's Available System Capacity, in the case of:

- (a) Firm NTS Entry Capacity, as Adjusted for the time being pursuant to paragraphs 2.9 and 2.10, as applicable
- (b) Firm NTS Exit (Flat) Capacity, as Adjusted for the time being pursuant to paragraphs 3.9 and 3.11, as applicable

at the Transfer System Point on any Day in the Transfer Period.

5.1.5 In respect of a System Capacity Transfer or proposed System Capacity Transfer:

- (a) the "**Transferred System Capacity**" is the System Capacity which is (or is to be) transferred;
- (b) the "**Transfer Period**" is the Day or Days (in accordance with paragraph 5.1.3)

for which the Transferred System Capacity is (or is to be) transferred;

- (c) the "**Transfer System Point**" is the Aggregate System Entry Point or NTS Exit Point at which System Capacity is (or is to be) transferred.

## 5.2 Procedure

5.2.1 Where a User proposes to make a System Capacity Transfer, each of the Transferor User and the Transferee User must notify the System Capacity Transfer to National Gas Transmission specifying:

- (a) the identity of the Transferor User and Transferee User;
- (b) whether the System Capacity to be transferred is NTS Entry Capacity or NTS Exit (Flat) Capacity;
- (c) the Transfer System Point;
- (d) the amount of the Transferred System Capacity;
- (e) the Transfer Period; and
- (f) in the case of NTS Entry Capacity, whether the Transferred System Capacity is Firm or Interruptible.

5.2.2 A proposed System Capacity Transfer may not be notified later than 03:00 hours on the Day or first Day of the Transfer Period.

5.2.3 National Gas Transmission may reject a System Capacity Transfer:

- (a) in accordance with paragraph 5.1.4;
- (b) where either the Transferor User or the Transferee User does not notify the System Capacity Transfer in accordance with paragraph 5.2.1 or 5.2.2; or
- (c) in accordance with Section V3.

5.2.4 A System Capacity Transfer shall be effective if it is approved by National Gas Transmission or is not rejected by National Gas Transmission within 60 minutes after it was notified by the Transferor User or (if later) the Transferee User under paragraph 5.2.1.

5.2.5 A System Capacity Transfer in respect of NTS Exit (Flat) Capacity for which the Transfer Period is a Day may not be withdrawn by a User following notification to National Gas Transmission.

## 5.3 Effect of Transfer

5.3.1 Except for the purposes of paragraph 5.3.3, and subject to paragraph 5.4, the Transferee User will be treated during the Transfer Period as the holder of the Transferred System Capacity.

5.3.2 A User's Available System Capacity at a System Point on a Day is its Registered System Capacity, adjusted in respect of any System Capacity Transfer(s) (for which that point is the Transfer System Point and the Transfer Period includes that Day) by adding

the Transferred System Capacity where the User was the Transferee User, and deducting the Transferred System Capacity where the User was the Transferor User, subject to paragraph 5.4.

- 5.3.3 A User will remain liable for Capacity Charges in respect of its Registered System Capacity irrespective of any System Capacity Transfer.

#### **5.4 Effect of Termination**

- 5.4.1 Where during the Transfer Period in respect of a System Capacity Transfer the Transferor User ceases to be a User of the NTS in accordance with Section V4.3:

- (a) National Gas Transmission will:
- (i) so notify the Transferee User as soon as reasonably practicable and in any event not more than five (5) Business Days after giving Termination Notice to the Transferor User;
  - (ii) at the same time notify the Transferee User of the Capacity Charges payable to National Gas Transmission in respect of the Transferred System Capacity;
- (b) with effect from the User Discontinuance Date the System Capacity Transfer will lapse and the Transferee User will cease to be treated as holding the Transferred System Capacity;
- (c) the Transferee User may elect to be registered in accordance with paragraph 5.4.2 as holding System Capacity (in addition to any such capacity held other than by virtue of the System Capacity Transfer) at the Transfer System Point:
- (i) in an amount not exceeding the Transferred System Capacity; and
  - (ii) for any Day or consecutive Days (before or after the date of such election, but not before the User Discontinuance Date) within the Transfer Period.

- 5.4.2 Where under paragraph 5.4.1 the Transferee User elects to be registered as holding System Capacity:

- (a) the Transferee User shall notify National Gas Transmission, as soon as reasonably practicable and in any event not more than 5 Business Days after National Gas Transmission's notice under paragraph 5.4.1(a), of such election, specifying the System Capacity and the date or period in accordance with paragraphs 5.4.1(c)(i) and (ii);
- (b) the Transferee User will be registered as holding System Capacity in the amount and for the period elected (notwithstanding any other requirement of the Code as to the prior notice required for the period of registration);
- (c) the Transferee User will accordingly be liable for Capacity Charges in respect of the elected amount of System Capacity at the Transfer System Point for the elected period;
- (d) for the purposes of paragraph (c), where the System Capacity comprises NTS Exit (Flat) Capacity the Capacity Charges shall be the greater of:

- (i) the volume weighted average price payable by the Transferor User for the NTS Exit Capacity at the NTS Exit Point in respect of the amount and for the period elected;
- (ii) the applicable reserve price.

5.4.3 Where during the Transfer Period in respect of a System Capacity Transfer the Transferee User ceases to be a User in accordance with Section V4.3:

- (a) National Gas Transmission will so notify the Transferor User as soon as reasonably practicable and in any event not more than five (5) Business Days after giving Termination Notice to the Transferee User;
- (b) with effect from the User Discontinuance Date, the Capacity Transfer will lapse and the Transferee User will cease to be treated as holding the Transferred System Capacity which will revert to (and be treated as held by) the Transferor User.

## 5.5 Negative Capacity

5.5.1 A User's Available System Capacity (determined in accordance with paragraph 5.3.2) may become negative where:

- (a) the User is a Transferor User in respect of a System Capacity Transfer under which the Transferred System Capacity exceeds the Transferor User's Available System Capacity (on a Fully Adjusted basis) at the Transfer System Point; or
- (b) the Transferor User submits:
  - (i) a daily capacity offer (pursuant to paragraph 2.9) for an amount of NTS Entry Capacity which exceeds its Available Firm NTS Entry Capacity;
  - (ii) a daily capacity offer (pursuant to paragraph 3.11) for an amount of NTS Exit (Flat) Capacity which exceeds its Available Firm NTS Exit (Flat) Capacity; or
- (c) the User is a Transferee User in respect of a System Capacity Transfer, and (subject to any election under paragraph 5.4.2):
  - (i) the Transferee User has pursuant to a further System Capacity Transfer transferred System Capacity at the same Transfer System Point to another User; and
  - (ii) the first System Capacity Transfer lapses pursuant to paragraph 5.4.1.

5.5.2 Where and for so long as a User's Available System Capacity is negative the User will be liable to pay Overrun Charge(s) in accordance with paragraph 2.8 or (as the case may be) 3.13 on the basis of an overrun quantity on each Day calculated as the sum of:

- (a) the magnitude of the User's negative Available System Capacity; and
- (b) the amount (if any) determined to be the overrun quantity in accordance with paragraph 2.12.2 or (as the case may be) 3.13.1(a) if the User's Available System Capacity at the Transfer System Point were zero.

## 5.6 Daily NTS Entry Capacity Transfer

- 5.6.1 Where a User wishes to transfer all or part of its Available Daily NTS Entry Capacity the provisions of paragraph 5.6.2 shall apply.
- 5.6.2 For the purpose of paragraph 5.6.1, the provisions of paragraphs 5.1 to 5.5 (inclusive) shall apply, provided that:
- (a) the amount of Transferred System Capacity may not exceed the User's Registered Daily NTS Entry Capacity;
  - (b) references therein to Available NTS Entry Capacity shall be treated as if they were references to Available Daily NTS Entry Capacity;
  - (c) for the purposes of paragraph 5.2.1 the Transferee User need not notify (and shall not be entitled to notify) National Gas Transmission of a System Capacity Transfer and paragraphs 5.2.3(b), and 5.2.4 shall be construed accordingly;
  - (d) a proposed System Capacity Transfer may not be notified earlier than 16:00 hours on the Preceding Day or later than 03:00 during the Transfer Period;
  - (e) the Transferor User may not withdraw a proposed System Capacity Transfer following notification to National Gas Transmission;
  - (f) for the purpose of paragraph 5.3.3 the reference to Capacity Charges shall be treated as if it were a reference to Daily NTS Entry Charges; and
  - (g) the provisions of paragraph 5.6.3 shall apply.
- 5.6.3 Any Code Communication in connection with any application by a User for Daily NTS Entry Capacity or the transfer of Available Daily NTS Entry Capacity shall be made in accordance with the procedures published by National Gas Transmission from time to time, which shall include the form and format of any such Code Communication and any Code Communication not given in accordance with such procedures shall be deemed not to have been given and shall be of no effect.

## 6 CAPACITY ASSIGNMENT<sup>1</sup>

### 6.1 Basis of assignment

- 6.1.1 A User (the "**Assignor User**") may assign all or part of its:
- (a) Registered Enduring Annual NTS Exit (Flat) Capacity in respect of an NTS Exit Point; and/or
  - (b) Registered Annual NTS Exit (Flat) Capacity in respect of an NTS Exit Point;
- (but not under the same System Capacity Assignment notification) to another User ("**Assignee User**") by a System Capacity Assignment.
- 6.1.2 For the purposes of the Code a "**System Capacity Assignment**" is an assignment of System Capacity in accordance with paragraph 6.1.1.

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<sup>1</sup> Implementation of modification 0276, effective 06:00hrs on a date to be determined, will amend paragraph 6, in part or in whole.

- 6.1.3 An Assignor User may not make a System Capacity Assignment where:
- (a) Assigned System Capacity comprising:
    - (i) Registered Enduring Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Enduring Annual NTS Exit (Flat) Capacity; or
    - (ii) Registered Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Annual NTS Exit (Flat) Capacity;on any Day in the Assignment Period at the Assignment System Point; and
  - (b) Assigned System Capacity (which has been adjusted to take account of any deduction of any prior System Capacity Assignment of the same class) exceeds its Registered Net Capacity on any Day in the Assignment Period at the Assignment System Point.
- 6.1.4 In respect of a System Capacity Assignment or proposed System Capacity Assignment:
- (a) the "**Assigned System Capacity**" is the amount of (i) Registered Enduring Annual NTS Exit (Flat) Capacity or (ii) Registered Annual NTS Exit (Flat) Capacity which is (or is to be), in each case, assigned from the Assignor User to the Assignee User;
  - (b) the "**Assignment Period**" is the Day or Days commencing on the Day on which the System Capacity Assignment is to be effective and ending on the last Day on which the Assignor User is registered as holding the Assigned System Capacity;
  - (c) the "**Assignment System Point**" means the NTS Exit Point at which the NTS Exit (Flat) Capacity is to be assigned;
  - (d) the "**Registered Net Exit Capacity**" is the amount of NTS Exit Flat Capacity determined by National Gas Transmission in accordance with paragraph 6.1.5;
  - (e) "**remaining Registered Enduring Annual NTS Exit (Flat) Capacity**" is the Registered Enduring Annual NTS Exit (Flat) Capacity remaining after taking account of any deductions of any prior System Capacity Assignment in respect of Registered Enduring Annual NTS Exit (Flat) Capacity;
  - (f) "**remaining Registered Annual NTS Exit (Flat) Capacity**" is the Registered Annual NTS Exit (Flat) Capacity remaining after taking account of any deductions of any prior System Capacity Assignment in respect of Registered Annual NTS Exit (Flat) Capacity;
  - (g) "**User Commitment**" shall have the meaning given to it in the Exit Capacity Release Methodology Statement.
- 6.1.5 National Gas Transmission shall determine the Registered Net Exit Capacity by deducting from the aggregate amount of remaining Registered Enduring Annual NTS Exit (Flat) Capacity and remaining Registered Annual NTS Exit (Flat) Capacity the sum of:
- (a) the Transferred System Capacity which is effective on any Day in the Assignment Period, where the Assignor User was the Transferor User (but not

where the Assignor User was the Transferee User); and

- (b) the amount of any Registered Enduring Annual NTS Exit (Flat) Capacity and Registered Annual NTS Exit (Flat) Capacity which has been or may be surrendered to National Gas Transmission on any Day in the Assignment Period pursuant to an Exit Capacity Management Agreement.

6.1.6 Any deductions of any prior System Capacity Assignment shall be made having regard to paragraph 6.3.2.

## **6.2 Procedure**

6.2.1 Where a User proposes to make a System Capacity Assignment, each of the Assignor User and the Assignee User must notify the System Capacity Assignment to National Gas Transmission specifying:

- (a) the identity of the Assignor User and Assignee User;
- (b) the Assignment System Point;
- (c) the class of the Assigned System Capacity;
- (d) the amount in respect of the class of Assigned System Capacity; and
- (e) the commencement date in the Assignment Period on which the System Capacity Assignment is to be effective in respect of the class of Assigned System Capacity;
- (f) where the System Capacity Assignment is for Registered Annual NTS Exit (Flat) Capacity, the Gas Year (or remaining part thereof) for which the Registered Annual NTS Exit (Flat) Capacity is held and, in such case, a separate System Capacity Assignment notice must be submitted in respect of each Gas Year.

6.2.2 A proposed System Capacity Assignment must be notified to National Gas Transmission by not later than the fifth Business Day prior to the first Day of the Assignment Period.

6.2.3 National Gas Transmission may reject a System Capacity Assignment:

- (a) where either the Assignor User or the Assignee User does not notify the System Capacity Assignment to National Gas Transmission in accordance with paragraph 6.2.1 or 6.2.2;
- (b) in accordance with Section V3.;
- (c) where the Assigned System Capacity comprising Registered Enduring Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Enduring Annual NTS Exit (Flat) Capacity;
- (d) where the Assigned System Capacity comprising Registered Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Annual NTS Exit (Flat) Capacity;
- (e) where the Assigned System Capacity (which has been adjusted to take account

of any deduction of any prior System Capacity Assignment) exceeds its Registered Net Capacity on any Day in the Assignment Period at the Assignment System Point;

- 6.2.4 A System Capacity Assignment shall be effective if it is approved by National Gas Transmission or is not rejected by National Gas Transmission by the start of the fourth Business Day after it was notified by the Assignor User or (if later) the Assignee User under paragraph 6.2.1.

### **6.3 Effect of Assignment**

- 6.3.1 The Assignee User will be treated for each Day throughout the Assignment Period as the registered holder of the Assigned System Capacity.
- 6.3.2 A User's Registered NTS Exit (Flat) Capacity at an NTS Exit Point on a Day is its Registered NTS Exit (Flat) Capacity, adjusted in respect of any System Capacity Assignment(s) (for which that point is an Assignment System Point and the Assignment Period includes that Day) by adding the Assigned System Capacity where the User was the Assignee User, and deducting the Assigned System Capacity where the User was the Assignor User.
- 6.3.3 With effect from the first Day of the Assignment Period (and in respect of each subsequent Day in that Assignment Period):
- (a) the Assignor User shall cease to be liable for Capacity Charges in respect of the Assigned System Capacity;
  - (b) the Assignee User shall be liable for Capacity Charges in respect of the Assigned System Capacity;
  - (c) the Capacity Charges payable by the Assignee User shall be the same Capacity Charges that would have otherwise been payable by the Assignor User for the Assigned System Capacity but for the assignment (which shall, for the avoidance of doubt be at the published Exit Transmission Services rate applicable for each Day during the Assignment Period)
- 6.3.4 Where a System Capacity Assignment is made which comprises Enduring Annual NTS Exit (Flat) Capacity the Assignee User shall be deemed to have been allocated the Enduring Annual NTS Exit (Flat) Capacity (comprising the Assigned System Capacity) with effect from the time from which, in accordance with paragraphs 3.2.6(c) and 3.2.10, a User was first registered as holding the Enduring Annual NTS Exit (Flat) Capacity.
- 6.3.5 A System Capacity Assignment shall be without prejudice to the operation of paragraphs 3.2.12 to 3.2.22 (inclusive) in respect of any reduction in the amount of Enduring Annual NTS Exit (NTS) Capacity held by the Assignor User and the Assignee User following a System Capacity Assignment.
- 6.3.6 No consequences other than those described in this paragraph 6 are intended by the use of the term 'assignment' in this paragraph 6.

**7 SPECIFIC NON-TRANSMISSION SERVICES CHARGES****7.1 General**

7.1.1 This paragraph 7 sets out the basis on which specific Non-Transmission Services Charges are payable by Users.

**7.2 St Fergus Compression Charge**

7.2.1 A Shipper User which delivers gas to the NTS at the System Entry Point for the North Sea Midstream Partners sub-terminal at St Fergus shall pay to National Gas Transmission the St Fergus Compression Charge as a Commodity Charge in respect of the gas delivered.

7.2.2 The amount payable each Day by a Shipper User in respect of the St Fergus Compression Charge is the User Daily Quantity Input multiplied by the Applicable Commodity Rate as determined in accordance with Section 4.2 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Gas Transmission.

**7.3 NTS Meter Maintenance Charges**

7.3.1 A Shipper User which is the Registered User of a NTS Supply Point at which a NGNTS Supply Meter Installation is installed shall pay to National Gas Transmission the NTS Meter Maintenance Charge.

7.3.2 The amount payable by a Shipper User in respect of the NTS Metering Charge is the amount, for each Day for which it is Registered User of the NTS Supply Point, determined in accordance with Section 4.3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Gas Transmission.

**7.4 DN Pensions Deficit Charge**

7.4.1 DNO Users shall pay National Gas Transmission the DN Pensions Deficit Charge.

7.4.2 The amount of such DN Pensions Deficit Charge shall be determined in accordance Section 4.4 of the NTS Transportation Charging Methodology and set out in with the Transportation Statement of National Gas Transmission.

**7.5 Shared Supply Meter Point Administration Charges**

7.5.1 A Shipper User which is a Registered User of a Shared Supply Meter Point shall pay to National Gas Transmission the Shared Supply Meter Point Administration Charges.

7.5.2 The amounts payable by a Shipper User in respect of the Shared Supply Meter Point Administration Charge are the amounts, upon establishing the Shared Supply Meter Point, upon a change of any of the Sharing Registered Users, and for each Day for which it is Registered User of the Shared Supply Meter Point, determined in accordance with Section 4.5 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Gas Transmission.

**7.6 Interconnection Point Allocation Charges**

7.6.1 A Shipper User which delivers gas to or offtakes gas or from the NTS at an

Interconnection Point shall pay the Interconnection Point Allocation Charges to National Gas Transmission.

- 7.6.2 The amounts payable by a Shipper User in respect of the Interconnection Point Allocation Charges are the amounts, upon becoming a User (as provided in EID Section A2.4.2(b)) of the Interconnection Point, and for each Day on which it delivers and/or offtakes gas (as an UDQI or UDQO) at the Interconnection Point, determined in accordance with Section 4.6 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Gas Transmission.

## 7.7 Invoicing and payment

- 7.7.1 St Fergus Compression Charges, NTS Meter Maintenance Charges, DN Pensions Deficit Charges, Shared Supply Meter Point Administration Charges, and Interconnection Point Allocation Charges shall be invoiced and payable in accordance with Section S.

## 8 INTERRUPTION

### 8.1 Introduction

- 8.1.1 This paragraph 8 contains provisions in relation to:

- (a) the designation of Supply Point Capacity at eligible Supply Points as Interruptible, pursuant to invitation to submit, submission and acceptance of Interruption Offers;
- (b) the designation of Supply Point Capacity at Temporary Interruptible Supply Points as Temporary Interruptible Supply Point Capacity, pursuant to paragraph 8.12;
- (c) requirements to be satisfied by Users in respect of Interruptible Supply Points;
- (d) the Interruption by a DN Operator of the offtake of gas from an LDZ at Interruptible Supply Points; and
- (e) the consequences of a failure to Interrupt.

- 8.1.2 For the purposes of the Code:

- (a) Supply Point Capacity at an LDZ Supply Point is “**Interruptible**” in relation to an Interruptible Period where it is subject to Interruption in accordance with this paragraph 8 and is “**Firm**” where it is not subject to Interruption;
- (b) Supply Point Capacity at an eligible Supply Point may be designated as Interruptible:
  - (i) pursuant to the acceptance of an Interruption Offer under paragraph 8.4; or
  - (ii) (upon the Supply Point Registration becoming effective) in accordance with paragraph 8.1.5(a);
- (c) Supply Point Capacity at a Temporary Interruptible Supply Point may be designated as Interruptible pursuant to paragraph 8.13;

- (d) an “**Interruptible Tranche**” of Supply Point Capacity at an LDZ Supply Point is a tranche (in kWh/Day) of DM Supply Point Capacity, designated as Interruptible and defined (i) in the case of a Temporary Interruptible Supply Point pursuant to paragraph 8.12; and (ii) in the case of any other LDZ Supply Point by the Registered User consistent with the requirements in paragraph 8.1.4, with an associated Interruption Allowance, Interruption Option Price and Interruption Exercise Price; and a “**proposed**” Interruptible Tranche is such a tranche which is the subject of an Interruption Offer;
- (e) “**Interruption**” in respect of a tranche of Supply Point Capacity at an LDZ Supply Point means interruption on the DN Operator's instruction (for one or more Days or parts of a Day) of the offtake of gas from the LDZ at the LDZ Supply Point to the extent required under paragraph 8.7, and references to an Interruptible Tranche being Interrupted and to the DN Operator's right to Interrupt an Interruptible Tranche shall be construed accordingly;
- (f) an “**Interruptible Period**” is a Gas Year or other period in which Supply Point Capacity at a Supply Point is designated as Interruptible;
- (g) an LDZ Supply Point is an “**Interruptible**” Supply Point in an Interruptible Period where the Registered User holds Interruptible Supply Point Capacity at the LDZ Supply Point in that period;
- (h) in relation to an Interruptible Tranche of Supply Point Capacity at a Supply Point and an Interruptible Period:
- (i) the “**Interruption Option Price**” is the amount (if any) that the DN Operator is required (irrespective of Interruption) to pay to the User, in respect of each Day of the Interruptible Period, in respect of the designation of such Supply Point Capacity as Interruptible;
  - (ii) the “**Interruption Exercise Price**” is the amount (if any) that the DN Operator is required to pay to the User in respect of each Day upon which the DN Operator Interrupts such Interruptible Tranche;
  - (iii) the “**Overall Interruption Price**” is the amount (if any) that the DN Operator would pay in total by way of Interruption Exercise Price (on the assumption of Interruption on every Day of the Interruption Allowance) and Interruption Option Price
- each expressed in pence per kWh/Day of Supply Point Capacity;
- (i) the “**Interruption Allowance**” is the number of Days in an Interruptible Period on which an Interruptible Tranche of Supply Point Capacity may be Interrupted;
- (j) the “**Minimum Interruptible Amount**” is the minimum amount of Supply Point Capacity which may be comprised in an Interruptible Tranche, determined (i) (in relation to Temporary Interruptible Supply Point Capacity) in accordance with paragraph 8.13 and (ii) (in relation to any other Supply Point Capacity and an Interruption Zone) in accordance with the Interruptible Capacity Methodology and specified in an Interruption Invitation, subject to paragraph 8.2.5;
- (k) an “**eligible**” Supply Point is an LDZ Supply Point for which the Annual

Quantity is greater than 5,860,000 kWh (200,000 therms).

- 8.1.3 References in this paragraph 8 to Supply Point Capacity are to DM Supply Point Capacity.
- 8.1.4 The designation of Interruptible Tranches of Supply Point Capacity in respect of any Interruptible Period at an LDZ Supply Point must satisfy the following requirements:
- (a) the number of Interruptible Tranches shall not exceed nine (9);
  - (b) the aggregate amount of the Interruptible Tranches shall not exceed (but need not be equal to) the amount of the Registered Supply Point Capacity;
  - (c) the amount of each Interruptible Tranche shall not be less than the Minimum Interruptible Amount.
- 8.1.5 Where a User submits a Base Registration Nomination or a Supply Point Confirmation in respect of a Proposed Supply Point which comprises a Supply Meter Point that is comprised in an Existing Supply Point which is Interruptible in any Interruptible Period (an “**existing**” Interruptible Supply Point):
- (a) the DN Operator will provide details of the Interruptible Tranches of the existing Interruptible Supply Point to the User within two (2) days after submission of the Base Registration Nomination or Supply Point Confirmation;
  - (b) the Proposed Supply Point shall be an Interruptible Supply Point in relation to such Interruptible Period, having the same Interruptible Tranches of Supply Point Capacity (with the same Interruption Allowances, Interruption Option Prices and Interruption Exercise Prices) as the existing Interruptible Supply Point, subject to paragraph 8.1.6.
- 8.1.6 Where in relation to an Interruptible Supply Point:
- (a)
    - (i) (other than a Temporary Interruptible Supply Point) the amount of Supply Point Capacity held by the Registered User is subject to an increase pursuant to any provision of the Code, or in relation to a Relevant CSS Request or Supply Point Confirmation the Offered Supply Point Capacity is greater than the Prevailing Supply Point Capacity, the increased amount of Supply Point Capacity shall be Firm and there shall be no effect on the Interruptible Tranches of Supply Point Capacity in any Interruptible Period;
    - (ii) (which is a Temporary Interruptible Supply Point) the amount of Supply Point Capacity held by the Registered User is subject to an increase pursuant to any provision of the Code, or in relation to a Relevant CSS Request or Supply Point Confirmation the Offered Supply Point Capacity is greater than the Prevailing Supply Point Capacity, the increased amount of Supply Point Capacity shall be Interruptible and the Interruptible Tranche shall be increased accordingly;
  - (b) (including a Temporary Interruptible Supply Point) the amount of Supply Point Capacity held by the Registered User is subject to a decrease pursuant to any provision of the Code, or in relation to a Relevant CSS Request or the Supply

Point Confirmation the Offered Supply Point Capacity is less than the Prevailing Supply Point Capacity, the amount of the decrease shall be applied in relation to each Interruptible Period so as to reduce or extinguish the Interruptible Tranches and/or reduce the Firm Supply Point Capacity in such manner as may be agreed between the DN Operator and the Registered User (or, in the case of a Relevant CSS Request or Supply Point Confirmation, the Proposing User) or, in the absence of such agreement, in accordance with the following provisions:

- (i) the Interruptible Tranches in relation to such Interruptible Period shall be ranked in order of Overall Interruption Price, highest priced first;
- (ii) the amount of the decrease in Supply Point Capacity shall be applied (so as to reduce or extinguish each such tranche) against the Interruptible Tranches in the order ranked, until the amount of the decrease has been fully applied or all Interruptible Tranches have been extinguished;
- (iii) the remaining amount (if any) of the decrease in Supply Point Capacity shall be applied so as to reduce the amount of the Firm Supply Point Capacity;
- (iv) if (pursuant to paragraph (ii) the residual amount of any Interruptible Tranche is less than the Minimum Interruptible Amount, such amount shall be redesignated as Firm.

8.1.7 If at any time an Interruptible Supply Point (other than a Temporary Interruptible Supply Point in respect of which the Supply Point Capacity is designated by the DN Operator as Temporary Interruptible Supply Point Capacity) ceases to be an eligible Supply Point, the DN Operator may elect, by giving not less than two (2) months' notice to the Registered User, that the Supply Point shall cease to be Interruptible, in which case all Interruptible Tranches of Supply Point Capacity (in respect of any Interruptible Period) shall be redesignated as Firm with effect from the date of such election.

8.1.8 The Interruption Option Price in respect of any Interruptible Tranche:

- (a) shall be determined Daily in respect of the amount of the Interruptible Tranche on each Day of the Interruptible Period to which it relates, after taking account of any decrease in such amount pursuant to paragraph 8.1.6(b) and any redesignation of Supply Point Capacity as Firm in accordance with paragraph 8.5 or 8.6.7(b)(i);
- (b) shall be invoiced and is payable (irrespective of whether the DN Operator exercises its right of Interruption) monthly in arrears, in accordance with Section S.

8.1.9 Without prejudice to the generality thereof, the indemnity provided for in Section V11.1.1 shall apply in respect of the taking of any steps or the exercise by the Transporter of any entitlement provided for in this paragraph 8.

## 8.2 Interruption Invitations

8.2.1 For the purposes of this paragraph 8:

- (a) an "**Interruption Offer**" is an offer by a User to designate one or more

tranches of DM Supply Point Capacity at an eligible Supply Point as Interruptible in any Interruptible Period;

- (b) an “**Interruption Invitation**” is an invitation by a DN Operator to Users to submit Interruption Offers in relation to Supply Points in an LDZ or part of an LDZ;
- (c) an “**invitation date**” is a date on which Users may submit Interruption Offers pursuant to an Interruption Invitation;
- (d) the “**Interruptible Capacity Methodology**” is the methodology established by each DN Operator and approved by the Authority setting out:
  - (i) the financial terms (including terms as to Interruption Option Price and Interruption Exercise Price) on which Interruption Offers may be made;
  - (ii) the basis on which Interruption Offers will be ranked for selection;
  - (iii) the basis on which Interruption Zones within an LDZ may be defined;
  - (iv) different numbers of Days in an Interruptible Period which may comprise an Interruption Allowance;
  - (v) the basis on which Minimum Interruptible Amounts will be determined;
  - (vi) such further matters as may be contemplated by this paragraph 8 or otherwise which the DN Operator may (with the approval of the Authority) decide to include;
- (e) an “**Interruption Zone**” is the LDZ or part of an LDZ (determined in accordance with the Interruptible Capacity Methodology) in respect of which an Interruption Invitation is issued.

8.2.2 In each Gas Year (Y) a DN Operator shall invite Interruption Offers by Users in respect of each of Gas Years Y+4 to Y+8 inclusive, and may invite Interruption Offers in respect of Gas Years Y+1 to Y+3 inclusive (each a separate Interruptible Period) by an “**annual**” Interruption Invitation, in relation to which:

- (a) the invitation dates shall be ten (10) consecutive Supply Point Systems Business Days in June of Gas Year Y;
- (b) the first such invitation date shall be not less than twenty eight (28) Days after the Interruption Invitation is issued.

8.2.3 A DN Operator may invite Interruption Offers at any other time and in respect of any other Interruptible Period (whether comprising all of part of any Gas Year), by an “**ad-hoc**” Interruption Invitation, in relation to which the invitation date(s) shall be such date or dates as the DN Operator may decide.

8.2.4 An Interruption Invitation shall specify:

- (a) the identity of the DN Operator;
- (b) the Interruptible Period(s) in respect of which the invitation is issued;

- (c) the Interruption Zone(s) in respect of which the invitation is issued;
- (d) the invitation date(s);
- (e) the Minimum Interruptible Amount in respect of each Interruption Zone, subject to paragraph 8.2.5;
- (f) the available Interruption Allowances (in accordance with the Interruptible Capacity Methodology);
- (g) in respect of each of the available Interruption Allowances, the amount (if any), as estimated by the DN Operator at the time the Interruption Invitation is issued, of Supply Point Capacity (in excess of the amount which, at the time of the Interruption Invitation, is already Interruptible) in the Interruption Zone required to be Interruptible in each Interruptible Period;
- (h) the maximum number (if greater than one) of alternative Interruption Offers which may be submitted in respect of any Supply Point, tranche of Supply Point Capacity and Interruptible Period;
- (i) such further terms and conditions of the invitation as may be required or permitted by the Interruptible Capacity Methodology.

8.2.5 The Minimum Interruptible Amount specified in respect of an Interruption Zone in an Interruption Invitation relating to any Interruptible Period may not be greater than the Minimum Interruptible Amount in respect of that Interruption Zone (or any other Interruption Zone which falls wholly or partially in that Interruption Zone) in any earlier Interruption Invitation relating to that Interruptible Period.

### **8.3 Interruption Offers**

8.3.1 The Registered User of an eligible Supply Point in the relevant Interruption Zone may submit Interruption Offers pursuant to an Interruption Invitation in accordance with this paragraph 8.3.

8.3.2 An Interruption Offer shall specify:

- (a) the identity of the User;
- (b) the Interruption Invitation in respect of which the Interruption Offer is made;
- (c) the Supply Point (within the relevant Interruption Zone) in respect of which the Interruption Offer is made;
- (d) the Interruptible Period(s) in respect of which the Interruption Offer is made;
- (e) the following details (consistent with the requirements in paragraphs 8.1.4 and 8.3.3) of each proposed Interruptible Tranche:
  - (i) the amount (in kWh/Day of Supply Point Capacity) of the proposed Interruptible Tranche;
  - (ii) the Interruption Allowance (being one of the available allowances in the Interruption Invitation);

- (iii) the Interruption Option Price (in pence per kWh/Day of Interruptible Supply Point Capacity);
  - (iv) the Interruption Exercise Price (in pence per kWh/Day of Supply Point Capacity per Day of Interruption); and
  - (f) such further details as may be permitted or required by the Interruptible Capacity Methodology.
- 8.3.3 Where (pursuant to an earlier Interruption Invitation) a Supply Point is already an Interruptible Supply Point in an Interruptible Period, an Interruption Offer in relation to that Interruptible Period (or in the case of an ad-hoc Interruption Invitation, an Interruptible Period falling within that period):
- (a) may specify additional proposed Interruptible Tranches, provided that the requirements in paragraph 8.1.4(a) and 8.1.4(b) shall apply in respect of the existing and proposed Interruptible Tranches in aggregate;
  - (b) subject to any requirements in the Interruptible Capacity Methodology, may specify an increase in the Interruption Allowance in respect of any existing Interruptible Tranche.
- 8.3.4 A User may submit an Interruption Offer, and may withdraw or modify an Interruption Offer already submitted in respect of the Interruption Invitation, at any time between 08:00 hours and 17:00 hours on an invitation date.
- 8.3.5 In relation to an Interruption Invitation, Supply Point, proposed Interruptible Tranche and Interruptible Period, a User may have, at any one time, up to but no more than the number prescribed in the Interruption Invitation of Interruption Offers capable of acceptance by a DN Operator.
- 8.3.6 A DN Operator may reject an Interruption Offer where:
- (a) the Interruption Offer is made in respect of an Supply Point which is not an eligible Supply Point;
  - (b) the User submitting the Interruption Offer is not the Registered User of the Supply Point in respect of which the Interruption Offer is made;
  - (c) the Interruption Offer does not comply with any of the requirements in paragraphs 8.1.4, 8.3.2 and (if applicable) 8.3.3;
  - (d) the Interruption Offer does not comply with any other requirement specified (consistent with the Interruptible Capacity Methodology) in the Interruption Invitation.
- 8.3.7 The DN Operator will inform the User of the rejection of an Interruption Offer pursuant to paragraph 8.3.6 within two (2) Supply Point Systems Business Days after the invitation date on which the offer was submitted.

## **8.4 Acceptance of Interruptible Offers**

- 8.4.1 In relation to each Interruption Invitation, the DN Operator shall:
- (a) select Interruption Offers (from those prevailing at the end of the last invitation

date) for acceptance in accordance with the Interruptible Capacity Methodology;

- (b) in the case of an ad-hoc Interruption Invitation, not more than twenty eight (28) days after the last invitation date in respect of such ad-hoc Interruption Invitation, inform each User of which of its Interruption Offers have, and which have not, been accepted; and
- (c) in the case of an annual Interruption Invitation, not later than 31 July in the year of such annual Interruption Invitation, inform each User of which of its Interruption Offers have, and which have not, been accepted.

8.4.2 Where the DN Operator accepts an Interruption Offer:

- (a) the proposed Interruptible Tranche subject to the Interruption Offer shall be designated as Interruptible;
- (b) the DN Operator shall be liable to pay the User the Interruption Option Price in accordance with paragraph 8.1.8.

8.4.3 In relation to each Interruption Invitation, the DN Operator will publish the details set out in paragraph 8.4.4, in respect of the LDZ as a whole, and separately in respect of each Interruption Zone in respect of which Interruption Offers submitted by at least three (3) Users were accepted:

- (a) in the case of an ad-hoc Interruption Invitation, not more than twenty eight (28) days after the last invitation date in respect of such ad-hoc Interruption Invitation; and
- (b) in the case of an annual Interruption Invitation, not later than 31 July in the year of such annual Interruption Invitation.

8.4.4 The details referred to in paragraph 8.4.3 are:

- (a) the number of Interruption Offers received;
- (b) the number of Interruption Offers accepted by the DN Operator;
- (c) the aggregate amount of Supply Point Capacity in respect of which Interruption Offers were received;
- (d) the aggregate amount of Supply Point Capacity which was designated as Interruptible pursuant to Interruption Offers accepted by the DN Operator;
- (e) the highest and lowest Overall Interruption Prices submitted by Users; and
- (f) the highest and lowest Overall Interruption Prices submitted by Users under Interruption Offers which were accepted.

## **8.5 Redesignation of Supply Point Capacity as Firm**

8.5.1 The Registered User of an Interruptible Supply Point may at any time (other than in a period between the issue of an Interruption Invitation and the last of the invitation dates under such invitation) apply to the DN Operator to redesignate Interruptible Supply Point Capacity as Firm, by notice specifying:

- (a) the identity of the Supply Point;
  - (b) the date (“**redesignation date**”), not less than two months after the application is made, with effect from which the redesignation is requested to take effect;
  - (c) the quantity of Supply Point Capacity to be redesignated as Firm.
- 8.5.2 The DN Operator shall accept an application to redesignate Interruptible Supply Point Capacity as Firm with effect from the redesignation date unless the DN Operator determines and notifies the User that the Firm Transportation Requirement will not (at such date or at any time thereafter) be satisfied, in which case the application shall lapse.
- 8.5.3 For the purposes of the Code the “**Firm Transportation Requirement**” in respect of an Interruptible Tranche of Supply Point Capacity is the requirement that (after taking into account the Transporter's ability to Interrupt at other Interruptible Supply Points) it would be feasible, without the right of Interruption of such Interruptible Tranche, to make gas available for offtake at the Supply Point at a rate not less than the Supply Point Offtake Rate and in quantities (in a twenty-four (24) hour period) in the amount of the Supply Point Capacity.
- 8.5.4 Where an application to redesignate Interruptible Supply Point Capacity as Firm is accepted, in relation to each relevant Interruptible Period:
- (a) the Interruptible Tranches of Supply Point Capacity shall be ranked in order of Overall Interruption Price, highest-priced first;
  - (b) the Supply Point Capacity in each such tranche, in the order ranked, shall be redesignated as Firm, until the requested amount of Supply Point Capacity has been redesignated or (as the case may be) all of the Interruptible Supply Point Capacity has been redesignated;
  - (c) if (pursuant to paragraph (b) the residual amount of any Interruptible Tranche is less than the Minimum Interruptible Amount, such amount shall be redesignated as Firm.
- 8.5.5 For the purposes of paragraph 8.5.3:
- (a) a relevant Interruptible Period is any Interruptible Period, commencing from the Interruptible Period in which the redesignation date falls, for which there is Interruptible Supply Point Capacity at the Supply Point;
  - (b) the redesignation shall take effect with effect from the redesignation date.

## **8.6 Requirements as to Interruptible Supply Points**

- 8.6.1 By submitting an Interruption Offer in respect of an LDZ Supply Point in relation to any Interruptible Period, or submitting a Base Registration Nomination or a Supply Point Confirmation in respect of an Interruptible Supply Point (including, for the avoidance of doubt, an Interruptible Supply Point with Temporary Interruptible Supply Point Capacity), and by not applying to redesignate Supply Point Capacity as Firm at any time, the Registered User represents to the DN Operator that, or where the User is not the supplier that the supplier has represented to the User that, the requirement in paragraph 8.6.2 will be complied with.

- 8.6.2 The requirement referred to in paragraph 8.6.1 is that the contract or contracts of supply to the consumer, in force at the time of the User's action or omission under paragraph 8.6.1, oblige the consumer to give effect to Interruption (including in the case where the requirement for Interruption is notified by the DN Operator under paragraph 8.8.4) to the extent required on the basis of the Interruptible Tranches of Supply Point Capacity which will exist as a result of such action or omission.
- 8.6.3 Where a User is or is to become the Registered User of one or more Interruptible Supply Points the User shall:
- (a) not later than the relevant date (in accordance with paragraph 8.6.6) in respect of the first Interruptible Supply Point of which it becomes Registered User, provide to the DN Operator at least one telephone number and at least one (1) facsimile number (but not more than four (4) numbers in total) by means of which the DN Operator may contact, twenty-four (24) hours a Day, a representative of the User, and the name(s) or title(s) of not more than three (3) representatives of the User who may be contacted at such numbers;
  - (b) maintain the details provided under paragraph (a) up to date, and notify the DN Operator of any change in such details before such change takes effect; and
  - (c) secure that at all times on each Day one of such representatives is available and capable of being so contacted by telephone (with access to facsimile) or by facsimile.
- 8.6.4 A User shall, in relation to each Interruptible Supply Point of which it is or is to become the Registered User:
- (a) not later than the relevant date (in accordance with paragraph 8.6.6), provide to the DN Operator:
    - (i) in accordance with paragraph (e), the names and/or job titles of representatives of the consumer ("**interruption contacts**") (who, for the avoidance of doubt, may be the same contacts as those referred to in Section Q as "**emergency contacts**"), provided that the total number of interruption contacts provided for under this paragraph (and emergency contacts provided for under Section Q) shall not exceed five (5) in relation to any Supply Point;
    - (ii) at least one (1) (but not more than four (4)) telephone numbers for each interruption contact by means of which the DN Operator may contact, twenty-four (24) hours a day, at least one interruption contact; and
    - (iii) one (1) facsimile number, for the purposes of receiving communications pursuant to Sections B8, G and Q, which is able to receive transmissions twenty-four (24) hours a day;
  - (b) take all reasonable steps to secure that the details provided under paragraph (a) are maintained up to date and to notify the DN Operator of any change in such details before such change takes effect;
  - (c) take all reasonable steps to secure that at all times on each Day one of such representatives is available and capable of being so contacted by telephone (with access to facsimile) and by facsimile;

- (d) secure that the consumer acknowledges the right of the DN Operator to contact the consumer in the circumstances in paragraph 8.8.4 and undertakes to comply with any notification by the DN Operator thereunder; and
  - (e) for the purposes of paragraph (a):
    - (i) in the case of an Interruptible Supply Point in respect of any site which is manned twenty-four (24) hours a day, provide to the DN Operator the name(s) and/or job title(s) of at least one (1) but not more than four (4) interruption contacts; and
    - (ii) in the case of an Interruptible Supply Point in respect of any site which is not manned twenty-four (24) hours a day, provide to the DN Operator the name(s) and/or job title(s) of at least one (1) but not more than two (2) interruption contacts.
- 8.6.5 For the purposes of enabling the DN Operator to plan the exercise of its rights as to Interruption of Interruptible Supply Points, in relation to each Gas Year the Registered User of an Interruptible Supply Point will, if so required by the DN Operator, not later than the relevant date (in accordance with paragraph 8.6.6) and thereafter from time to time upon any significant change in such details, obtain from the consumer or supplier and provide to the DN Operator the consumer's best estimate of the following details:
- (a) whether or not gas is likely in normal circumstances to be offtaken at or between particular times of Day specified by the DN Operator for the purposes of this paragraph 8.6.5;
  - (b) the maximum quantity of gas to be offtaken on any Saturday and on any Sunday; and
  - (c) holiday periods in each year during which gas will not be offtaken from the LDZ at the Supply Point.
- 8.6.6 For the purposes of paragraphs 8.6.3, 8.6.4 and 8.6.5, the relevant date in respect of an Interruptible Supply Point in relation to a User is:
- (a) the day which is twenty eight (28) days before the start of the first Interruptible Period in respect of which the User submitted any Interruption Offer in relation to that Supply Point; or
  - (b) the date on which the User submits Base Registration Nomination or a Supply Point Confirmation as provided in paragraph 8.1.5.
- 8.6.7 If the User fails to comply with any of the requirements in paragraphs 8.6.3, 8.6.4 and 8.6.5, then (without prejudice to the User's continuing obligation to comply):
- (a) the DN Operator may notify the User of such failure;
  - (b) if within five (5) Supply Point Systems Business Days after the DN Operator's notification under paragraph (a) the User has not remedied such failure to comply:
    - (i) the DN Operator may give notice to the User to the effect that
      - (1) the Supply Point Capacity comprised in all or any of the

Interruptible Tranches in relation to any Interruptible Period is redesignated as Firm; or

- (2) in the case of Temporary Interruptible Supply Point Capacity, the provisions of paragraph 8.12.3(d) apply and the designation of such DM Supply Point Capacity as Temporary Interruptible Supply Point Capacity is terminated with immediate effect and the Maximum Supply Point Offtake Rate in respect of the relevant Temporary Interruptible Supply Point shall, with effect from the time of such termination, be reduced to zero until such time as the Supply Point Capacity at the Temporary Interruptible Supply Point is subsequently designated as Interruptible or Firm pursuant to the paragraph 8;
- (ii) in any event, the DN Operator shall not be liable to pay the Interruption Option Price in respect of any Interruptible Tranche in respect of any month until the failure to comply is remedied.

8.6.8 Where in relation to any Interruptible Supply Point (but without prejudice to Section C in relation to Renominations), the Registered User or supplier:

- (a) exercises (other than pursuant to an Interruption Notice under paragraph 8.8.1) any entitlement to require the consumer to discontinue consuming gas offtaken from the LDZ on a Day; or
- (b) having exercised such an entitlement, authorises the consumer to resume such consumption

the Registered User will as soon as reasonably practicable, and in accordance with paragraph 8.6.10, inform the DN Operator of the matters set out in paragraph 8.6.9, provided that the Registered User shall use reasonable endeavours to inform the DN Operator not more than one (1) hour after such discontinuance and/or not less than one (1) hour before such resumption.

8.6.9 The matters to be informed by the Registered User to the DN Operator pursuant to paragraph 8.6.8 are:

- (a) the identity of the Interruptible Supply Point;
- (b) the time with effect from which the consumer will be required to discontinue, or authorised to resume, consumption; and
- (c) an estimate of the amount by which the quantity of gas offtaken will increase or decrease as a result of such discontinuance or resumption.

8.6.10 For the purposes of paragraph 8.6.8 the User will give the relevant information to the DN Operator by means of telephone or facsimile, unless it has given to the DN Operator not less than one month's notice of its intention to give such information by Batch Transfer Communication, in which case such User will give information to the DN Operator for the purposes of paragraph 8.6.8 only by Batch Transfer Communication, and will promptly inform the DN Operator by telephone or facsimile of the transmission of each such Batch Transfer Communication.

8.6.11 Where the DN Operator notifies a User that it is unable satisfactorily to access a Batch Transfer Communication transmitted pursuant to paragraph 8.6.10, that User will

promptly send to the DN Operator by facsimile the information contained in that Batch Transfer Communication.

8.6.12 Where the Transporter reasonably determines, in relation to an Interruptible Supply Point whose Annual Quantity does not exceed 58,600,000 kWh (2,000,000 therms), that (by reason of the location or other characteristics of the part of the System in which the Supply Point is located, or the nature of the Consumer's Plant) the operational benefits of the Transporter's ability to Interrupt the Supply Point would be materially diminished unless individual Output Nominations are made in respect of the Supply Point, the Transporter may designate the Supply Point as requiring individual Output Nominations for the purposes of Section A4.5.3.

8.6.13 Any designation under paragraph 8.6.12 shall be:

- (a) in the case of an existing Supply Point Registration, by notice to the Registered User not later than the fifth (5th) Supply Point Systems Business Day in September in the Gas Year preceding the first Gas Year in which such designation is to be effective; or
- (b) in the case of a Proposed Supply Point Registration, in the Detail Registration Response or Supply Point Offer.

**8.7 Interruption**

8.7.1 The DN Operator shall be entitled, in accordance with the further provisions of this paragraph 8, to require Interruption on a number of Days in an Interruptible Period not exceeding the Interruption Allowance, in respect of any Interruptible Tranche of Supply Point Capacity at a Supply Point.

8.7.2 Where (in accordance with this paragraph 8) the DN Operator requires Interruption at a Supply Point, the Registered User shall secure that the requirements in paragraph 8.7.3 are complied with.

8.7.3 The requirements are that:

- (a) at all times at which the requirement for Interruption is in force, the rate of offtake of gas, in kWh/hour, at the Supply Point does not exceed a rate of offtake determined as follows:

$$SPOR * (SPC - IT) / SPC$$

and

- (b) on each Day or part Day of Interruption the quantity of gas offtaken, in kWh, during the period in which the requirement for interruption is in force, does not exceed a quantity determined as follows:

$$(SPC - IT) * H / 24$$

Where

SPOR is the Supply Point Offtake Rate;

SPC is the Registered Supply Point Capacity;

- IT is the amount or aggregate amount (in kWh/Day) of the Interruptible Tranche or Interruptible Tranches which were subject to Interruption pursuant to the relevant requirement;
- H is the period in hours on the Day during which the requirement for Interruption was in force.

8.7.4 Subject to paragraph 8.7.5, the DN Operator may require Interruption at an Interruptible Supply Point:

- (a) for operational purposes in connection with the management of its System, or
- (b) on not more than three (3) Days in any Gas Year, where the DN Operator has any reasonable doubt as to whether the requirements in paragraph 8.6.2 are satisfied or the provisions of this paragraph 8.7 in relation to Interruption are or are capable of being complied with in respect of the Supply Point, for the purposes of verifying such matters

and the DN Operator may, where it has issued an Interruption Notice pursuant to paragraph (a) or (b), issue a replacement Interruption Notice pursuant to the other sub-paragraph and from the time at which such replacement notice takes effect all rights, obligations or restrictions applicable to such replacement notice shall apply accordingly and shall supersede those applicable to the replaced notice.

- 8.7.5 The number of Days (including parts of a Day) in respect of which the DN Operator requires Interruption in respect of an Interruptible Tranche of Supply Point Capacity in any Interruptible Period shall not exceed the Interruption Allowance.
- 8.7.6 Where the DN Operator requires Interruption in respect of an Interruptible Tranche of Supply Point Capacity, the DN Operator shall pay to the Registered User the Interruption Exercise Price invoiced and payable in accordance with Section S in respect of such Interruptible Tranche, for each Day (including part of a Day) of such Interruption.
- 8.7.7 For the purposes of paragraphs 8.7.5 and 8.7.6, a Day in respect of which the DN Operator gives more than one Interruption Notice in respect of an Interruptible Tranche shall be counted only as one (1) Day of Interruption of the Interruptible Tranche.
- 8.7.8 The exercise by the DN Operator of any right (other than pursuant to this paragraph 8.7) to require or secure the discontinuance or reduction of offtake at any Supply Meter Point shall not count towards the use of any Interruption Allowance or otherwise count as Interruption for the purposes of this paragraph 8.7.
- 8.7.9 For the purposes of this paragraph 8, where an Interruption Notice is given in relation to an Interruptible Supply Point, the requirement for Interruption pursuant to that notice is “**in force**” with effect from the Interruption Start Time specified in the notice until:
- (a) the time specified in the DN Operator's notification under paragraph 8.8.5 or (if no time is specified) the time that such notification is given, or
  - (b) if earlier, the Interruption Start Time under another Interruption Notice relating to the same Interruptible Supply Point.

## 8.8 Interruption Notification Requirements

- 8.8.1 Where the DN Operator requires or has a revised requirement for Interruption in respect of one or more Interruptible Tranches at one or more Supply Points, the DN Operator will give to the Registered User, not less than five (5) hours before the time (“**Interruption Start Time**”) with effect from which Interruption is required, notice (“**Interruption Notice**”) specifying:
- (a) the Supply Points and (for each Supply Point) the Interruptible Tranche(s), to be Interrupted;
  - (b) the Gas Flow Day;
  - (c) the Interruption Start Time; and
  - (d) the DN Operator's estimate (which shall not bind the DN Operator) of the time at which the requirement for Interruption will cease to apply.
- 8.8.2 The User may request by telephone or facsimile an alteration to the Supply Points and Interruptible Tranches specified in the Interruption Notice; and where not less than five (5) hours before the Interruption Start Time the DN Operator and the User have agreed (but so that the DN Operator shall not be required to agree) upon such an alteration, the Interruption Notice will be revised accordingly and resubmitted by the DN Operator to the User as soon as reasonably practicable.
- 8.8.3 The User shall, by telephone or facsimile (or otherwise in accordance with this paragraph 8.8):
- (a) not later than thirty (30) minutes after Interruption Notice was given, acknowledge receipt of that notice;
  - (b) not later than five (5) hours after Interruption Notice was given, confirm to the DN Operator that Interruption (in accordance with such notice) has taken place or shall take place; and
  - (c) as soon as reasonably practicable, notify the DN Operator of any facts or circumstances known to the User that might prevent Interruption from taking place or cause Interruption to take place after the Interruption Start Time;
- 8.8.4 Where the User has not acknowledged receipt of an Interruption Notice within thirty (30) minutes after such notice was given, the DN Operator may not less than four (4) hours before the Interruption Start Time notify the requirement for Interruption at each relevant Supply Point directly to the consumer, specifying the Gas Flow Day, Interruptible Tranches subject to Interruption and Interruption Start Time.
- 8.8.5 Where the DN Operator has given an Interruption Notice (which has not been superseded by another such notice) in respect of any Interruptible Tranche(s) of Supply Point Capacity, as soon as reasonably practicable after the DN Operator determines that the requirement for Interruption at that Interruptible Tranche no longer applies or will at a certain time cease to apply (having regard to the circumstances in accordance with paragraph 8.7.4 in which such notice was given), the DN Operator will so notify the User specifying the time (where later than the time of such notification) at which the requirement for Interruption will no longer apply.

**8.9 Failure to Interrupt**

8.9.1 For the purposes of the Code:

- (a) subject to paragraph (a), there is a **“failure to Interrupt”** in relation to an Interruptible Tranche of Supply Point Capacity where, on any occasion on which the DN Operator requires Interruption in respect of the Supply Point, either of the requirements in paragraph 8.7.3 is not complied with on any Day (the **“failure Day”**) during which the requirement for Interruption was in force;
- (b) a failure to comply with a requirement for Interruption pursuant to paragraph 8.7.4(b) will be counted as a failure to Interrupt for the purposes of paragraph 8.9.2 if:
  - (i) the User does not demonstrate to the reasonable satisfaction of the DN Operator that all appropriate steps are being taken to ensure that such a failure does not recur at the relevant Supply Point; or
  - (ii) the failure is the third failure occurring at the relevant Supply Point during the same Gas Year to comply with a requirement for Interruption pursuant to paragraph 8.7.4(b)

but not otherwise; provided that any such failure shall be counted as a failure to interrupt for the purposes of paragraph 8.9.6;

- (c) for the purposes of paragraph 8.9.1(b), a Supply Point the subject of Relevant CSS Request (not involving a change of User) or a Supply Point Reconfirmation shall be treated as being the same Supply Point as the Existing Supply Point.

8.9.2 Where there is a failure to Interrupt at a Supply Point:

- (a) irrespective of whether the failure to Interrupt resulted from Force Majeure, and irrespective of the size and number of the Interruptible Tranches which were subject to Interruption, where the DN Operator determines that the failure to Interrupt results in a significant risk to the security of the relevant System the DN Operator may take any steps available to it to isolate or disconnect the Supply Meter Point (irrespective of whether it is a Shared Supply Meter Point) comprised in the Supply Point; and
- (b) save to the extent the failure to Interrupt resulted from Force Majeure, and subject to paragraph 8.9.8, the Registered User shall pay, in respect of each failure Day, a charge determined as the aggregate, for all Interruption Notices under which the requirement for Interruption was in force on that Day, of the following:

$$X = 2 * Y * Z$$

where:

X is the amount payable in respect of each Interruption Notice in respect of the failure Day;

Y is the greater of:

Y1 the aggregate quantity (in kWh) of gas offtaken at the Supply Point, at any time or times on the Day at which the requirement for Interruption was in force, at a rate in excess of the rate permitted in paragraph 8.7.3(a); and

Y2 the quantity (in kWh) offtaken, during the period in the Day in which the requirement for Interruption was in force, in excess of the quantity permitted in paragraph 8.7.3(b);

Z is the greater of:

Z1 the Applicable Annual Rate of the LDZ Capacity Charge in respect of the Supply Point; and

Z2 the weighted average Overall Interruption Price applicable in respect of the Interruptible Tranches which the User is treated as having failed to Interrupt, determined in accordance with paragraph (c);

(c) for the purposes of determining 'Z2':

- (i) the Interruptible Tranches which were subject to Interruption shall be ranked in order of Overall Interruption Price, highest-priced first;
- (ii) the quantity 'Y' shall be allocated to such Interruptible Tranches in the order ranked, until such quantity has been allocated in full;
- (iii) the Interruptible Tranches which the User is treated as having failed to Interrupt shall be the tranches to which the quantity 'Y' was so allocated (and where the amount or remaining unallocated amount of the quantity 'Y' is less than the amount of the relevant Interruptible Tranche, such amount or remaining unallocated amount is the **“failed portion”** of such tranche);
- (iv) the weighted average Overall Interruption Price is determined as follows:

$$\frac{\sum_T (QTF_T * OIP_T)}{\sum_T QTF_T}$$

where

$\Sigma_T$  is summation by the Interruptible Tranches which the User was treated as failing to Interrupt

and where for each such Interruptible Tranche

$QTF_T$  is the amount (or as the case may be the failed portion) of the Interruptible Tranche

$OIP_T$  is the Overall Interruption Price of such Interruptible Tranche.

8.9.3 The amounts payable under paragraphs 8.9.2(b) and 8.9.4 will be invoiced and are payable in accordance with Section S.

8.9.4 Where the DN Operator takes any such steps as are referred to in paragraph 8.9.2(a) the Registered User will be liable to reimburse to the DN Operator the costs and expenses

incurred by the DN Operator in taking such steps and in any subsequent reconnection or restoration of the connection of the Supply Point.

- 8.9.5 The Registered User shall secure that there is made available to the DN Operator such access to the Supply Point and the Supply Meter Point comprised in the Supply Point as shall be required for the purposes of paragraph 8.9.2(a).
- 8.9.6 No Day on which there is a failure to Interrupt in respect of an Interruptible Tranche of Supply Point Capacity shall count:
- (a) towards use of the Interruption Allowance in respect of that Interruptible Tranche under paragraph 8.7.6, or
  - (b) as a Day in respect of which the DN Operator is required to pay the Interruption Exercise Price under paragraph 8.7.7.
- 8.9.7 The following shall not be Force Majeure affecting a User for the purposes of this paragraph 8.9:
- (a) the unavailability of any such representative as is referred to in paragraph 8.6.3 or 8.6.4 of the User or the consumer to be contacted by the DN Operator, other than for wholly unforeseeable and unavoidable reasons (which must also satisfy the conditions for being Force Majeure); and
  - (b) the fact that there is no facility for the Consumer's Plant to operate with a supply of fuel or energy alternative to or in substitution for gas.
- 8.9.8 Where the Registered User has requested (in compliance with the applicable requirements of paragraph G7) the Isolation of each Supply Meter Point comprised in an Interruptible Supply Point, subject to paragraph G8, the User shall not be liable under paragraph 8.9.2(b) in respect of any subsequent failure to Interrupt at such Supply Point (unless and until any such Supply Meter Point is re-established).

**8.10 Shared Supply Meter Points**

- 8.10.1 This paragraph 8.10 applies in respect of any Interruptible Supply Point(s) in which a Shared Supply Meter Point is comprised.
- 8.10.2 Paragraph 8.7.3 shall apply on an aggregated basis, in respect of Supply Points (“relevant” Supply Points) which comprise the Shared Supply Meter Point, and in accordance with the further provisions of this paragraph 8.10.
- 8.10.3 Where an Interruption Notice is given in respect of any such Interruptible Supply Point:

- (a) for the purposes of paragraph 8.7.3(a), the maximum permitted rate of offtake at the Supply Point) shall be:

$$(SPC - IT) / SPC$$

- (b) for the purposes of paragraph 8.7.3(b), the maximum permitted quantity (in aggregate at all relevant Supply Points) shall be:

$$\sum_F SPC + \sum_I (SPC - IT) * H / 24$$

where

$\Sigma_F$  is summation over all (if any) relevant Firm Supply Points

$\Sigma_I$  is summation over all (if any) relevant Interruptible Supply Points

and where SPOR, SPC, IT and H have the meanings in paragraph 8.7.3.

8.10.4 The provisions of paragraph 8.9.2(b) shall apply, irrespective of the allocation (including pursuant to Sections G9.3.2 or G9.6.2) among Users of the quantity of gas offtaken on any Day at the relevant DM Supply Points, on the following basis:

- (a) the quantity 'Y' shall be determined on the basis of the aggregate quantities offtaken at all relevant DM Supply Points in excess of the permitted rate or amount in accordance with paragraph 8.10.3;
- (b) all Interruptible Tranches subject to Interruption at all relevant DM Supply Points in aggregate shall be ranked as provided in paragraph 8.9.2(c)(i), and the aggregate quantity 'Y' allocated to them as provided in paragraph 8.9.2(c)(ii), to determine (under paragraph 8.9.2(c)(iii)) the Interruptible Tranches which the Registered Users are treated in aggregate as having failed to Interrupt;
- (c) the Registered Users of the Interruptible Supply Points shall be liable for the aggregate amount payable in respect of a Day pursuant to paragraph 8.9.2(b) (as determined in accordance with this paragraph 8.10.4):
  - (i) in the prevailing proportions (if any) notified under paragraph 1.7.15(b);
  - (ii) in the absence of any such notified proportions, in proportion to the Nominated Quantities for the Day in respect of the relevant DM Supply Points comprised in the Interruptible Supply Points.

## **8.11 Interruptible LDZ Capacity at LDZ CSEPs**

8.11.1 Subject to the applicable CSEP Network Exit Provisions and the provisions of any Ancillary Agreement relating to the CSEP:

- (a) a CSEP User or CSEP Users may designate a tranche or tranches of LDZ Capacity in relation to an LDZ CSEP as interruptible, subject to and in accordance with this paragraph 8.11;
- (b) the DN Operator may designate a tranche of LDZ Capacity in relation to a New Metered CSEP as Temporary Interruptible LDZ Capacity, subject to and in accordance with paragraph 8.13.

8.11.2 In this paragraph 8.11 references to an LDZ CSEP are to an LDZ System Point as referred to in Section A3.3.1 and not to any separate System Exit Point deemed (pursuant to CSEP Network Exit Provisions) to be comprised in such a System Point as provided in Section A3.3.5.

8.11.3 For the purposes of this paragraph 8.11, paragraphs 8.1 to 8.9 shall apply, subject to the further provisions of this paragraph 8.11, as if references in those paragraphs:

- (a) to an LDZ Supply Point were to an LDZ CSEP;
- (b) to a Supply Meter Point were to an Individual System Exit Point comprised in a CSEP;

- (c) to DM Supply Point Capacity were to LDZ Capacity;
- (d) to the Registered User of a Supply Point were to a CSEP User in relation to a CSEP;
- (e) to a User, in the context of an Interruptible Tranche, were to all of the Interruptible CSEP Users (in accordance with paragraph 8.11.5).

8.11.4 Paragraphs 8.1.5, 8.5, 8.6, 8.7.4(b), 8.8.4, 8.9.2(a) and 8.9.4 shall not apply for the purposes of this paragraph 8.11 (but without prejudice to any equivalent provisions of the CSEP Network Exit Provisions and/or any Ancillary Agreement).

8.11.5 For the purposes of this paragraph 8.11, in relation to each Interruptible Tranche of LDZ Capacity at an LDZ CSEP for an Interruptible Period:

- (a) the CSEP User(s) (“**Interruptible CSEP User(s)**”) associated with such Interruptible Tranche, and
- (b) the proportions (“**Interruptible CSEP Proportions**”, aggregating one (1)) in which the Interruptible CSEP User(s) have entitlements and liabilities in respect of such Interruptible Tranche

shall be determined in accordance with paragraphs 8.11.6 and 8.11.7.

8.11.6 An Interruption Offer in respect of a CSEP:

- (a) shall specify, in addition to the requirements (construed in accordance with paragraph 8.11.3) in paragraph 8.3.2, in respect of each Interruptible Tranche of LDZ Capacity, the identity of each Interruptible CSEP User and the Interruptible CSEP Proportions (aggregating one (1)) for such CSEP Users;
- (b) shall be submitted by or on behalf of all of the Interruptible CSEP Users.

8.11.7 The identity of the Interruptible CSEP User(s), and/or their respective Interruptible CSEP Proportions (aggregating one (1)), in respect of an Interruptible Tranche of LDZ Capacity at an LDZ CSEP, may be varied from time to time by a notice submitted to the DN Operator submitted by or on behalf of each CSEP User which (prior to such notice) is, or (pursuant to such notice) is to become, an Interruptible CSEP User.

8.11.8 There is no requirement under the Code that (and the DN Operator will not be concerned with whether) the Interruptible CSEP User(s) at an LDZ CSEP hold or continue to hold LDZ Capacity corresponding to their respective Interruptible CSEP Proportions of the Interruptible Tranches.

8.11.9 The amount in aggregate of the Interruptible Tranches at an LDZ CSEP shall not exceed the amount in aggregate of LDZ Capacity held by all of the Interruptible CSEP Users; and paragraph 8.1.6 shall apply on the basis of increases and decreases in the aggregate amounts of LDZ Capacity held by such Interruptible CSEP Users.

8.11.10 For the purposes of paragraphs 8.7.3 and 8.9.2 (as they apply for the purposes of this paragraph 8.11):

- (a) references to the Registered Supply Point Capacity shall be references to the aggregate LDZ Capacity held by all CSEP Users at a CSEP;
- (b) references to the Supply Point Offtake Rate shall be to the maximum aggregate

rate of offtake permitted in accordance with the CSEP Network Exit Provisions (as referred to in Section J3.9.2(a)).

8.11.11 The Interruptible CSEP Users shall be entitled to be paid the Interruption Option Price and the Interruption Exercise Price in relation to an Interruptible Tranche severally in their Interruptible CSEP Proportions.

8.11.12 Where on any Day there is a failure to Interrupt at an Interruptible CSEP, irrespective of the identity of the Interruptible CSEP Users in respect of each Interruptible Tranche and of such Users' UDQOs (pursuant to allocation under Section E3.2) for such Day:

- (a) the Interruptible Tranche(s) which the Interruptible CSEP Users are treated as having failed to Interrupt (“**failed tranches**”) shall be determined in accordance with paragraph 8.9.2(c)(iii) (construed in accordance with the foregoing provisions of this paragraph 8.11);
- (b) following the determination of such failed tranches, the formula in paragraph 8.9.2(b) shall be applied separately in respect of each such failed tranche (or failed portion), and Z2 shall be the overall interruption price of each such failed tranche;
- (c) in respect of each failed tranche, the Interruptible CSEP Users shall be liable for the amounts so determined severally in their Interruptible CSEP Proportions in respect of that Interruptible Tranche.

## **8.12 Temporary Interruptible Supply Point Capacity for New Supply Points**

8.12.1 The DN Operator may, if requested by the Proposing User, designate a New Supply Point as a Temporary Interruptible Supply Point subject to 8.12.2. Following the designation of the Temporary Interruptible Supply Point, the Supply Point Capacity at the Temporary Interruptible Supply Point will be designated as Temporary Interruptible Supply Point Capacity, subject always to paragraph 8.12.3. For the avoidance of doubt, any such request or designation shall not constitute an Interruptible Offer or Interruption Invitation.

8.12.2 A “**Temporary Interruptible Supply Point**” is a New Supply Point (other than an Existing Supply Point, a NTS System Entry Point or a NTS Exit Point) designated by the DN Operator and which meets the following requirements:

- (a) the Annual Quantity is greater than 5,860,000 kWh (200,000 therms); and
- (b) the New Supply Point is governed by a Siteworks Contract accepted by the Siteworks Applicant that specifically identifies the Siteworks required.

8.12.3 Following the designation of the Supply Point Capacity as “**Temporary Interruptible Supply Point Capacity**” by the DN Operator the following conditions shall apply at the Temporary Interruptible Supply Point:

- (a) the Supply Point is Class 1; and
- (b) the Daily Read Requirement applies; and
- (c) Section M6.6.1;
- (d) following Supply Point Registration of the Supply Meter Points comprised

within the Temporary Interruptible Supply Point, the DM Supply Point Capacity at the Temporary Interruptible Supply Point will be Interruptible and subject to Interruption in accordance with this paragraph 8;

- (e) the Interruptible Tranche at the Temporary Interruptible Supply Point shall be such tranche (in kWh/Day) of DM Supply Point Capacity as the DN Operator shall stipulate and in the absence of any express stipulation shall be the whole of such DM Supply Point Capacity;
- (f) in relation to the Interruptible Tranche at the Temporary Interruptible Supply Point:
  - (i) the Interruption Option Price shall be zero;
  - (ii) the Interruption Exercise Price shall be zero;
  - (iii) the Overall Interruption Price shall be zero;
  - (iv) the Interruption Allowance shall be such number of Days as the DN Operator shall stipulate;
  - (v) the Minimum Interruptible Amount shall be such amount (in kWh/Day) as the DN Operator shall stipulate and in the absence of any express stipulation shall be the total amount of Temporary Interruptible Supply Point Capacity from time to time in respect of that Temporary Interruptible Supply Point;
- (g) the DM Supply Point Capacity at the Temporary Interruptible Supply Point shall continue to be Interruptible for such period as the DN Operator shall stipulate; provided always that the DN Operator shall be entitled (at its sole discretion) to terminate the designation of such DM Supply Point Capacity as Temporary Interruptible Supply Point Capacity with effect from any time prior to the stated expiry date, in which case such DM Supply Point Capacity shall thereupon be automatically designated as Firm; and
- (h) the provisions of this paragraph 8 shall apply in relation to the Interruption of DM Supply Point Capacity at the Temporary Interruptible Supply Point, including (but without limitation) paragraph 8.9.

8.12.4 If at any time (being a time after both (a) the designation of the DM Supply Point Capacity at the Temporary Interruptible Supply Point as Temporary Interruptible Supply Point Capacity and (b) following Supply Point Registration of the Supply Meter Points comprised within the Temporary Interruptible Supply Point) the DN Operator issues an Interruption Invitation (whether an annual Interruption Invitation or an ad hoc Interruption Invitation) and the Temporary Interruptible Supply Point is in the Interruption Zone in respect of which that Interruption Invitation is issued:

- (a) the Proposing User shall be entitled to submit an Interruption Offer pursuant to that Interruption Invitation; and
- (b) if the DN Operator accepts any such Interruption Offer, the DM Supply Point Capacity at the Temporary Interruptible Supply Point shall automatically cease to be Temporary Interruptible Supply Point Capacity at the commencement of the earliest Interruptible Period to which the relevant Interruption Offer relates.

**8.13 Temporary Interruptible LDZ Capacity for LDZ CSEPs**

- 8.13.1 The DN Operator may, if requested by a Proposing CSEP User or Proposing CSEP Users, designate a New Metered CSEP as a Temporary Interruptible Metered CSEP, subject to 8.13.4. Following the designation of the Temporary Interruptible Metered CSEP, the LDZ Capacity at a Temporary Interruptible Metered CSEP will be designated as Temporary Interruptible LDZ Capacity, subject always to paragraph 8.13.5. For the avoidance of doubt, any such request or designation shall not constitute an Interruptible Offer or Interruption Invitation.
- 8.13.2 A **“New Metered CSEP”** is a proposed new Metered CSEP which, at the time of any request pursuant to paragraph 8.13.1 in respect of such new Metered CSEP, is not yet connected to the Total System (and includes a reference to such Metered CSEP after it has been so connected to the Total System);
- 8.13.3 A **“Proposing CSEP User”** is a User who wishes to apply for LDZ Capacity at a new Metered CSEP;
- 8.13.4 A **“Temporary Interruptible Metered CSEP”** is a New Metered CSEP which meeting the following requirements:
- (a) the Annual Quantity is greater than 5,860,000 kWh (200,000 therms); and
  - (b) the New Metered CSEP is governed by a Siteworks Contract accepted by the Siteworks Applicant that specifically identifies the Siteworks required.
- 8.13.5 Following the designation of the LDZ Capacity as Temporary Interruptible LDZ Capacity by the DN Operator the following conditions shall apply at the Temporary Interruptible Metered CSEP:
- (a) the Proposing CSEP User or Proposing CSEP Users shall comply with the applicable CSEP Network Exit Provisions and the provisions of any Ancillary Agreement (including, but without limitation as to the installation, operation and maintenance of metering equipment to measure the flow, volume, calorific value, pressure and temperature of gas offtaken from the Total System);
  - (b) the LDZ Capacity at all Individual System Exit Points comprised within the Temporary Interruptible Metered CSEP will be interruptible and subject to Interruption in accordance with this paragraph 8 (including, but without limitation paragraph 8.11);
  - (c) the Interruptible Tranche at the Temporary Interruptible Metered CSEP shall be such tranche (in kWh/Day) of LDZ Capacity applicable to that CSEP as the DN Operator shall stipulate and, in the absence of any express stipulation, shall be the whole of such LDZ Capacity;
  - (d) in relation to the Interruptible Tranche at the Temporary Interruptible Metered CSEP:
    - (i) the Interruption Option Price shall be zero;
    - (ii) the Interruption Exercise Price shall be zero;
    - (iii) the Overall Interruption Price shall be zero;

- (iv) the Interruption Allowance shall be such number of Days as the DN Operator shall stipulate;
- (v) the Minimum Interruptible Amount shall be such amount (in kWh/Day) as the DN Operator shall stipulate and in the absence of any express stipulation shall be the total LDZ Capacity from time to time in respect of the Temporary Interruptible Metered CSEP;
- (e) the LDZ Capacity at the Temporary Interruptible Metered CSEP shall continue to be Interruptible for such period as the DN Operator shall stipulate; provided always that the DN Operator shall be entitled (at its sole discretion) to terminate the designation of such LDZ Capacity as Temporary Interruptible LDZ Capacity at any time prior to the stated expiry date, in which case such LDZ Capacity shall thereupon automatically be designated as Firm; and
- (f) the provisions of this paragraph 8 (including paragraph 8.11 but except paragraphs 8.1.5, 8.5, 8.6, 8.7.4(b), 8.8.4, 8.9.2(a) and 8.9) shall apply in relation to the Temporary Interruptible Metered CSEP and the Interruption of LDZ Capacity at the Temporary Interruptible Metered CSEP.

8.13.6 If at any time (being a time after the designation of the LDZ Capacity at the Temporary Interruptible Metered CSEP as Temporary Interruptible LDZ Capacity) the DN Operator issues an Interruption Invitation (whether an annual Interruption Invitation or an ad hoc Interruption Invitation) and the Temporary Interruptible Metered CSEP is in the Interruption Zone in respect of which that Interruption Invitation is issued:

- (a) the relevant CSEP User or CSEP Users shall be entitled to submit an Interruption Offer pursuant to that Interruption Invitation; and
- (b) if the DN Operator accepts any such Interruption Offer, the LDZ Capacity at the Temporary Interruptible Metered CSEP shall automatically cease to be Temporary Interruptible LDZ Capacity at the commencement of the earliest Interruptible Period to which the relevant Interruption Offer relates.

#### **8.14 Interruptible CSEP Supply Point Capacity**

8.14.1 In this paragraph 8, references to Supply Points (and classes thereof) include CSEP Supply Points (and the corresponding classes thereof).

8.14.2 For the purposes of this paragraph 8, in relation to a CSEP Supply Point:

- (a) a reference to consumer, supplier, isolation or disconnection is to the consumer or supplier at or isolation or disconnection of the IGTS Supply Point;
- (b) a reference to consumption is to the consumption of gas offtaken from the IGT System at the IGTS Supply Point; and a reference to Consumer's Plant is to the plant and/or equipment in which gas so offtaken is consumed;
- (c) a reference to the offtake, or rate of offtake of gas from the Total System is to the offtake or rate of offtake from the IGT System at the IGTS Supply Point;
- (d) references to the feasibility of making gas available for offtake at a CSEP Supply Point shall be construed as though the CSEP Supply Point were a single Individual System Exit Point (but taking account of all other offtake of gas at the Unmetered Connected System Exit Point);

- (e) a reference to an LDZ shall include any IGT Systems directly-connected or indirectly-connected to the LDZ;
  - (f) a reference to a contract of supply is to a contract of supply of gas to the consumer at the IGTS Supply Point.
- 8.14.3 For the purposes of this paragraph 8, in relation to a CSEP Supply Point references to a Relevant CSS Request are to the equivalent things provided (pursuant to IGTAD Section E3.1) in the IGT Code; and references to a Proposed Supply Point shall be construed accordingly.
- 8.14.4 For the purposes of the Code, references to an Interruptible IGTS Supply Point are to an IGTS Supply Point for which the corresponding CSEP Supply Point is interruptible.
- 8.14.5 Paragraph 8.11 shall not apply to Unmetered Connected System Exit Points.

## 9 CONDITIONAL NTS CAPACITY CHARGE DISCOUNT

### 9.1 General

9.1.1 Where a User delivers gas to and offtakes gas from the NTS at (respectively) an Aggregate System Entry Point and NTS System Exit Point for which (in accordance with Section 5 of the NTS Transportation Charging Methodology) the CNCCD Eligibility Criteria are met, the User may elect that the CNCC Discount shall apply in respect of NTS Capacity Charges in respect of such NTS System Points, subject to and in accordance with this paragraph 9 (a “**CNCCD Election**”).

9.1.2 For the purposes of this paragraph 9:

- (a) the “**Straight Line Distance**” is the distance between an Aggregate System Entry Point and System Exit Point, determined as the least of the distances, on a straight-line basis, to the nearest 0.1 km, between:
  - (i) any of the Individual System Entry Points comprised in the Aggregate System Entry Point (on the basis of 'point of delivery' as provided in TPD Section I3.6.1); and
  - (ii) any of the Individual System Exit Points comprised in the System Exit Point (on the basis of 'point of offtake' as provided in TPD Section J3.7.1), or any point on the curtilage of the premises supplied by the System Exit Point,

using six-figure grid references determined (for such points) by National Gas Transmission which may be revised in accordance with paragraph 9.2.1(b)(ii);

- (b) where a User has made a CNCCD Election, the “**Nominated Entry Point**” and “**Nominated Exit Point**” are the Aggregate System Entry Point and NTS System Exit Point (respectively) for which the User has made such election.

### 9.2 Procedure

9.2.1 For the purposes of this paragraph 9, and (in relation to a Supply Point) subject to the provisions of TPD Section G:

- (a) a User may give notice to the CDSP of a proposed CNCCD Election,

nominating:

- (i) an Eligible Entry Point; and
  - (ii) an Eligible Exit Point (subject to paragraphs 9.2.3 and 9.2.4), being:
    - (1) a NTS Supply Point of which the User is (or will be) Registered User; or
    - (2) a NTS Connected System Exit Point of which the User is a CSEP User; or
    - (3) an Interconnection Point in respect of which the User is a User as provided in EID Section A2.4.2(b);
- (b) where a User gives notice of a proposed CNCCD Election:
- (i) the CDSP shall (within two (2) Supply Point Systems Business Days, except where a referral to National Gas Transmission is required as provided in paragraph (v)) respond to the User by notice:
    - (1) specifying the Straight Line Distance between the nominated Eligible Entry Point and Eligible Exit Point, and the six-figure grid references (as referred to in paragraph 9.1.2(a)) from which such distance is determined;
    - (2) stating, on that basis of that Straight Line Distance, whether the CNCCD Eligibility Criteria are met;
    - (3) if so, on that basis of that Straight Line Distance, specifying the amount of the CNCC Discount and the Discounted Applicable Daily Rates (for each point) in accordance with Section 5.4 of the NTS Transportation Charging Methodology;
    - (4) if the CNCCD Eligibility Criteria are not met or the proposed election is otherwise invalid, rejecting the proposed election;
  - (ii) if the User disputes the distance as determined by the CDSP, the User may resubmit its notice including an alternative six-figure grid reference for the Eligible Exit Point, together with supporting evidence, and the CDSP shall respond indicating whether National Gas Transmission accepts such alternative and providing the details (revised accordingly) in paragraph 9.2.1(b) above;
  - (iii) following the CDSP's response under paragraph (i) or (ii), and if the CNCCD Eligibility Criteria are met, the User may, by no later than six (6) months after the date of such response, confirm the CNCCD Election by notice to the CDSP specifying the date from which the CNCCD Election is effective which shall be not less than five (5) and not more than thirty (30) Supply Point Systems Business Days after the date of such confirmation;
  - (iv) where, with effect from the start of a new Gas Year starts within the six (6) month period referred to in paragraph (iii) and before the User has confirmed the CNCCD Election, the Discounted Applicable Daily Rates

change, the CDSP's response under paragraph (i) shall be deemed amended to provide for such changed rates (and the CDSP will not notify such change to the User prior to the User's confirmation under paragraph (iii));

- (v) the CDSP will refer to National Gas Transmission any dispute under paragraph (ii) and any other case in which the CDSP does not have information necessary for its response under paragraph (i);
- (c) a User may terminate a CNCCD Election by notice to the CDSP specifying the effective date of termination, which shall not be less than five (5) and not more than thirty (30) Supply Point System Business Days; provided that a User shall be deemed to have terminated a CNCCD Election where the Nominated Exit Point is a Supply Point and the User ceases to be the Registered User of the Supply Point;
- (d) notices between a User and the CDSP under this paragraph 9.2.1 shall be given:
  - (i) where the Eligible Exit Point is a NTS Supply Point, pursuant to Supply Point Nominations, Supply Point Offers, Supply Point Confirmations and Supply Point Amendments subject to and in accordance with TPD Section G; and
  - (ii) where the Eligible Exit Point is a Connected System Exit Point or an Interconnection Point, by Conventional Notice.

9.2.2 A CNCCD Election shall remain in force until it is terminated under paragraph 9.2.1(c).

9.2.3 Where a CNCCD Election in respect of a given Nominated Exit Point is terminated in accordance with paragraph 9.2.1(c) with effect within a Gas Year (Y), the User may not make a further CNCCD Election which is effective within Gas Year Y in respect of that Nominated Exit Point.

9.2.4 A User may not nominate an Eligible Exit Point as Nominated Exit Point under more than one CNCCD Election; but a User may nominate an Eligible Entry Point as Nominated Entry Point under more than one CNCCD Election (each for a different Nominated Exit Point).

### **9.3 Determination of charges payable**

9.3.1 Where a User has made a CNCCD Election, for each Day for which such election is in force, the User shall pay (subject to paragraph 9.3.9):

- (a) NTS Entry Capacity Charges at the Discounted Applicable Daily Rate in respect of the Eligible Entry Amount of Firm NTS Entry Capacity at the Nominated Entry Point;
- (b) NTS Exit Capacity Charges at the Discounted Applicable Daily Rate in respect of the Eligible Exit Amount of Firm NTS Exit (Flat) Capacity at the Nominated Exit Point.

9.3.2 The User shall pay Capacity Charges, at the Applicable Daily Rate without CNCC Discount in respect of:

- (a) the User's Registered Firm NTS Entry Capacity each Day in excess (on the

basis in paragraph 9.3.9 where applicable) of the Eligible Entry Amount (in aggregate for all of its CNCCD Elections for the Nominated Entry Point);

- (b) the User's Firm NTS Exit Capacity each Day in excess (on the basis in paragraph 9.3.9 where applicable) of the Eligible Exit Amount;
- (c) the User's Registered Interruptible NTS Entry Capacity and Interruptible NTS Exit Capacity.

9.3.3 In relation to a CNCCD Election, the “**Eligible Entry Amount**” for a Day is determined as the lesser of:

- (a) the Base Eligible Entry Amount; and
- (b) the amount calculated as:

$$\max \{0, (EEP * (ARC - ERH))\}$$

where

EEP is the Election Entry Proportion

ARC is the aggregate amount of the User's Registered Firm NTS Entry Capacity at the Nominated Entry Point for the Day

ERH is the User's Existing Registered Holding at the Nominated Entry Point.

9.3.4 In relation to a CNCCD Election, the “**Eligible Exit Amount**” for a Day is determined as the lesser of:

- (a) the Base Eligible Exit Amount; and
- (b) the aggregate amount of the User's Registered Firm NTS Exit (Flat) Capacity at the Nominated Exit Point for the Day.

9.3.5 The “**Base Eligible Entry Amount**” ( $BEA_{En}$ ) for the Nominated Entry Point for a CNCCD Election and a Day is calculated as follows:

$$BEA_{En} = \max \{0, (ADQ - (EEP * ERH))\}$$

where for that Day

ADQ is the Applicable Daily Quantity

EEP is the Election Entry Proportion

ERH is the User's Existing Registered Holding at the Nominated Entry Point

9.3.6 The “**Base Eligible Exit Amount**” for the Nominated Exit Point for a Day is the Applicable Daily Quantity.

9.3.7 The “**Applicable Daily Quantity**” ( $ADQ$ ) for a CNCCD Election and a Day is calculated as:

$$ADQ = \min (Cap_{En}, Cap_{Ex}, DQ_{En}, DQ_{Ex})$$

where for that Day

- (a)  $Cap_{En}$  is the Election Entry Proportion of the User's Fully-Adjusted Available Firm NTS Entry Capacity at the Nominated Entry Point;
- (b)  $Cap_{Ex}$  is the User's Fully-Adjusted Available Firm NTS Exit (Flat) Capacity at the Nominated Exit Point;
- (c)  $DQ_{En}$  is the Election Entry Proportion of the sum of the User's UDQIs for each System Entry Point within the Nominated Entry Point (aggregate UDQI, or "AUDQI");
- (d)  $DQ_{Ex}$  is the User's UDQO for the Nominated Exit Point.

9.3.8 The “**Election Entry Proportion**” for a CNCCD Election and a Day is:

- (a) subject to paragraph (b), one (1);
- (b) where the User has made more than one CNCCD Election in relation to the same Eligible Entry Point, for the purposes of each such election, the proportion determined as:

$$RQ_{Ex} / \Sigma RQ_{Ex}$$

where

$RQ_{Ex}$  is

- (i) for the purposes of paragraphs 9.3.3(b), 9.3.5 and 9.3.7(a), the User’s Fully Adjusted Available Firm NTS Exit Capacity at the Nominated Exit Point;
- (ii) for the purposes of paragraph 9.3.7(c), the User’s UDQO at the Nominated Exit Point;

$\Sigma$  is the sum over all of the User’s CNCCD Elections for the Nominated Entry Point.

9.3.9 Where for a Day the User holds:

- (a) Registered NTS Entry Capacity at the Nominated Entry Point, or
- (b) Registered NTS Exit (Flat) Capacity at the Nominated Exit Point

pursuant to more than one allocation of such NTS Capacity (but excluding Existing Registered Holding), and for which the Applicable Daily Rates of the NTS Entry Capacity Charge or (as the case may be) NTS Exit Capacity Charges are different:

- (i) the Eligible Entry Amount or (as the case may be) Eligible Exit Amount for the purposes of a CNCCD Election shall be deemed to comprise separate tranches of NTS Capacity pursuant to each such allocation, in the proportions of the User's Registered NTS Capacity pursuant to each such allocation;
- (ii) for the purposes of paragraph 9.3.1, the Discounted Applicable Daily Rate shall be determined and shall apply separately in respect of each such

9.3.10 Capacity Charges levied at the Discounted Reserve Price will be invoiced and payable in accordance with UNC TPD Section S.

**ANNEX B-1**  
**NTS EXIT CAPACITY**  
**INVITATION, APPLICATION AND ALLOCATION**

**1 Introduction**

- 1.1 This Annex B-1 contains provisions, applying in respect of different classes of NTS Exit Capacity (other than Enduring Annual NTS Exit Capacity), in respect of:
- (a) annual capacity notifications;
  - (b) invitations to Users to make capacity bids or capacity offers;
  - (c) information to be specified by a User when submitting capacity bids, capacity offers, or capacity applications; and
  - (d) allocation by National Gas Transmission of NTS Exit (Flat) Capacity following the submission of capacity bids, capacity offers or capacity application by Users.
- 1.2 This Annex B-1 also contains provisions in respect of the information to be published by National Gas Transmission following an allocation of NTS Exit (Flat) Capacity pursuant to a capacity application or invitation in accordance with Section B3.
- 1.3 The provisions of this Annex B-1 apply, subject to and in accordance with the relevant provisions of Section B3, in relation to each case in which (and each occasion on which) National Gas Transmission:
- (a) notifies Users they are entitled to make capacity applications;
  - (b) invites Users, or Users are entitled (without specific invitation), to make capacity bids or capacity offers;
- 1.4 References in this Annex B-1 to the allocation of NTS Exit (Flat) Capacity include (where applicable) the acceptance of the surrender of NTS Exit (Flat) Capacity following submission of capacity offers.
- 1.5 For the purposes of this Annex B-1 and Section B3:
- (a) a "**capacity bid**" or "**bid**" is a bid for NTS Exit (Flat) Capacity;
  - (b) a "**capacity application**" is an application (and not a bid) for NTS Exit (Flat) Capacity made in response to an annual capacity notification;
  - (c) a "**capacity offer**" or "**offer**" is an offer to surrender NTS Exit (Flat) Capacity;
  - (d) references to a "**capacity invitation**" is where (pursuant to Section B3.5, 3.6 and 3.11) Users are entitled to submit bids or offers without the issue of such a specific invitation;
  - (e) an "**annual capacity notification**" is the notification made each Gas Year pursuant to Section B3.4 by National Gas Transmission informing Users they

may make capacity applications for Annual NTS (Flat) Exit Capacity;

- (f) a "**daily**" invitation, bid or offer is an invitation, bid or offer in respect of Daily NTS Exit (Flat) Capacity;
- (g) an "**invitation date**" is a day (determined by National Gas Transmission subject to and in accordance with Section B3.5, 3.6 and 3.11 and this Annex B-1) on which Users may make capacity bids or capacity offers pursuant to a capacity invitation;
- (h) a "**capacity period**" is the period (a Gas Year or Gas Years or a Day) in respect of which a capacity invitation or annual capacity notification is made.

1.6 References to:

- (a) a capacity invitation are to a capacity invitation pursuant to a particular provision of Section B3, for capacity bids or capacity offers in respect of a particular class of Daily NTS Exit (Flat) Capacity in relation to a particular capacity period and a particular capacity allocation or selection period);
- (b) an annual capacity notification is to a notification for capacity applications pursuant to Section B3.4 in relation to a particular capacity period;

and for a particular NTS Exit Point.

1.7 A User agrees, by submitting:

- (a) a capacity bid, to pay (by way of NTS Exit (Flat) Capacity Charges) the bid price for the capacity period in respect of the NTS Exit (Flat) Capacity allocated in respect of such bid in accordance with this Annex B-1;
- (b) a capacity offer, to surrender in exchange for payment of the offer price the NTS Exit (Flat) Capacity selected in respect of such offer in accordance with this Annex B-1;
- (c) a capacity application to pay the price set out in National Gas Transmission's Transportation Statement prevailing in the Gas Year preceding the capacity period in respect of which the Annual NTS Exit (Flat) Capacity is to be held.

## 2 **Invitations and notifications**

2.1 In accordance with Section B3:

- (a) National Gas Transmission will each Gas Year issue an annual capacity notification to Users not later than twenty eight (28) days before the commencement of the Annual Application Window;
- (b) in relation to any daily capacity invitation in respect of NTS Exit (Flat) Capacity, Users are entitled to submit bids or offers without the issue of a specific invitation by National Gas Transmission (but the relevant provision of Section B3 determines whether or not there is any exit capacity allocation period or capacity selection period);

2.2 Where in accordance with paragraph 2.1(a) National Gas Transmission is required to issue an annual capacity notification, the notification shall specify:

- (a) the Gas Years in respect of which the annual capacity notification relates;
- (b) for each Gas Year, the Remaining Available NTS Exit (Flat) Capacity

for each NTS Exit Point to which the capacity notification relates.

2.3 In relation to any daily capacity invitation, National Gas Transmission will carry out the allocation process provided for in paragraph 4 on one or more occasions, on the Day and/or the Preceding Day, subject to and as provided in the relevant provision of Section B3, on each such occasion:

- (a) in relation to capacity bids within a period not exceeding thirty (30) minutes, such period being an "**exit capacity allocation period**"; and
- (b) in relation to capacity offers within a period not exceeding sixty (60) minutes, such period being a "**capacity selection period**".

2.4 In relation to any capacity invitation the reserve price for any Day in a Gas Year will be set out in, or otherwise established in accordance with, National Gas Transmission's Transportation Statement.

### **3 Capacity bids, capacity offers and capacity applications**

3.1 When submitting a capacity bid, a capacity offer or a capacity application a User shall specify:

- (a) the identity of the User;
- (b) whether the User is making a capacity bid, capacity offer or a capacity application;
- (c) the class of NTS Exit Capacity subject to the bid, offer or a capacity application;
- (d) the NTS Exit Point in respect of which the bid or offer is made;
- (e) in the case of:
  - (i) an annual capacity application, the Gas Year or Gas Years,
  - (ii) a daily capacity bid or capacity offer, the Day in respect of which the bid, offer or capacity application is made;
- (f) the amount (being not less than the minimum eligible amount and not more than the maximum eligible amount for that User) of NTS Exit (Flat) Capacity subject to the capacity bid, capacity offer or capacity application;
- (g) the minimum amount (being not less than the minimum eligible amount) of NTS Exit (Flat) Capacity the User is willing to be allocated;
- (h) in the case of a capacity bid, the amount ("**bid price**") in pence/kWh/Day, which shall not be less than the applicable reserve price nor more than the maximum eligible price for that User, which the User is willing to pay by way of NTS Exit (Flat) Capacity Charges in respect of the NTS Exit (Flat) Capacity

applied for;

- (i) in the case of a capacity offer, the amount ("**offer price**") in pence/kWh/Day, which the User wishes to be paid in respect of the surrender of Daily NTS Exit (Flat) Capacity (which amount may be negative);
- (j) in the case of a capacity bid or capacity offer for Daily NTS Exit (Flat) Capacity, whether it is a fixed or reducing bid or offer.

3.2 A User may submit:

- (a) a capacity application in relation to an annual capacity notification during the Annual Application Window;
- (b) a capacity bid or capacity offer in relation to a daily capacity invitation (in relation to Day D):
  - (i) for NTS Exit (Flat) Capacity at any time from 05:00 hours on Day D-7 until:
    - (1) 02:00 hours on Day D for capacity bids;
    - (2) 01:00 hours on Day D for capacity offers;
  - (ii) for Off-peak Daily NTS Exit (Flat) Capacity at any time from 05:00 hours on Day D-7 until 14:00 hours on D-1

(provided that bids or offers submitted after the commencement of an exit capacity allocation period or capacity selection period will not participate in the relevant allocation).

3.3 In relation to:

- (a) an annual capacity notification, the capacity period and NTS Exit Point, a User may have, at any one time, no more than one (1) capacity application capable of acceptance by National Gas Transmission;
- (b) a capacity invitation, the capacity period and NTS Exit Point, a User may have, at any one time, up to but no more than ten (10) capacity bids or capacity offers capable of acceptance by National Gas Transmission.

3.4 A User may withdraw or modify:

- (a) a capacity application, at any time before the expiry of the Annual Application Window;
- (b) a daily capacity bid or capacity offer for Firm Daily NTS Exit (Flat) Capacity, at any time (at which such bid or offer has not been accepted) other than during an exit capacity allocation period or (as the case may be) capacity selection period; and where a User seeks to withdraw or modify a bid or offer during such a period, National Gas Transmission will notify the User that a capacity allocation period or capacity selection period is current and National Gas Transmission may, subject to paragraph 3.5, accept such capacity bid or capacity offer;

- (c) a daily capacity bid for Off-peak Daily NTS Exit (Flat) Capacity at any time up to but not after 14:00 hours on the Day preceding the relevant date.
- 3.5 In the case of a daily capacity bid or capacity offer which is a reducing bid or offer, a User may withdraw (but may not modify) such bid or offer after the hour bar next following the earliest effective time of the bid or offer.
- 3.6 National Gas Transmission may reject any capacity bid, capacity offer or capacity application:
- (a) in the case of a capacity bid where the bid price is less than the relevant reserve price;
  - (b) where any of the applicable requirements of paragraphs 3.1, 3.2 and 3.3 is not complied with;
  - (c) where any of the applicable requirements of Section B3 is not complied with;
  - (d) in accordance with Section V3; or
  - (e) in the case of a daily capacity offer, in accordance with paragraph 3.10.
- 3.7 For the purposes of this Annex B-1, in relation to a daily capacity bid or daily capacity offer in relation to Daily NTS Exit (Flat) Capacity:
- (a) where such daily capacity bid or offer is specified to be:
    - (i) a **"fixed"** bid or offer, the amount of Daily NTS Exit (Flat) Capacity bid for or offered does not depend on the time (within the Day) with effect from which capacity is to be allocated in respect of the bid or offer;
    - (ii) a **"reducing"** bid or offer, the amount of Daily NTS Exit (Flat) Capacity bid for or offered, in relation to any allocation period or selection period, shall be determined as:
 
$$\text{DNEC} * \text{AH} / \text{EH}$$
  - (b) such daily capacity bid or offer is **"available"** in relation to a capacity allocation or selection period where:
    - (i) such bid or offer was submitted and not withdrawn prior to the start of such capacity allocation or selection period;
    - (ii) if the allocation effective time is later than 05:00 hours on the Gas Flow Day, the implied capacity rate is less than or equal to the available capacity rate; and
    - (iii) such bid or offer was not allocated or selected in any earlier capacity allocation or selection period;
  - (c) the **"earliest effective time"** is the later of:
    - (i) 05:00 hours on the Day; and

(ii) the first hour bar which falls more than sixty (60) minutes after the capacity bid or offer was submitted;

(d) in relation to a capacity allocation or selection period:

(i) the "**allocation effective time**" is the time with effect from which Daily NTS Exit (Flat) Capacity is to be allocated pursuant to the acceptance of bids or offers during such capacity allocation or selection period, being the first hour bar which falls more than sixty (60) minutes after the start of the capacity allocation or selection period;

(ii) the "**available capacity rate**" is the rate (in kWh/hour) calculated as:

$$RA / AH$$

(iii) the "**implied capacity rate**" is the rate (in kWh/hour) calculated:

(1) in relation to a fixed bid or offer, as:

$$DNEC / AH$$

(2) in relation to a reducing bid or offer, as:

$$DNEC / EH$$

(e) for the purposes of this paragraph 3.9:

**DNEC** is the amount of Daily NTS Exit (Flat) Capacity specified in the bid or offer as submitted;

**EH** is the number of hours from the earliest effective time of such bid or offer until the end of the Day if the bid or offer were to be accepted:

**AH** is the number of hours from the allocation effective time until the end of the Day if the bid or offer were to be accepted;

**RA** is the relevant amount (as defined in paragraph 4.1(b)) of Daily NTS Exit (Flat) Capacity if the bid or offer were to be accepted;

(f) a daily capacity bid or daily capacity offer which is accepted in a capacity allocation or selection period shall be extinguished and no longer be available for the purposes of subsequent acceptance pursuant to paragraph 4.

3.8 Where the offer price in respect of a daily capacity offer is greater than 0.52pence/kWh/day National Gas Transmission shall (in accordance with Special Condition 5.5 of its Transporter's Licence) reject the offer where it is made in response to a requirement (in accordance with Section B3.3.5 and 3.3.6) that National Gas Transmission take an Exit Constraint Management Action.

#### 4 Allocation

4.1 For the purposes of this paragraph 4:

(a) references to NTS Exit (Flat) Capacity or the relevant NTS Exit (Flat) Capacity

shall be construed in accordance with paragraph 1.6;

- (b) in relation to a capacity invitation or annual capacity notification, the **"relevant"** amount of NTS Exit (Flat) Capacity is the amount of NTS Exit (Flat) Capacity subject to such capacity invitation or annual capacity notification (that is, available for allocation or required for selection), determined in accordance with the applicable provision of Section B3;
- (c) references to the allocation of NTS Exit (Flat) Capacity are references:
  - (i) in relation to capacity bids or capacity applications, to the allocation of amounts of NTS Exit (Flat) Capacity to Users pursuant to requests for capacity comprised in such capacity bids or capacity applications;
  - (ii) in relation to capacity offers, to the selection of amounts of NTS Exit (Flat) Capacity for surrender by Users pursuant to the offers of surrender comprised in such capacity offers;
- (d) **"eligible"** capacity bids, capacity offers or capacity applications are bids, offers or applications which were not rejected pursuant to paragraph 3.6 and (in the case of daily bids or offers) are available pursuant to paragraph 3.7(b).

4.2 In relation to each capacity invitation, NTS Exit (Flat) Capacity will be allocated pursuant to the capacity bids or capacity offers submitted as follows:

- (a) all eligible capacity bids or capacity offers submitted will be ranked in order of bid price (the highest priced ranking first) or as the case may be offer price (the lowest priced ranking first);
- (b) NTS Exit (Flat) Capacity will be allocated:
  - (i) to capacity bids in descending order, allocating NTS Exit (Flat) Capacity to the capacity bid with the highest bid price first; or
  - (ii) to capacity offers in ascending order, allocating NTS Exit (Flat) Capacity to the capacity offer with the lowest offer price first;

until such time as the amount of NTS Exit (Flat) Capacity allocated in aggregate is equal to the relevant amount of NTS Exit (Flat) Capacity or there are no further bids or offers to satisfy;

- (c) subject to paragraphs (d), (e) and (f), where the amount of relevant NTS Exit (Flat) Capacity applied for or offered under a capacity bid or offer exceeds the amount (the **"remaining unallocated amount"**) of the amount of NTS Exit (Flat) Capacity remaining unallocated after allocation to higher priced bids or lower priced offers, the User will be allocated an amount equal to the remaining unallocated amount;
- (d) subject to paragraphs (e) and (f), where each of two or more bids or offers (**"equal priced"** bids or offers) specifies the same bid price or offer price, and the amount of NTS Exit (Flat) Capacity bid or offered in aggregate under such bids or offers exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the amounts applied for or offered in each such bid or offer;

- (e) where the amount to be allocated in respect of a bid or offer pursuant to paragraph (c) or (d) would be less than the minimum amount specified in the capacity bid or capacity offer, the bid or offer will be disregarded (and of no effect), and an allocation made in respect of the next priced bid(s) or offer(s) or (as the case may be) a revised allocation will be made to or between remaining equal priced bid(s) or offer(s) under paragraph (d); and
- (f) where the amount to be allocated in respect of any capacity bid or capacity offer would be less than the minimum eligible amount, no allocation shall be made to that bid or offer (and no further allocation shall be made).

4.3 In relation to an annual capacity notification, NTS Exit (Flat) Capacity will be allocated pursuant to eligible capacity applications submitted as follows:

- (a) subject to paragraph (b), where the aggregate amount of NTS Exit (Flat) Capacity applied for exceeds the Remaining Available NTS Exit (Flat) Capacity, the Remaining Available NTS Exit (Flat) Capacity plus such additional Annual NTS Exit (Flat) Capacity released by National Gas Transmission in accordance with Section B3.4.2(c), shall be allocated to capacity pro rata the amounts applied for;
- (b) where the amount to be allocated in respect of a capacity application pursuant to paragraph (a) would be less than:
  - (i) the minimum amount specified in the capacity application; or
  - (ii) the minimum eligible amount

the capacity allocation will be disregarded (and of no effect) and an allocation made in respect of the remaining capacity applications.

4.4 Capacity bids and capacity offers will be accepted as to the amounts of NTS Exit (Flat) Capacity allocated to such bids and offers in accordance with paragraph 4.2 and capacity applications will be accepted as to the amounts of NTS Exit (Flat) Capacity allocated to such capacity applications in accordance with paragraph 4.3.

4.5 In relation to each capacity invitation or annual capacity notification, National Gas Transmission will inform each User which of its capacity bids, capacity offers or capacity applications were accepted, and for what amounts of NTS Exit (Flat) Capacity:

- (a) in the case of an annual capacity notification, not later than ten (10) Business Days after the end of the Annual Application Window;
- (b) in the case of a daily capacity invitation, not later than one (1) hour after the capacity allocation or selection period in which such bids and offers were accepted.

## **5 Post allocation information**

5.1 Following each:

- (a) capacity invitation, National Gas Transmission will publish information, by the time specified (in respect of such invitation) in Table B-1 below, as follows:

- (i) the class of NTS Exit Capacity and capacity period(s) to which the invitation related;
  - (ii) the invitation date (in the case of an annual invitation);
  - (iii) the start time or times of the capacity allocation or selection period(s), in the case of a daily invitation; and
  - (iv) in respect of each NTS Exit Point, each capacity period subject to such invitation, each invitation date and each capacity allocation or selection period (in the case of a daily invitation), the information specified (in respect of such capacity invitation) in Table B-1 below;
- (b) annual capacity notification, National Gas Transmission will publish information, by the time specified (in respect of such notification) in Table B-1 below, as follows:
- (i) the capacity period(s) to which the annual capacity notification related;
  - (ii) in respect of each NTS Exit Point, each capacity period and each capacity allocation, the information specified (in respect of such annual capacity notification) in Table B-1 below;

5.2 The categories of information referred to in Table B-1 are as follows:

- (a) total bid/offer volume: the aggregate amount of NTS Exit (Flat) Capacity subject to bids, offers or applications received pursuant to the invitation or annual capacity notification;
- (b) total successful bid/offer volume: the aggregate amount of NTS Exit (Flat) Capacity allocated to bids, offers or applications which were accepted pursuant to the invitation or annual capacity notification;
- (c) highest successful bid/offer: the highest bid price or offer price of any accepted bid or offer, and the amount of NTS Exit (Flat) Capacity for which such bid or offer was accepted;
- (d) lowest successful bid/offer: the lowest bid price or offer price of any accepted bid or offer, and the amount of NTS Exit (Flat) Capacity for which such bid or offer was accepted;
- (e) total number of Users: the number of Users who submitted capacity bids, capacity offers or capacity applications;
- (f) total number of successful Users: the number of Users whose submitted capacity bids, capacity offers or capacity applications which were accepted;
- (g) unsold capacity: the amount of Remaining Available NTS Exit (Flat) Capacity (of the relevant class) following the allocation of NTS Exit (Flat) Capacity pursuant to the invitation or notification;
- (h) weighted average bid/offer price: the weighted average price of accepted bids or offers accepted, calculated in accordance with the formula in paragraph 5.3;

- (i) incremental quantity allocated: the amount of NTS Exit (Flat) Capacity allocated above the Baseline NTS Exit (Flat) Capacity; and
- (j) reductions: the aggregate amount of Enduring Annual NTS Exit (Flat) Capacity in respect of which Users gave notices of reduction in accordance with Section B3.2.13 and the aggregate amount of Enduring Annual NTS Exit (Flat) Capacity which Users ceased to be registered as holding in accordance with Section B3.2.18.

5.3 For the purposes of paragraph 5.2(h) the "**weighted average price**" in relation to any capacity invitation is calculated as:

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

where:

i represents each capacity bid or capacity offer accepted;

n represents the number of capacity bids or capacity offers accepted;

and where in relation to each accepted capacity bid or capacity offer (i):

Q<sub>i</sub> is the amount of NTS Exit (Flat) Capacity allocated to each successful capacity bid or capacity offer; and

P is the bid price or offer price.

**TABLE B-1: INFORMATION TO BE PUBLISHED IN RESPECT OF CAPACITY INVITATIONS AND APPLICATIONS**

Type of capacity invitation/ invitation date/notification	Time information to be published following allocation	Total bid/offer/application volume	Total successful bid/offer/application volume	Highest successful bid/offer (price and volume)	Lowest successful bid/offer (price and volume)	Total number of Users who submitted bid/offer or application	Total number of successful Users who submitted bid/offer or application	Unsold capacity	Weighted average bid/offer price	Incremental quantity allocated	Reductions
Enduring Annual NTS Exit (Flat) Capacity - July	Within 24 hours	Y	Y	N	N	Y	Y	N	N	Y	Y
Enduring Annual NTS Exit (Flat) Capacity – October to June	Within 10 days	N	N	N	N	N	N	N	N	Y	N
Annual NTS Exit (Flat) Capacity - July	Within 24 hours	Y	Y	N	N	Y	Y	Y	N	N	N
Daily NTS Exit (Flat) Capacity	Within 1 hour	N	Y	Y	Y	Y	Y	Y	Y	N	N
Daily Off-peak NTS Exit (Flat) Capacity	Within 1 Hour	Y	Y	Y	Y	Y	Y	N	Y	N	N
Capacity Surrender and Offtake Reduction Invitations	Within 1 hour	N	Y	Y	N	N	N	N	N	N	N



**ANNEX B-2****OFFTAKE REDUCTION****1 Offtake Reduction Invitations**

1.1 Where, in relation to an NTS Exit Constraint, National Gas Transmission wishes to reduce the quantities of gas offtaken by Users at an NTS Exit Point in any period during a Day, National Gas Transmission may invite offers (“**offtake reduction offers**”) from Users to reduce the offtake of gas at such NTS Exit Point, by issuing notice (“**offtake reduction invitation**”) of such invitation in accordance with paragraph 1.2.

1.2 An offtake reduction invitation shall specify:

- (a) the Day to which the invitation applies;
- (b) the NTS Exit Point to which the invitation applies;
- (c) the quantity (“**required reduction quantity**”, in kWh) for which offtake reduction offers are invited;
- (d) the period (“**offtake reduction period**”) within which Users will be required to reduce the offtake of gas, defined by the times (each an exact hour) at which such period starts (which will not be earlier than two hours after the issue of the offtake reduction invitation) and ends;
- (e) the time (“**offer submission deadline**”), being not less than fifteen (15) minutes after the issue of the offtake reduction invitation or sixty (60) minutes before the start of the offtake reduction period, by which offtake reduction offers may be submitted.

1.3 An offtake reduction invitation may be issued earlier than the start of the Day to which it relates.

**2 Offtake reduction offers**

2.1 Where National Gas Transmission has issued an offtake reduction invitation for any Day in relation to a NTS Exit Point, Users may submit offtake reduction offers in accordance with paragraph 2.2.

2.2 An offtake reduction offer:

- (a) shall be submitted no later than the offer submission deadline;
- (b) shall specify:
  - (i) the identity of the User;
  - (ii) the offtake reduction invitation and the NTS Exit Point in respect of which the offer is made;
  - (iii) the quantity of gas (“**offered reduction quantity**”), not being less than the minimum eligible amount, subject to the offer;

- (iv) the minimum quantity for which the User is willing to have the offer accepted;
  - (v) the amount (“**offer price**”) in pence/kWh which the User wishes to be paid in respect of the offered reduction in offtake.
- 2.3 In relation to any offtake reduction invitation, a User may submit up to but no more than ten (10) offtake reduction offers.
- 2.4 An offtake reduction offer may be withdrawn or modified up to, but not after, the offer submission deadline.
- 2.5 National Gas Transmission may reject any offtake reduction offer where any of the requirements of paragraph 2.2 and 2.3 is not met, in accordance with the System Management Principles or where in National Gas Transmission's opinion the NTS Exit Constraint will not be relieved (in whole or in part) by acceptance of the offtake reduction offer.

### 3 Selection

- 3.1 In relation to any offtake reduction invitation, National Gas Transmission will select offtake reduction offers for acceptance (and allocate the required reduction quantity to such offers) as follows:
- (a) all offtake reduction offers submitted will be ranked in order of offer price (the lowest priced ranking first);
  - (b) offtake reduction offers will be selected for acceptance in ascending order, selecting the offer with the lowest offer price first, until such time as the offered reduction quantities for which offers have been selected in aggregate is equal to the required reduction quantity or there are no further offers to satisfy;
  - (c) subject to paragraphs (d), (e) and (f), where the offered reduction quantity under an offtake reduction offer exceeds the amount (the "**remaining unallocated amount**") of the required reduction quantity remaining unallocated after the selection of lower priced offers, the offer will be selected as to a quantity equal to the remaining unallocated amount;
  - (d) subject to paragraphs (e) and (f), where each of two or more offers ("**equal priced**" offers) specifies the same offer price, and the offered reduction quantities in aggregate under such offers exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the offered reduction quantities in each such offer; and
  - (e) where the amount to be allocated in respect of an offtake reduction offer pursuant to paragraph (c) or (d) would be less than the minimum amount specified in the offer, the offer will be disregarded (and of no effect), and next priced offer(s) selected, or (as the case may be) a revised allocation will be made to or between remaining equal priced offer(s) under paragraph (d);
  - (f) where the amount to be allocated in respect of any offtake reduction offer would be less than the minimum eligible amount, no allocation shall be made to that offer (and no further allocation shall be made).
- 3.2 Offtake reduction offers selected in accordance with paragraph 3.1 will be accepted by

National Gas Transmission.

- 3.3 Offtake reduction offers shall lapse to the extent not accepted pursuant to paragraph 3.2.
- 3.4 National Gas Transmission will, not less than sixty (60) minutes before the start of the offtake reduction period, inform each User which of its offtake reduction offers were accepted, and for what quantities.

#### **4 Submission of Revised OPNs**

- 4.1 Where an offtake reduction offer in relation to an NTS Exit Point in respect of a Day is accepted the User shall, not less than thirty (30) minutes before the start of the offtake reduction period, submit revised OPN(s) in respect of the NTS Exit Point such that the requirement in paragraph 4.2 is satisfied.
- 4.2 The requirement in paragraph 4.1 is that the Offtake Reduction Period Quantity under the OPN(s) prevailing at the time of issue of the offtake reduction invitation exceeds the Offtake Reduction Period Quantity under the revised OPN(s) submitted in respect of the offtake reduction period by not less than the quantity for which the offtake reduction offer was accepted.
- 4.3 For the purposes of paragraph 4.2 the “**Offtake Reduction Period Quantity**” means the quantity of gas notified in the User's OPN(s) as being offtaken by the User from the NTS Exit Point during the offtake reduction period.
- 4.4 If a User fails to submit revised OPNs in compliance with paragraph 4.1 the offer price under the offtake reduction offer shall be deemed to be zero (and accordingly National Gas Transmission shall not be required to make payment to the User in respect of the accepted offer).

#### **5 Information**

Following each offtake reduction invitation in relation to a Day, National Gas Transmission will publish information as follows not later than sixty (60) minutes after acceptance of any offtake reduction offer:

- (a) the NTS Exit Point and the Day to which the invitation related;
- (b) the aggregate quantity for which offtake reduction offers were accepted; and
- (c) the highest offer price for which any offtake reduction offer was accepted.



**ANNEX B-3****DM SUPPLY POINT CAPACITY AND OFFTAKE RATE****1 Introduction**

- 1.1 Except for paragraph 10, this Annex B-3 applies only in respect of LDZ DM Supply Points and nothing in this Annex B-3 shall apply in respect of NTS Supply Points.
- 1.2 The Supply Point Capacity which a User is registered as holding at a DM Supply Point shall be subject to minimum and maximum requirements in accordance with this Annex B-3.
- 1.3 In this Annex B-3 “**Registration Nomination**” and “**Registration Response**” means respectively:
- (a) in relation to a CSS Supply Point, a Detailed Registration Nomination and a Detail Registration Response
  - (b) in relation to a Non-CSS Supply Point, a Supply Point Nomination and a Supply Point Offer.

**2 Minimum capacity requirements**

- 2.1 Subject to paragraph 2.4 a Registered DM Supply Point Capacity at a DM Supply Point:
- (a) shall not at any time be less than the highest Supply Meter Point Daily Quantity for any prior Gas Day in the current Gas Year (the “**Current Year Minimum Supply Point Capacity**”); and
  - (b) except within the Capacity Reduction Period or in accordance with Section G5.4.5(b) or 6.8.3, shall not upon the Supply Point Registration Date be less than, or thereafter be reduced below, the Prevailing Supply Point Capacity.
- 2.2 For the purposes of the Code “**Capacity Reduction Period**” means the months of October, November, December and January in any Gas Year.
- 2.3 At any time in the Gas Year:
- (a) the “**Preceding Year Maximum Capacity**” shall mean the amount which is the highest User SPDQ for any Day in the Preceding Year, but not exceeding the Maximum Supply Point Capacity, provided always that in respect of a DM Supply Point which is not a Seasonal Large Supply Point, the User SPDQ for each Day in the months of June to September inclusive shall be disregarded;
  - (b) until the Gas Year which commences next after the first month of June which falls after the First Supply Point Registration Date there shall be no Preceding Year Maximum Capacity for a Supply Point which comprises New Supply Meter Point, and any Supply Meter Point which has become comprised in a DM Supply Point or a Supply Meter Point which has become a Class 1 or 2 Supply Meter Point; and

- (c) subject to paragraph 3.1, the **“Prevailing”** Supply Point Capacity in respect of a DM Supply Point or Proposed DM Supply Point is the Supply Point Capacity for the time being held by the Registered User or (as the case may be) the Existing Registered User.

2.4 Where:

- (a) one Sharing Registered User at a Shared Supply Meter Point applies to increase its Registered Supply Point Capacity at the Supply Point which comprises such Supply Meter Point; and
- (b) another Sharing Registered User applies to reduce its Registered Supply Point Capacity at the Supply Point with effect from the same date as, and by an amount which does not exceed the amount of the increase applied for under paragraph (a)

then paragraph 2.1 shall not apply in respect of the application for the reduction in Supply Point Capacity under paragraph (b).

**3 Review of Prevailing Supply Point Capacity**

3.1 At any time after submitting a Registration Nomination in respect of a Proposed Supply Point:

- (a) the Proposing User may before submitting a Base Registration Nomination or Supply Point Confirmation notify the CDSP that the User considers that the circumstances in paragraph 3.2 apply;
- (b) where a User so notifies the CDSP:
  - (i) the User shall at the same time provide to the CDSP details of the User's reasons for its view and of the Supply Point Capacity which the User considers should be the Prevailing Supply Point Capacity, and evidence thereof, which the CDSP shall provide to the Transporter;
  - (ii) the Transporter will consider the details and evidence provided by the User, and where it is reasonably satisfied that the circumstances in paragraph 3.2 do apply, will (after consultation with the User) notify the CDSP, who shall notify the User of a reduced Supply Point Capacity; and
  - (iii) if the User submits a further Detail Registration Nomination or a Supply Point Nomination in respect of the Proposed Supply Point, the reduced Supply Point Capacity under paragraph (ii) will be the Prevailing Supply Point Capacity for the purposes of the application of Section G5.4.4 in respect of any further Detail Registration Nomination or Section G6.8.3 in respect of any Supply Point Confirmation submitted by the Proposing User; and
- (c) where in the meantime the User has become the Registered User of the Proposed Supply Point, the User may by submitting a Supply Point Amendment (or for a Non-CSS Supply Point a Supply Point Reconfirmation) reduce (consistently with such reduced Prevailing Supply Point Capacity) the Supply Point Capacity which it holds at the DM Supply Point, and (where the Supply Point Amendment (or Supply Point Reconfirmation) is effective) any

Transportation Charges already invoiced and/or paid will be redetermined (but subject to paragraph 3.4) on the basis that the reduced Supply Point Capacity was held with effect from the Supply Point Registration Date and appropriate invoicing adjustments made in accordance with Section S.

- 3.2 The circumstances referred to in paragraph 3.1 are that:
- (a) in applying for, or for an increase in, Supply Point Capacity, or in failing (in the Capacity Reduction Period) to apply for a reduction in Supply Point Capacity, an Existing Registered User acted either:
    - (i) in bad faith, in anticipation of or in consequence of the Proposing User's (or any other User's) Proposed Supply Point Registration; or
    - (ii) in good faith but in a manner which cannot reasonably be considered to have been commercially prudent for the Existing Registered User in the circumstances applicable to the Existing Registered User at the time; and
  - (b) as a result, the Prevailing Supply Point Capacity is substantially higher than necessary.
- 3.3 For the purposes of paragraph 3.2:
- (a) the circumstances therein described do not include a change, since the application by the Existing Registered User for Supply Point Capacity or (as the case may be) an increase therein or the Capacity Reduction Period, in the nature or extent of the consumer's requirements for the supply of gas;
  - (b) where the consumer's consumption of gas is weather-dependent, it shall not be considered commercially imprudent for the Existing Registered User to have held Supply Point Capacity equal to 1-in-20 peak day demand.
- 3.4 For the purposes of paragraph 3.1(c), no adjustment will be made in respect of any change in the Applicable Commodity Rate (where a function of Supply Point Capacity) in relation to any relevant Transportation Charge already invoiced or paid.

#### **4 Supply Point Offtake Rate**

- 4.1 The “**Supply Point Offtake Rate**” in respect of a DM Supply Meter Point is the maximum instantaneous rate (in kWh/hour) at which a User is permitted to offtake gas from the Total System at that Supply Meter Point.
- 4.2 A User shall apply for a Supply Point Offtake Rate or revised Supply Point Offtake Rate:
- (a) when submitting a Registration Nomination in respect of a Proposed Supply Point which is a DM Supply Point;
  - (b) when submitting a Capacity Revision Application (whether to increase or in the Capacity Reduction Period to reduce its Supply Point Capacity) in respect of a Registered DM Supply Point;
  - (c) when changing the Class of a Supply Meter Point from Class 3 or 4 to Class 1 or 2 by way of a Supply Point Amendment; and

- (d) by way of a Supply Point Amendment whenever the User becomes aware that the maximum offtake rate at a Registered DM Supply Point may be or has been subject to any increase or decrease;
- 4.3 Wherever a User applies for a Supply Point Offtake Rate or a revised Supply Point Offtake Rate:
- (a) the User shall estimate the maximum offtake rate, in good faith and after all appropriate enquiries of the consumer and on the basis of reasonable skill and care; and
  - (b) the Supply Point Offtake Rate for which the User applies shall be not less than, nor substantially more than, such estimate.
- 4.4 A User shall take all reasonable steps to secure that it becomes aware of any increase or decrease (whether by reason of a change in the size or nature of, or the nature of the use of, the Consumer's Plant or otherwise) in the maximum offtake rate before and (in any event) as soon as reasonably practicable after such increase or decrease occurs (without prejudice to paragraph 6.4(c) or Section J3.8).
- 4.5 The Supply Point Offtake Rate prevailing at any time in respect of any DM Supply Point will be the Supply Point Offtake Rate established at the time of the Supply Point Registration of the DM Supply Point, subject to any increase or decrease in such Supply Point Offtake Rate which has (at the relevant time) been approved pursuant to paragraph 6.4.
- 4.6 In this paragraph 4.6, the “**maximum offtake rate**” is the maximum instantaneous rate (in kWh/hour) at which gas is or is likely to be offtaken from the Total System at a Registered DM Supply Point.
- 4.7 In relation to a DM Supply Point which comprises a Shared Supply Meter Point, the maximum offtake rate is to be determined as at the time of the expected greatest instantaneous rate of offtake in aggregate at all of the DM Supply Points which comprise such Shared Supply Meter Point.

## 5 Absolute requirement

- 5.1 A User's Supply Point Capacity shall be:
- (a) in respect of a DM Supply Point no greater than 24 times, or less than 4 times, the Supply Point Offtake Rate;
  - (b) in respect of a DM Supply Point which comprises a NExA Supply Meter Point no greater than any maximum daily rate of offtake specified in the NExA;
  - (c) in the case of an NTS Supply Point equal to 24 times the Supply Point Offtake Rate (“**The Absolute Requirement**”).
- 5.2 The CDSP will reject any Supply Point Nomination in respect of a Proposed Supply Point which is a DM Supply Point where the Nominated Supply Point Capacity and the Supply Point Offtake Rate are not in compliance with paragraph 5.1.
- 5.3 The CDSP will reject any Capacity Revision Application by the Registered User of a DM Supply Point where the Supply Point Offtake Rate and the increased or reduced Supply Point Capacity applied for are not in compliance with paragraph 5.1.

- 5.4 In relation to a DM Supply Point which comprises a Shared Supply Meter Point, the requirements in paragraph 5.1 shall apply by reference to the aggregate Supply Point Capacity and aggregate of the Supply Point Offtake Rates held by the Sharing Registered Users in respect of the DM Supply Points which comprise such Shared Supply Meter Point.
- 5.5 In the case of a NExA Supply Meter Point in the event the CDSP is made aware that a User's Supply Point Capacity and/or Supply Point Offtake Rate is greater than permitted in the NExA, the CDSP shall:
- (d) promptly notify the User of the prevailing Supply Point Capacity and/or Supply Point Offtake Rate and the maximum permitted rate of offtake specified in the NExA;
  - (e) the User shall submit a Supply Point Amendment to modify the Supply Point Capacity and/or Supply Point Offtake Rate to reflect the maximum permitted rate of offtake (or lesser rate) specified in the NExA with effect from the date of the notice under paragraph (a) within ten (10) Supply Point Systems Business Days of such notice, or where such period ends outside of a Capacity Reduction Period, with effect from the first Supply Point Systems Business Day in the following Capacity Reduction Period;
  - (f) where the User fails to submit a Supply Point Amendment in accordance with paragraph (e), as soon as reasonably practicable modify the Supply Point Registration with effect from the relevant date in paragraph (e) such that the Supply Point Capacity and/or Supply Point Offtake Rate reflect the maximum permitted rate of offtake specified in the NExA.

## 6 Other requirements

- 6.1 For the purposes of this Annex B-3, in respect of a DM Supply Point:
- (a) the “**Maximum Supply Point Capacity**” is:
    - (i) except where paragraph (a)(ii) applies, the quantity which (where it is necessary to do so under this Annex B-3) the Transporter determines to be the maximum quantity which it is feasible to make available for offtake in a 24 hour period at the DM Supply Point;
    - (ii) Which comprises a NExA Supply Meter Point,
      - (1) any maximum daily rate of offtake specified in the NExA; or
      - (2) where not specified in the NExA, 24 times the any maximum hourly rate of offtake specified in the NExA;
  - (b) the “**Maximum Supply Point Offtake Rate**” is:
    - (i) except where paragraph (b)(ii) applies, the instantaneous rate of offtake (in kWh/hour) which (where it is necessary to do so under this Annex B-3) the Transporter determines to be the maximum instantaneous rate at which it is feasible to make available for offtake at the DM Supply Point; and

- (ii) Which comprises a NExA Supply Meter Point, any maximum rate of offtake specified in the NExA;

in each case consistently with the requirements of paragraph 5.

6.2 The “**Provisional Maximum Supply Point Capacity**” is respect of a DM Supply Point (other than a Proposed Supply Point which comprises a New Supply Meter Point and a NTS Supply Point) is whichever is the lesser of:

- (a) 2 times the Prevailing Supply Point Capacity;
- (b) 16 times the Supply Point Offtake Rate or (in the case of a Proposed Supply Point) the Nominated Supply Point Offtake Rate; and
- (c) where the DM Supply Point comprises a NExA Supply Meter Point, any maximum daily rate of offtake specified in the NExA.

6.3 Where a Proposing User submits a Registration Nomination (i) for an Existing Supply Point, and the Nominated Supply Point Capacity exceeds the Provisional Maximum Supply Point Capacity, or the Nominated Supply Point Offtake Rate exceeds the Supply Point Offtake Rate for the Existing Supply Point, or (ii) for a proposed Supply Point comprising a New Supply Meter Point:

- (a) a Registration Response will not be made until the CDSP has notified the Transporter and the Transporter has assessed whether it is feasible to make available gas for offtake at the Nominated Supply Point Offtake Rate or (in a 24 hour period) in the amount of the Nominated Supply Point Capacity and the Transporter has notified the CDSP of its assessment;
- (b) where the Transporter determines that the Nominated Supply Point Capacity exceeds the Maximum Supply Point Capacity, the Transporter shall instruct the CDSP to specify the Maximum Supply Point Capacity in its Registration Response; and
- (c) where the Transporter determines that the Nominated Supply Point Offtake Rate exceeds the Maximum Supply Point Offtake Rate, the Transporter shall instruct the CDSP to specify the Maximum Supply Point Offtake Rate in its Registration Response.

6.4 Where the Registered User of a DM Supply Point (i) submits a Capacity Revision Application (for an increase) in which the increased Supply Point Capacity exceeds the Provisional Maximum Supply Point Capacity applied for, or the Supply Point Offtake Rate exceeds the prevailing Supply Point Offtake Rate applied for, or (ii) applies for an increased Supply Point Offtake Rate pursuant to paragraph 4.2(c):

- (a) the application will not be approved until the CDSP has notified the Transporter and the Transporter has assessed whether it is feasible to make available gas for offtake at the proposed Supply Point Offtake Rate or (in a 24 hour period) in the amount of the proposed Supply Point Capacity and the Transporter has notified the CDSP of its assessment;
- (b) where the Transporter determines that the increased Supply Point Capacity applied for exceeds the Maximum Supply Point Capacity, the application will be approved (if otherwise approved in accordance with this Annex B-3) for the Maximum Supply Point Capacity;

- (c) where the Transporter determines that the proposed Supply Point Offtake Rate exceeds the Maximum Supply Point Offtake Rate, the application will be approved (if otherwise approved in accordance with this Annex B-3) for the Maximum Supply Point Offtake Rate.
- 6.5 Where, following the occurrence of a Supply Point Ratchet in relation to a DM Supply Point, the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity would exceed the Provisional Maximum Supply Point Capacity the CDSP will inform the Transporter:
- (a) with effect from the following Day, and until the Transporter has assessed whether it is feasible to make available gas for offtake (in a 24 hour period) in the amount of such sum, the Ratcheted Supply Point Capacity shall be equal to the Provisional Maximum Supply Point Capacity;
  - (b) with effect from the time at which the Transporter has assessed such feasibility and notified the CDSP, the Ratcheted Supply Point Capacity shall be equal to the lesser of:
    - (i) the Maximum Supply Point Capacity; and
    - (ii) the sum of the User's Registered Supply Point Capacity (immediately before the Supply Point Ratchet) and the Capacity Ratchet Amount; and
    - (iii) where a Network Exit Agreement exists, any maximum daily rate of offtake specified in the NExA.
- and
- (c) the CDSP will inform the Registered User of the Ratcheted Supply Point Capacity determined under paragraph (b) as soon as reasonably practicable after such feasibility was assessed by the Transporter and notified to the CDSP.
- 6.6 For the purposes of paragraphs 6.3, 6.4 and 6.5:
- (a) a Transporter may notify the CDSP, in relation to a particular LDZ, that although the conditions specified in those paragraphs may apply, the Transporter does not need to be notified and to assess the feasibility of making gas available for offtake (as provided for in those paragraphs) unless further conditions (specified by the Transporter in such notification) apply in respect of a given Detail Registration Nomination or Capacity Revision Application;
  - (b) the Transporter may from time to time amend or withdraw such notification;
  - (c) where such notification is in force the further conditions specified in the notification shall be deemed to apply in addition to those in paragraphs 6.3, 6.4 and 6.5 (and accordingly a referral under those paragraphs to the Transporter is required only where those further conditions apply).
- 6.7 In relation to a DM Supply Point which comprises a Shared Supply Meter Point, this paragraph 6 and Section B8.5.3 shall apply by reference to the aggregate of the Supply Point Capacities and Supply Point Offtake Rates, and the rates and quantities at and in which it is feasible to make gas available for offtake in aggregate, at or in respect of the DM Supply Points which comprise such Shared Supply Meter Point; and accordingly any determination pursuant to this paragraph 6 or Section B8.5.3 will be made by

reference to the expected increment in the aggregate offtake of gas from the Total System at the relevant Shared Supply Meter Point.

## **7 Capacity Revision Application**

7.1 Subject to the provisions of this Annex B-3, the Registered User of a DM Supply Point may apply to reduce or increase its Registered DM Supply Point Capacity by making a Capacity Revision Application to the CDSP.

7.2 An application (“**Capacity Revision Application**”) to revise (by increasing or decreasing) Registered DM Supply Point Capacity shall specify:

- (a) the Supply Point Registration Number;
- (b) the Supply Meter Point Reference Number of the Supply Meter Point, comprised in the Supply Point;
- (c) the revised Supply Point Capacity and (in accordance with paragraph 4.2) Supply Point Offtake Rate;
- (d) the date in accordance with paragraph 7.3 with effect from which the revision is to take effect; and
- (e) the identity of the relevant Registered User making the Capacity Revision Application.

7.3 The date under paragraph 7.2(d) shall be:

- (a) except in paragraph (b), 5 Supply Point Systems Business Days; or
- (b) where it will (in accordance with paragraph 6) be necessary for the Transporter to assess the feasibility of making gas available for offtake, 21 Supply Point Systems Business Days,

after the date upon which the application to the CDSP is submitted.

7.4 A User may withdraw a Capacity Revision Application by notice to the CDSP not less than 2 Supply Point Systems Business Days before the date specified pursuant to paragraph 7.2(d).

7.5 The CDSP will reject a Capacity Revision Application or an application (in accordance with paragraph 4.2) for a revised Supply Point Offtake Rate:

- (a) in the case of a Capacity Revision Application, where the requirements of paragraph 7.2 are not complied with,
- (b) where any other requirement of this Annex B-3 is not complied with, or in accordance with any provision of this Annex B-3 which provides for such rejection;
- (c) in respect of a Seasonal Large Supply Point, if it is not in compliance with Section B4.9; or
- (d) in the case of an application for an increase in Supply Point Capacity where instructed to do so by the Transporter in accordance with Section V3

and where the CDSP does not reject the application under paragraphs (a), (b) or (c) it shall notify the Transporter of the User's application.

- 7.6 Subject to paragraph 7.5, the CDSP will approve a Capacity Revision Application or (pursuant to paragraph 4.2) an application for a revised Supply Point Offtake Rate, and will inform the Registered User where such application is approved by the Transporter and notified to the CDSP.
- 7.7 Where a Capacity Revision Application is approved the Registered User may revise the Supply Point Capacity and the Supply Point Offtake Rate by submitting a Supply Point Amendment.

## **8 Feasibility Assessment**

- 8.1 Where for the purposes of paragraphs 6.3, 6.4 and 6.5 the Transporter is required to assess the feasibility of making gas available at an Existing or Proposed Supply Point the Transporter may request the Registered or Proposing User to provide any of the following information:

- (a) the proposed Annual Load Profile and Daily Load Profile;
- (b) the date from which the load profile is required;

and following such request the Registered User shall promptly provide the same to the Transporter.

- 8.2 Where it is necessary for the Transporter to assess the feasibility of making gas available for offtake in accordance with paragraph 7.3(b), the Transporter will no later than the 18th Supply Point Systems Business Day following the date of receipt of the Capacity Revision Application by the CDSP notify the CDSP whether to approve or reject the application.
- 8.3 Where requested by the Transporter, for the purpose of enabling the Transporter to assess the feasibility of making gas available, the Registered User or Proposing User will promptly procure permission for the Transporter to visit the premises at which the DM Supply Point is situated and access thereto.
- 8.4 Requests for information by the Transporter in accordance with paragraph 8.1 and provision of information by the Registered User in accordance with paragraph 7.2(e) and 7.2(f) shall be communicated by facsimile or email.
- 8.5 For the purposes of paragraphs 7 and 8:
- (a) **“Annual Load Profile”** is the quantity (in MWh) of gas which it is anticipated will be offtaken at the DM Supply Point for each month of the Gas Year so as to show the within year variation of demand on a monthly basis.
  - (b) **“Daily Load Profile”** is the rate (in kWh/hour) at which it is anticipated that gas will be offtaken at the DM Supply Point for each hour within the Day so as to show the within day variation of demand on an hourly basis.

## **9 Capacity reduction**

- 9.1 In the event of:

- (a) a User applying for and the Transporter approving a Capacity Revision Application resulting in a decrease in the Registered DM Supply Point Capacity (“**the Initial Capacity Reduction**”); and
- (b) within the same Gas Year as such Capacity Revision Application the same User applies for and the CSDP approves any further Capacity Revision Applications which increase the Registered DM Supply Point Capacity

then the User will pay the Capacity Reconciliation Charge on receipt of an Ad-hoc Invoice in accordance with Section S.

9.2 Subject to paragraphs 9.3 and 9.4, the Capacity Reconciliation Charge (or “CRC”) will be calculated as follows:

$$CRC = ( C_{(new)} - C_{(prev)} ) * D * F$$

Where:

- $C_{(new)}$  is the aggregate of the LDZ Capacity Charges and the Capacity Variable Component of the Customer Charge, as calculated based on the increased Registered DM Supply Point Capacity level booked in respect of a Gas Flow Day provided that such amount shall not exceed the aggregate of the LDZ Capacity Charges and the Capacity Variable Component of the Customer Charge in respect of the Gas Flow Day preceding the Initial Capacity Reduction; and
- $C_{(prev)}$  is the aggregate of the LDZ Capacity Charges and the Capacity Variable Component of the Customer Charge, as calculated based on the prevailing level of capacity the Gas Flow Day before the new increase in the Registered DM Supply Point Capacity takes effect; and
- D subject to paragraph 9.4 is the number of Days between the Gas Flow Day on which the Registered DM Supply Point Capacity is increased and the Gas Flow Day on which the Initial Capacity Reduction occurred; and
- F is an “**incentive Factor**” and shall be equal to 1 (one).

9.3 No CRC shall be payable by the User in respect of any capacity which is in excess of the Registered DM Supply Point Capacity on the Gas Flow Day preceding the Initial Capacity Reduction.

9.4 Where, within a Gas Year:

- (a) a User has applied for and the Transporter has approved multiple Capacity Revision Applications reducing the Registered DM Supply Point Capacity, in the event of the Transporter approving a Capacity Revision Application increasing the Registered DM Supply Point Capacity the CRC shall be calculated on a daily basis in respect of each Gas Flow Day following the Initial Capacity Reduction until the Capacity Revision Application increasing the Registered DM Supply Point Capacity. Such daily CRC sums shall be aggregated. No CRC shall be payable in respect of any Gas Flow Day on which the Registered DM Supply Point Capacity exceeds the increased Registered DM Supply Point Capacity.

- (b) a User applies for and the Transporter approves more than one Capacity Revision Application increasing the Registered DM Supply Point Capacity then on each increase the CRC shall be recalculated on a daily basis in respect of each Gas Flow Day following the Gas Flow Day on which the Initial Capacity Reduction occurred until the most recent Capacity Revision Application increasing the Registered DM Supply Point Capacity. Such daily CRC sums shall be aggregated and any payments already made by the User in respect of CRC for any Gas Days falling within such period shall be deducted from the revised amount due to the Transporter.
- 9.5 For the purpose of the calculation of CRC on a particular Gas Flow Day pursuant to paragraph 9.4,  $D$  shall be 1 and  $C_{(prev)}$  is the aggregate of the LDZ Capacity Charge and the Capacity Variable Component of the Customer Charge, as calculated based on the Registered DM Supply Point Capacity on such Gas Flow Day.

## 10 Maximum NDM offtake rate

- 10.1 This paragraph 10 applies in respect of the rate of offtake of gas at NDM Supply Points.
- 10.2 Where the Registered User becomes aware that (as a result in any change in the extent or nature of the consumer's requirements for consumption of gas) there will be or there has been a threshold rate increase in respect of an NDM Supply Point whose Annual Quantity exceeds 732,000 kWh (25,000 therms) paragraph 10.5 shall apply.
- 10.3 For the purposes of this paragraph 10, a “**threshold rate increase**” is an increase in the maximum rate at which gas is from time to time offtaken from the Total System at the NDM Supply Point of more than:
- (a) where the Annual Quantity does not exceed 2,196,000 kWh (75,000 therms), 100 kW;
- (b) where the Annual Quantity exceeds 2,196,000 kWh (75,000 therms), 300 kW.
- 10.4 The Registered User shall take all reasonable steps to secure that it is made aware of any threshold rate increase before such increase occurs.
- 10.5 In the circumstances in paragraph 10.2, the Registered User shall:
- (a) notify the CDSP (who shall notify the Transporter) not less than 21 Supply Point Systems Business Days before the first time at which the threshold rate increase will occur, or if later as soon as possible after becoming aware of such increase, providing reasonable details of the amount of or reason for the increase;
- (b) take reasonable steps to secure that no threshold rate increase, or no further offtake at the rate of the threshold rate increase, occurs until such time as the Transporter has notified the CDSP that it should either:
- (i) provide to the User the notice referred to in paragraph (c); or
- (ii) notify the User that it is feasible to make gas available for offtake at the Supply Point at the increased rate notified under paragraph (a); and
- (c) where the CDSP notifies to the User a rate which the Transporter determines as being the maximum instantaneous rate at which it is feasible to make gas

available for offtake at the Supply Point, secure that the rate of offtake of gas does not exceed such rate.

- 10.6 The Transporter will not be obliged under any provision of the Code to make gas available for offtake at an NDM Supply Point at any rate in excess of a rate in respect of which the requirements of this paragraph 10 have been complied with.

## 11 Supply Point Offtake Rate Review Process

- 11.1 In accordance with this paragraph 11, Transporters and Users undertake, in relation to DM Supply Points, to annually review the Supply Point Offtake Rate at a DM Supply Point (the “**SPOR Review Process**”).
- 11.2 The relevant Transporter, in respect of a DM Supply Point which is also a LDZ Supply Point, shall provide to the Registered User of the DM Supply Point, prior to the last Supply Point Systems Business Day in April of each Gas Year, an annual report, detailing the information specified in paragraph 11.3 (the “**Transporter SPOR Report**”).
- 11.3 The Transporter SPOR Report shall be compiled in April of each Gas Year and shall specify (where the data is available and where the Transporter considers appropriate) for each DM Supply Point:
- (a) the existing Supply Point Offtake Rate for the time being held by the Registered User (the “**Existing Supply Point Offtake Rate**”);
  - (b) the single highest hourly offtake rate (in kWh/hour) recorded at the DM Supply Point during a period covering the months from October to March (inclusive) during the current Gas Year;
  - (c) the Meter Point Reference Number;
  - (d) the Supply Point Reference Number;
  - (e) the address details; and
  - (f) any further information relating to the DM Supply Point that the Transporter considers would assist the Registered User during the SPOR Review Process.
- 11.4 On receipt of the Transporter SPOR Report, the Registered User will enter into discussions with the relevant consumer or consumer’s representative at each DM Supply Point and will endeavour to discuss the information detailed within the Transporter SPOR with a view to propose an appropriate Supply Offtake Rate (“**Proposed Supply Offtake Rate**”) which is reflective of consumer requirements at the DM Supply Point.
- 11.5 For each DM Supply Point specified on the Transporter SPOR Report the Registered User shall provide to the relevant Transporter, prior to the last Supply Point Systems Business Day in July of each Gas Year, a report specifying:
- (a) the Proposed Supply Point Offtake Rate; and
  - (b) where the Proposed revised Supply Point Offtake Rate is:
    - (i) less than or greater than the single highest hourly offtake rate provided to the Registered User in accordance with paragraph 11.3(b); or

- (ii) is the same as the Existing Supply Point Offtake Rate provided to the Registered User in accordance with paragraph 11.3(a);

the reason or reasons (communicated to the User by the consumer) for this difference (the “**Registered User SPOR Report**”).

- 11.6 Where the Proposed Supply Point Offtake Rate specified under paragraph 11.5(a) is different to the Existing Supply Point Offtake Rate, the Registered User shall amend the Existing Supply Point Offtake Rate by applying for a revised Supply Point Offtake Rate in accordance with paragraph 4.2(b), prior to the last Supply Point Systems Business Day in August in the Gas Year, save for where a reduction in the Supply Point Capacity is also required at the DM Supply Point, then the Registered User shall apply for a revised Supply Point Offtake Rate in accordance with paragraph 4.2(b) during the period from 1 October to 31 January (inclusive) of the following Gas Year)
- 11.7 The CDSP will reject any Proposed Supply Point Offtake Rate by the Registered User of a DM Supply Point where the Supply Point Offtake Rate applied for under paragraph 4.2(b) and the increased or reduced Supply Point Capacity are not in compliance with paragraph 5. For these purposes the Supply Point Offtake Rate shall remain unchanged, however shall be subject to the SPOR Review Process in the following Gas Year.

## **12 CSEP Supply Meter Points**

- 12.1 In this paragraph 12 references to Supply Points (and classes thereof) include CSEP Supply Points (and the corresponding classes thereof).
- 12.2 For the purposes of this paragraph 12, in relation to a CSEP Supply Point:
  - (a) reference to consumer, or premises, or any device or equipment, is to the consumer, premises, or device or equipment at the IGTS Supply Point;
  - (b) a reference to the offtake, or rate of offtake of gas (including the rate or maximum rate at which gas is or is likely to be offtaken) from the Total System is to the offtake or rate of offtake from the IGT System at the IGTS Supply Point;
  - (c) references to the feasibility of making gas available for offtake at a CSEP Supply Point shall be construed as though the CSEP Supply Point were a single Individual System Exit Point (but taking account of all other offtake of gas at the Unmetered Connected System Exit Point).
- 12.3 For the purposes of this paragraph 12, in relation to a CSEP Supply Point:
  - (a) references to a Base Registration Nomination, Detail Registration Nomination and Detail Registration Response or related matters are to the equivalent things provided (pursuant to IGTAD Section E3.1) in the IGT Code;
  - (b) it is acknowledged that (in relation to a Base Registration Nomination, Detail Registration Nomination and Detail Registration Response or related matter) the User will (as IGTS User) communicate with the Independent Gas Transporter, and the Independent Gas Transporter will communicate with the Transporter; and (pursuant to the requirements of IGTAD Section E) the provisions (in relation to Supply Point Capacity and Supply Point Offtake Rate at a DM CSEP Supply Point) of Section G5 and this Annex B-3 will be given effect;

- (c) in the case of a Capacity Revision Application and for the purposes of paragraphs 10 and 11, the User will communicate directly with the Transporter.

**13 Siteworks Specified Capacity, etc**

13.1 The Siteworks Terms and Procedures allow for the Siteworks Contract to specify (at the request of the Siteworks Applicant):

- (a) a Supply Point or (without prejudice to the requirements of Section G in respect of Supply Point Registration) a Proposed Supply Point, in which the Supply Meter Point or New Supply Meter Point subject to the request for Siteworks is or is to be comprised; and
- (b) in relation to such Supply Point:
  - (i) in the case of an LDZ DM Supply Point, an amount of Supply Point Capacity and/or a Supply Point Offtake Rate (but without prejudice to the requirement subsequently to apply therefor);
  - (ii) in the case of an NDM Supply Point, a threshold rate increase (in accordance with paragraph 10.3(b));
  - (iii) a request that the Firm Transportation Requirement be satisfied in respect of an amount of Interruptible Supply Point Capacity

following such Siteworks.

13.2 For the purposes of this Annex B-3, in respect of any Siteworks a Supply Point, Supply Point Capacity, Supply Point Offtake Rate, threshold rate increase or Firm Transportation Requirement (as the case may be) is **“Siteworks Specified”** where it is specified in a Siteworks Contract as described in paragraph 13.1

13.3 Where in respect of an LDZ Supply Point:

- (a) a User submits not later than the Target Completion Date or such later date as the Transporter shall have agreed (for the purposes of this paragraph) with the Siteworks Applicant, the relevant details to be included in a Registration Nomination in respect of a Siteworks Specified Proposed Supply Point which comprises a New Supply Meter Point;
- (b) the Nominated Supply Point Capacity or Nominated Supply Point Offtake Rate does not exceed the Siteworks Specified Supply Point Capacity or Supply Point Offtake Rate

the Offered Supply Point Capacity or Supply Point Offtake Rate (in respect of the DM Supply Point) specified in the Registration Response will be equal to the Nominated Supply Point Capacity or (as the case may be) Supply Point Offtake Rate.

13.4 In the case of an LDZ Supply Point where a User applies, not later than the Target Completion Date or such later date as the Transporter shall have agreed (for the purposes of this paragraph 13.4) with the Siteworks Applicant, for increased Supply Point Capacity or an increased Supply Point Offtake Rate (in accordance with this Annex B-3) at a Siteworks Specified Supply Point, which does not exceed the Siteworks Specified Supply Point Capacity or (as the case may be) Supply Point

Offtake Rate, the Transporter will (subject to the provisions of the Code) accept such application.

- 13.5 Where a User notifies (in accordance with paragraph 10.5(a)), not later than the Target Completion Date or such other date as the Transporter shall have agreed (for the purposes of this paragraph 13.5) with the Siteworks Applicant, a threshold rate increase of not more than the Siteworks Specified threshold rate increase, the Transporter will give to the User the notification described in accordance with paragraph 10.5(b)(ii).
- 13.6 Where a User requests (in accordance with Section B8.5), not later than the Target Completion Date or such other date as the Transporter shall have agreed (for the purposes of this paragraph 13.6) with the Siteworks Applicant, that Siteworks Specified Interruptible Supply Point Capacity be redesignated Firm in accordance with the Siteworks Specified Firm Transportation Requirement, the Transporter will accept such request.
- 13.7 A Siteworks Applicant may (subject to the Siteworks Terms and Procedures) request any Siteworks without at the same time requesting Siteworks for any reinforcement of a System that may be required to make it feasible to make gas available for offtake at any relevant Supply Meter Point; and accordingly, except to the extent expressly provided in this paragraph 13, the fact that the Transporter has entered into a Siteworks Contract or undertaken any Siteworks (for a New Supply Meter Point or otherwise) shall not commit the Transporter to accept a Supply Point Registration for any particular Nominated Supply Point Capacity or Supply Point Offtake Rate, nor any application for Supply Point Capacity or Supply Point Offtake Rate, or an increase therein, made by any User at any DM Supply Point nor a notification by any User of any particular threshold rate increase at any NDM Supply Point.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION C – NOMINATIONS****1 INTRODUCTION****1.1 Nominations**

1.1.1 Users will nominate quantities of gas for delivery to and offtake from the Total System each Day in accordance with this Section C for the purposes of enabling National Gas Transmission to plan and (subject to and in accordance with Section D) carry out the operation of the NTS and Operational Balancing.

1.1.2 For the purposes of the Code:

- (a) a "**Nomination**" is a nomination by a User in respect of a quantity of gas to be delivered to or offtaken from the Total System on a Day;
- (b) a "**Renomination**" is a Nomination which revises an earlier Nomination (including a Renomination) under paragraph 4, and includes a New Renomination (in accordance with paragraph 4.1.9(a)) and a Step Change Renomination (in accordance with paragraph 4.1.9(e));
- (c) an "**Output**" Nomination is a Nomination in respect of a quantity to be offtaken from the Total System;
- (d) an "**Input**" Nomination is a Nomination in respect of a quantity to be delivered to the Total System;
- (e) a "**Nomination Quantity**" is the quantity nominated for delivery or offtake in a User's prevailing Nomination;
- (f) the "**Nominated Quantity**" is the Nomination Quantity in a User's Nomination prevailing as at the end of the Gas Flow Day;
- (g) an "**Initial**" Nomination is the initial Nomination made or to be made before the Gas Flow Day (but does not include a New Renomination).

1.1.3 References in the Code to a Nomination prevailing at any time before or during the Gas Flow Day are to a Nomination as revised (in accordance with this Section C but not otherwise) up to that time.

1.1.4 For the purposes of the Code a Nomination is made by a User where the User has submitted a Nomination which has been approved or deemed to be approved by National Gas Transmission in accordance with this Section C.

1.1.5 Each User shall use all reasonable endeavours to secure that (without prejudice to paragraphs 2.3.2 and 3.3.2) it makes Initial Nominations and (subject to the provisions of this Section C) Renominations in accordance with this Section C for the quantities in

which and rates and times at which it intends or expects to deliver gas to or offtake gas from the Total System each Day.

- 1.1.6 A User may make a Nomination for a quantity of zero (but paragraph 1.1.5 does not require such a Nomination to be made in any case).
- 1.1.7 For the avoidance of doubt, Users are not required to submit nominations to National Gas Transmission (or any other Transporter) in respect of gas flows on a Day at a NTS/LDZ Offtake.

**1.2 Nomination Timetable**

The "**DM Output Nomination Time**", "**NDM Output Nomination Time**", "**Input Nomination Time**" and "**Renomination Start Time**" in relation to the Gas Flow Day shall be the following respective times on the Preceding Day:

DM Output Nomination Time:	13:00
NDM Output Nomination Time:	14:00
Input Nomination Time:	14:30
Renomination Start Time:	15:00

**1.3 Nomination balancing**

Without prejudice to Section F2, the aggregate quantities of gas nominated by a User's Input Nominations and Output Nominations for a Day need not be equal.

**1.4 Supply Point Groups**

- 1.4.1 For the purposes of the Code, for each User in relation to each Exit Zone:
  - (a) the "**DMA Supply Point Group**" is all of its Registered DMA Supply Points in aggregate in that Exit Zone;
  - (b) the "**NDM Supply Point Group**" is all of its Registered NDM Supply Points in aggregate in that Exit Zone.
- 1.4.2 "**Supply Point Group**" means an NDM Supply Point Group or a DMA Supply Point Group.

**1.5 NDM Output Nominations and Forecast User LDZ Unidentified Gas**

- 1.5.1 In respect of each Day National Gas Transmission will, subject to paragraph 4.2.2, on the basis of the daily demand forecasts under Section H5:
  - (a) for each User determine in accordance with Section H2:
    - (i) the aggregate of the NDM Supply Meter Point Demands for all Registered Class 3 and Class 4 Supply Meter Points in each Exit Zone;

and

- (ii) the Forecast User LDZ Unidentified Gas for each LDZ; and
- (b) not later than each Demand Forecast Time (in accordance with Section H5):
  - (i) make or revise on behalf of each User an Output Nomination ("**NDM Output Nomination**") in respect of each NDM Supply Point Group;
  - (ii) notify to each User the Nomination Quantity under each of its NDM Output Nominations or Renominations so made; and
  - (iii) notify to each User the amount of the forecast User LDZ Unidentified Gas for each LDZ as determined under paragraph (a)(ii).

1.5.2 The Nomination Quantity under an NDM Output Nomination (including a Renomination thereof) for a User in respect of an NDM Supply Point Group will be the aggregate of the NDM Supply Meter Point Demands for all Registered NDM Supply Meter Points in that Exit Zone, determined in accordance with paragraph 1.5.1(a).

1.5.3 For the purposes of the Code, in relation to a User, a LDZ and a Day, at any time:

- (a) the "**Forecast User LDZ Unidentified Gas**" (FULUG) shall be calculated as follows;

$$\text{FULUG} = \text{FUIG} * \text{AULNO} / \text{AAULNO}$$

where

FUIG is Forecast Unidentified Gas for the LDZ and Day at that time in accordance with Section H2.6.2:

AULNO is the User's Adjusted User LDZ Nomination Quantity for the LDZ and Day at that time:

AAULNO is the aggregate for all Users of the Adjusted User LDZ Nomination Quantity for the LDZ and Day at that time:

- (b) the "**User LDZ Nomination Quantity**" at any time for a User, a LDZ and a Day is the sum of the User's adjusted Nomination Quantities (as at that time) for that Day for all DM Supply Points, NDM Supply Points and Connected System Exit Points in that LDZ;
- (c) for the purposes of paragraph (b) an "**adjusted**" Nomination Quantity for a Day in respect of a System Exit Point is the Nomination Quantity adjusted by the allocation factor specified in the prevailing AUG Table in respect of the category to which that System Exit Point belongs on that Day.

1.5.4 The CSEP Network Exit Provisions may provide for Output Nominations in respect of a relevant Unmetered Connected System Exit Point to be treated (for such purposes of the Code as are specified in the CSEP Network Exit Agreement) as NDM Output Nominations (and references in the Code to NDM Output Nominations shall be construed accordingly).

## 1.6 Calorific value information

- 1.6.1 Not later than 11:00 hours on the Gas Flow Day the DNO will make available to Users:
- (a) the calorific value applicable (in accordance with GT Section C3.3.1) in respect of each relevant LDZ for the Preceding Day;
  - (b) the DNOs prevailing estimate of the calorific value applicable (in accordance with GT Section C3.3.1) in respect of each relevant LDZ for the Gas Flow Day.
- 1.6.2 If having failed to comply with paragraph 1.6.1(a) and (b) on any Day, the DNO does not make available to Users the information in that paragraph by 16:00 on the Gas Flow Day, the DNO will pay to each User with an associated UDQO in respect of Supply Point(s) in the relevant LDZ on the Preceding Day the amount of £50.
- 1.6.3 Where within 12 calendar months of making information available to Users pursuant to paragraph 1.6.1(a) the DNO becomes aware that such information is incorrect, the DNO will recalculate such information for each day during the affected period and make it available to Users within 5 Business Days of the recalculation being complete.
- 1.6.4 Where the DNO fails to comply with the provisions of paragraph 1.6.3 above, the DNO will make a payment to each User with an associated UDQO in respect of Supply Point(s) in the relevant LDZ during the relevant period of the amount of £250.
- 1.6.5 For the purposes of Section V10, the rules in paragraphs 1.6.2 and 1.6.4 are Compensation Rules within Compensation Group B; and in relation thereto the "payment month" is the second month following the month in which the relevant information is made available to the User pursuant to paragraph 1.6.3.

## 1.7 UK Link set-up

Before first submitting a Nomination in respect of any System Point a User must comply with the requirements set out in the UK Link Manual for establishing (for the purposes of UK Link) the User as a user of the relevant System at that System Point.

## 1.8 Implied Nomination Flow Rate

In respect of any Nomination the "**Implied Nomination Flow Rate**" is the rate (in kWh/ hour) determined as:

- (a) in the case of a Nomination which is not a Renomination, the Nomination Quantity divided by 24;
- (b) in the case of a New Renomination, the Nomination Quantity divided by the period (in hours) from the Renomination Effective Time to the end of the Gas Flow Day;
- (c) in the case of any other Renomination, the Implied Nomination Flow Rate in respect of the Nomination prevailing immediately prior to such Renomination plus (where the Renomination increased the Nomination Quantity) or minus (where the Renomination decreased the Nomination Quantity) an incremental

hourly rate determined as the Renomination Quantity divided by the period (in hours) from the Renomination Effective Time to the end of the Gas Flow Day.

## **1.9 Hour-bar assumption**

- 1.9.1 For the purposes of the Code it shall be assumed that any change in the rate of delivery of gas to or offtake of gas from the Total System by a User will occur on the hour.
- 1.9.2 The Renomination Effective Time of any Renomination shall be in accordance with paragraph 1.9.1.

## **1.10 Nomination Approval**

Where under this Section C a Nomination (other than an NDM Output Nomination) is approved or deemed to be approved by National Gas Transmission:

- (a) the Nomination Quantity under such Nomination shall not subsequently be revised (other than by the User in accordance with this Section C);
- (b) subject to paragraph (a), such approval or deemed approval shall not amount to a waiver by National Gas Transmission of any failure of the Nomination to comply with any requirement of this Section C.

## **1.11 DNO Users**

In this Section C references to Users exclude DNO Users other than a DNO User in its capacity as an LDZ Shrinkage Provider.

## **1.12 Trader User**

In this Section C references to Users, except in relation to paragraphs 5 and 6, exclude Trader Users.

## **1.13 CSEP Supply Points**

In this Section C references to Supply Meter Points and Supply Points (and classes thereof) include CSEP Supply Meter Points and CSEP Supply Points (and the corresponding classes thereof).

## **1.14 CDSP Functions**

- 1.14.1 Agency Functions of the CDSP to support implementation of this Section C are calculating Forecast User LDZ Unidentified Gas for LDZs and calculating forecast User LDZ Unidentified Gas amounts.

# **2 OUTPUT NOMINATIONS**

## **2.1 Basis of nominations**

A User nominating quantities of gas for offtake on the Gas Flow Day from the Total System shall make Output Nominations subject to and in accordance with this paragraph 2.

## 2.2 Procedure and restrictions

- 2.2.1 The User shall submit a separate Output Nomination (“**DM Output Nomination**”) in respect of:
- (a) each Connected System Exit Point;
  - (b) each Registered DMC Supply Point; and
  - (c) each DMA Supply Point Group.
- 2.2.2 Each DM Output Nomination shall specify:
- (a) the Gas Flow Day;
  - (b) the identity of the User;
  - (c) the System Exit Point, or (in the case of a DMA Supply Point Group) the Exit Zone; and
  - (d) the quantity of gas nominated for offtake.
- 2.2.3 A User shall not submit a DM Output Nomination:
- (a) in respect of an NTS System Exit Point at which, under the prevailing Maintenance Programme, gas is not to be available for offtake from the relevant System on the Gas Flow Day; or
  - (b) in respect of a Metered Connected System Exit Point or (subject to paragraph 2.2.5) DMC Supply Point, if the Implied Nomination Flow Rate exceeds:
    - (i) in the case of a DMC Supply Point, the Supply Point Offtake Rate pursuant to Annex B-3;
    - (ii) in the case of a Metered Connected System Exit Point, any limit specified in the CSEP Network Exit Provisions for the purposes of this paragraph 2.2.3.
- 2.2.4 The relevant provisions of the CSEP Network Exit Provisions shall apply in addition to and (where in conflict with) instead of the provisions of this Section C as respects Output Nominations in respect of a Connected System Exit Point.
- 2.2.5 In relation to a DMC Supply Point which comprises a Shared Supply Meter Point, paragraph 2.2.3(b)(i) shall apply only if the aggregate of the Implied Nomination Flow Rates exceeds the aggregate of the Supply Point Offtake Rates in respect of all of the DMC Supply Points which comprise the same Shared Supply Meter Point.
- 2.2.6 If in respect of a System Exit Point or DMA Supply Point Group, a User has not made a DM Output Nomination in respect of the Gas Flow Day:
- (a) Subject to paragraph (b):
    - (i) the User shall be deemed to have made a DM Output Nomination at the Relevant Output Nomination Time for a Nomination Quantity equal to

the Nominated Quantity for the same Day in the previous week; or

- (ii) if an Output Nomination was not made or deemed (in accordance with paragraph (i) above) to have been made in respect of the same Day in the previous week, the User shall be deemed to have made a DM Output Nomination at the Relevant Output Nomination Time for a Nomination Quantity equal to the Annual Quantity (or, in the case of a DMA Supply Point Group, the sum of the Annual Quantities for all the relevant DMA Supply Points) divided by 365;
- (b) if the User does not make a Renomination for the Day, for the purposes only of determining Scheduling Charges under Section F3.3, the Nominated Quantity shall be deemed to be zero.

### **2.3 Timing**

- 2.3.1 Initial DM Output Nominations may be submitted no earlier than 30 Days before the Gas Flow Day and no later than the Relevant Output Nomination Time.
- 2.3.2 Initial DM Output Nominations will not be treated as made before the Relevant Output Nomination Time; and Users may, up to but (subject to paragraph 4) not after the Relevant Output Nomination Time, amend or replace Initial DM Output Nominations already submitted.
- 2.3.3 The "**Relevant Output Nomination Time**" is:
  - (a) in respect of a Storage Connection Point the Input Nomination Time;
  - (b) except as provided in paragraph (a), the DM Output Nomination Time.

### **2.4 Nomination approval or rejection**

- 2.4.1 National Gas Transmission may reject or (in its discretion) approve a DM Output Nomination which is not submitted in accordance with, or does not comply with:
  - (a) the requirements in paragraph 2.2; or
  - (b) the requirements in paragraph 2.3.1.
- 2.4.2 National Gas Transmission will not approve or reject Initial DM Output Nominations before the Relevant Output Nomination Time.
- 2.4.3 If in respect of any System Exit Point:
  - (a) a User has not submitted an Initial DM Output Nomination by the Relevant Output Nomination Time; or
  - (b) National Gas Transmission has rejected an Initial DM Output Nomination submitted by a User,

the User shall have failed to make a Nomination (but without prejudice to any New Renomination) and (where relevant) the provisions of Section E4 as to Unauthorised Gas Flows shall apply.

- 2.4.4 An Initial DM Output Nomination submitted to National Gas Transmission which has not been rejected (in accordance with paragraph 2.4.1) within 60 minutes after the Relevant Output Nomination Time shall be deemed to have been approved.

## **2.5 NDM Output Nominations**

- 2.5.1 Output Nominations in relation to NDM Supply Point Groups will be made in accordance with paragraph 1.5, and deemed for the purposes of paragraph 1.1.4 to be made by the User; and the User shall not submit such Nominations.
- 2.5.2 In accordance with paragraph 1.5, National Gas Transmission will notify to each User its Initial NDM Output Nominations no later than the NDM Output Nomination Time.
- 2.5.3 Forecast User LDZ Unidentified Gas (in accordance with paragraph 1.5) will be treated as if it were subject to a NDM Output Nomination.

## **3 INPUT NOMINATIONS**

### **3.1 Basis of nominations**

- 3.1.1 A User nominating quantities of gas for delivery to the Total System on the Gas Flow Day shall make Input Nominations subject to and in accordance with this paragraph 3.

### **3.2 Procedure and restrictions**

- 3.2.1 The User shall submit a separate Input Nomination in respect of each System Entry Point.
- 3.2.2 Each Input Nomination shall specify:
- (a) the Gas Flow Day;
  - (b) the identity of the User;
  - (c) the System Entry Point;
  - (d) the quantity of gas nominated for delivery; and
  - (e) either the volume or the calorific value of the gas to be delivered.
- 3.2.3 A User shall not submit an Input Nomination in respect of a NTS System Entry Point at which, under the prevailing Maintenance Programme, gas is not to be delivered to the Total System on the Gas Flow Day.
- 3.2.4 If in respect of a System Entry Point located on the NTS, a User has not made an Input Nomination in respect of the Gas Flow Day, the User shall be deemed to have made an Input Nomination of zero at the relevant Input Nomination Time.

### **3.3 Timing**

- 3.3.1 Initial Input Nominations may be submitted no earlier than 30 Days before the Gas Flow Day and no later than the Input Nomination Time.

3.3.2 Initial Input Nominations will not be treated as made before the Input Nomination Time; and Users may, up to but (subject to paragraphs 4 and 5) not after the Input Nomination Time, amend or replace Initial Input Nominations already submitted.

### **3.4 Approval and rejection**

3.4.1 National Gas Transmission may reject or (in its discretion) approve an Input Nomination:

- (a) which is not submitted in accordance with, or does not comply with, the requirements in paragraph 3.2, or which specifies a calorific value, or a volume which implies a calorific value, which is not in compliance with the applicable Gas Entry Conditions in accordance with Section I2.4;
- (b) which is not submitted in accordance with, or does not comply with, the requirements in paragraph 3.3.1.

3.4.2 National Gas Transmission will not approve or reject Initial Input Nominations before the Input Nomination Time.

3.4.3 If in respect of any System Entry Point:

- (a) a User has not submitted an Initial Input Nomination by the Input Nomination Time; or
- (b) National Gas Transmission has rejected an Initial Input Nomination submitted by a User,

the User shall have failed to make a Nomination (but without prejudice to any New Renomination) and (where relevant) the provisions of Section E4 as to Unauthorised Gas Flows shall apply.

3.4.4 An Initial Input Nomination submitted to National Gas Transmission which has not been rejected (in accordance with paragraph 3.4.1) within 60 minutes after the Input Nomination Time shall be deemed to have been approved.

## **4 RENOMINATION**

### **4.1 General**

4.1.1 A User may not withdraw or, except as provided in paragraph 4.1.2, revise or replace an Output Nomination after the Relevant Output Nomination Time or an Input Nomination after the Input Nomination Time.

4.1.2 Subject to paragraph 4.1.3, a Nomination may be revised by a Renomination.

4.1.3 A User shall not be entitled to make a Renomination:

- (a) (except in the case of a New Renomination) in respect of a System Point in respect of which the User has not made an earlier Nomination;
- (b) earlier than the Renomination Start Time, or later than 03:00 hours on the Gas Flow Day;

- (c) in the circumstances in Section D2.3.4;
  - (d) if the Implied Nomination Flow Rate ( in the case of a Step Change Renomination in respect of any hour of the Day) is less than zero.
- 4.1.4 Without prejudice to Section I3.10.3, a User shall secure that it has not made a Renomination in respect of a System Entry Point under which the Implied Nomination Flow Rate exceeds 1/24 of the User's Available NTS Entry Capacity.
- 4.1.5 A Renomination shall be submitted in accordance with paragraph 2.2 or 3.2 (as appropriate), and shall in addition specify:
- (a) (except in the case of a New Renomination) the previous Nomination in respect of which it is made; and
  - (b) the Renomination Effective Time (in compliance with paragraph 4.1.9).
- 4.1.6 National Gas Transmission may reject or approve a Renomination in accordance with paragraph 2.4.1(a) or 3.4.1(a); and where National Gas Transmission rejects a Renomination the prevailing Nomination (if any) shall remain in place.
- 4.1.7 A Renomination submitted to National Gas Transmission which has not been rejected (in accordance with paragraph 4.1.6):
- (a) within 60 minutes after it was submitted; or
  - (b) in the case of a VLDMC Supply Point or a relevant Metered Connected System Exit Point only, by the Renomination Effective Time, if earlier
- shall be deemed to have been approved as respects paragraph 2.4.1(a) or 3.4.1(a).
- 4.1.8 An approved Renomination (other than a New Renomination) shall replace the previous Nomination (but without prejudice to the application of this Section C in respect of the previous Nomination until the Renomination Effective Time).
- 4.1.9 For the purposes of the Code:
- (a) a "**New Renomination**" is an original Nomination in accordance with paragraph 4.1.11;
  - (b) the "**Renomination Quantity**" in respect of a Renomination is the amount by which the Nomination Quantity under an earlier Nomination was revised by such Renomination or, in the case of a New Renomination, the Nomination Quantity;
  - (c) the "**Renomination Effective Time**" in respect of a Renomination (other than an NDM Output Nomination) is the time (within the Gas Flow Day) with effect from which the change in gas flow rate (at the relevant System Point) in respect of which the Renomination is made is to occur.
  - (d) a "**Step Change Renomination**" is a Renomination which specifies the Nomination Quantity for each remaining hour of the Day.
- 4.1.10 The Renomination Effective Time of a Renomination shall:

- (a) in the case of a System Point other than a VLDMC Supply Point or a relevant Metered Connected System Exit Point, be not less than 60 minutes; or
- (b) in the case of a VLDMC Supply Point or a relevant Metered Connected System Exit Point, be not less than 15 minutes,

after the time at which the Renomination is submitted (and shall in addition comply with paragraph 1.9.2).

4.1.11 Where a User has not made an earlier:

- (a) Input Nomination for the Gas Flow Day in respect of a System Entry Point the User may make an original Input Nomination; or
- (b) Output Nomination for the Gas Flow Day in respect of a DMC Supply Point, an eligible Connected System Exit Point or DMA Supply Point, the User may make an original Output Renomination

in respect thereof for a Nomination Quantity determined by the User.

#### **4.2 Renominations: Output Nominations**

4.2.1 With effect from each Demand Forecast Time (after the NDM Output Nomination Time):

- (a) National Gas Transmission will by making a Renomination revise on behalf of each User its NDM Output Nomination for each NDM Supply Point Group in accordance with paragraph 1.5;

4.2.2 A User may (subject to paragraph 4.1.3) make a Step Change Renomination.

4.2.3 Users are required to make Renominations in respect of Supply Points in respect of which the Transporter requires or ceases to require Interruption under Section B8.8.

#### **4.3 Renomination review**

4.3.1 National Gas Transmission shall not be required to determine whether a Renomination when made complies with the requirements of this paragraph 4 or Section I3.10, and may accept a non-compliant Renomination, but National Gas Transmission may reject a Renomination which does not so comply.

4.3.2 National Gas Transmission will, after the Gas Flow Day, keep under review (on a sample basis) Renominations made by Users; and (without prejudice to any other entitlement of National Gas Transmission under the Code) where it appears to National Gas Transmission that a User may have made one or more Renominations which materially or persistently failed to comply with the requirements of this paragraph 4 or Section I3.10:

- (a) National Gas Transmission will invite the User to provide to National Gas Transmission reasonable evidence that the Renomination(s) were compliant, and/or to provide to National Gas Transmission such information as the User may (in the light of paragraph (b)) wish;

- (b) if National Gas Transmission is not thereby reasonably satisfied that the User did not materially or persistently fail to comply with the requirements of this paragraph 4 or Section I3.10, National Gas Transmission will submit to the Authority a report identifying the User and containing details of the possible failure to comply together with any information provided by the User under paragraph (a); and
- (c) National Gas Transmission will not be required to take any further action in respect of the possible failure to comply.

## **5 TRADE NOMINATIONS**

### **5.1 Basis of Trade Nominations**

- 5.1.1 Where two Users, or (in accordance with paragraph 5.3) National Gas Transmission and a User, agree to do so, they may make in respect of any Day corresponding nominations (respectively a "**Disposing Trade Nomination**" and an "**Acquiring Trade Nomination**") for the purposes of paragraph 5.1.3, subject to and in accordance with this paragraph 5.
- 5.1.2 The quantities subject to a Disposing Trade Nomination and an Acquiring Trade Nomination (each a "**Trade Nomination**") must be equal.
- 5.1.3 The quantity ("**Trade Nomination Quantity**") subject to corresponding Trade Nominations will (in accordance with Section E5) be:
  - (a) deducted in determining the Daily Imbalance of the User making the Disposing Trade Nomination; and
  - (b) added in determining the Daily Imbalance of the User making the Acquiring Trade Nomination.
- 5.1.4 For the purposes of the Code (and without prejudice to any terms as between Users, with which National Gas Transmission shall not be concerned) a Trade Nomination shall have no other effect than under paragraph 5.1.3.
- 5.1.5 A User may make a Trade Nomination irrespective of whether the User makes any Input Nomination or Output Nomination for the Day in respect of which the Trade Nomination is made.
- 5.1.6 For the purposes of the Code a Trade Nomination is made by a User where the User has submitted a Trade Nomination which has not been rejected by National Gas Transmission in accordance with this Section C.

### **5.2 Content, timing and procedure**

- 5.2.1 A Trade Nomination shall specify:
  - (a) the Gas Flow Day;
  - (b) the identity of the User;
  - (c) whether it is a Disposing Trade Nomination or an Acquiring Trade Nomination;

- (d) the identity of the User making the corresponding Trade Nomination; and
- (e) the Trade Nomination Quantity.

5.2.2 A Trade Nomination may not be made:

- (a) earlier than 30 Days before the Gas Flow Day;
- (b) later than 03:00 hours on the Gas Flow Day.

5.2.3 A Trade Nomination shall not be effective and shall be rejected by National Gas Transmission:

- (a) if it does not comply with paragraph 5.2.1;
- (b) if the corresponding Trade Nomination is not submitted, in compliance with paragraph 5.2.1:
  - (i) where the first Trade Nomination was submitted before the Gas Flow Day, by 06:00 hours on the Gas Flow Day;
  - (ii) otherwise, within 60 minutes before or after the first Trade Nomination was made;
- (c) if the Trade Nomination Quantity and the quantity subject to the corresponding Trade Nomination are not equal;
- (d) in accordance with Section V3.

5.2.4 A Trade Nomination may be withdrawn by the User who submitted it at any time before the Gas Flow Day, but may not be amended or withdrawn within the Gas Flow Day (but without prejudice to any subsequent Trade Nomination).

### 5.3 System Trade Nominations

5.3.1 Where National Gas Transmission and a User (a "**System Trade User**") so agree, they may make corresponding Trade Nominations ("**System Trade Nominations**").

5.3.2 The Trade Nomination Quantity pursuant to a System Trade Nomination shall be deemed to be sold and purchased pursuant to a System Clearing Contract:

- (a) which shall arise upon the System Trade Nominations becoming effective and which shall be deemed fully performed;
- (b) for the purposes of which:
  - (i) where the System Trade User made the Disposing Trade Nomination, National Gas Transmission is buyer and the System Trade User is seller;
  - (ii) where the System Trade User made the Acquiring Trade Nomination, National Gas Transmission is seller and the System Trade User is buyer;

- (c) in relation to which there shall be no Clearing Price (as the System Trade Contract is effective pursuant to the agreement between National Gas Transmission and the User to make the System Trade Nominations).
- 5.3.3 In relation to the System Trade User, the Trade Nomination Quantity pursuant to a System Trade Nomination shall be treated in accordance with paragraph 5.1.3.
- 5.3.4 National Gas Transmission may agree with the System Trade User that the Trade Nomination to be made by National Gas Transmission shall (for the purposes of paragraph 5.2) be deemed to be submitted at the same time as that to be submitted by the System Trade User.

## **6 CLASS A CONTINGENCIES**

### **6.1 Class A Contingencies**

- 6.1.1 During the period of a Class A Contingency, Nominations, Renominations and Trade Nominations will be made in respect of each relevant day as an aggregate figure, and will be processed in accordance with the relevant Contingency Procedures.

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT**  
**SECTION D – OPERATIONAL BALANCING AND TRADING**  
**ARRANGEMENTS**

**1 INTRODUCTION**

**1.1 Operational Balancing**

1.1.1 For the purposes of the Code, "**Operational Balancing**" means maintaining:

- (a) both during and at the end of each Gas Flow Day; and
- (b) within such operational tolerance as National Gas Transmission may determine; and
- (c) after taking account of estimated shrinkage and intended changes in NTS Linepack and LDZ stock; and
- (d) having regard to all Transportation Constraints and other factors relevant to the operation of the Total System

the balance between the quantities of gas respectively delivered to and offtaken from the Total System; and references to an "**Operational Balance**" shall be construed accordingly.

1.1.2 For the purposes of Operational Balancing (and without prejudice to Section Q) National Gas Transmission may:

- (a) utilise Operating Margins in accordance with Section K; and/or
- (b) take Eligible Balancing Actions in accordance with this Section D.

1.1.3 For the purposes of the Code an "**Operational Balancing Requirement**" is any requirement for Operational Balancing Steps to be taken; and "**Operational Balancing Steps**" are steps taken by National Gas Transmission pursuant to the Code for the purposes of Operational Balancing.

1.1.4 It is acknowledged that the measures referred to in paragraph 1.1.2 are among the measures which are specified in the statement prepared by National Gas Transmission pursuant to Special Condition 9.19 of National Gas Transmission's Transporter's Licence, and that such statement does not form a part of and is not incorporated into, and is not binding upon National Gas Transmission pursuant to, the Code.

**1.2 Operational Balancing Requirements**

1.2.1 Without prejudice to the generality of paragraph 1.1.1, an Operational Balancing Requirement may arise:

- (a) where the quantities of gas expected to be delivered to the NTS over the whole of the Gas Flow Day are more or less (after taking account of NTS shrinkage

and any intended changes in NTS Linepack) than those expected to be offtaken from the NTS over the whole of that Day;

- (b) irrespective of whether the circumstances in paragraph (a) apply, where at any time within the Gas Flow Day (by reason of differences in the times and/or rates at which gas is delivered to and offtaken from the NTS) pressures in the NTS and/or NTS Linepack are or are expected to be more or less than the operationally acceptable limit determined by National Gas Transmission.

1.2.2 Operational Balancing Steps taken for any Day in the circumstances in paragraph 1.2.1(b) may of themselves give rise to an Operational Balancing Requirement (for the same Day) under paragraph 1.2.1(a).

1.2.3 Subject to the provisions of Section C, National Gas Transmission will accept a Renomination for any Renomination Effective Time, irrespective of whether an Operational Balancing Requirement under paragraph 1.2.1(b) may arise as a result.

### 1.3 Operational Balancing decisions

1.3.1 In making decisions as to the taking of Operational Balancing Steps, National Gas Transmission will and shall be entitled to take into account such information as it shall judge appropriate, including:

- (a) its own estimates of demand and profiles of demand within the Day;
- (b) Nomination Information under Output Nominations (including Renominations pursuant to Interruption of Interruptible Supply Points and Constrained Storage Renominations); and, in respect of NExA Supply Meter Points and Connected System Exit Points, information provided pursuant to Section J4, J5 or J6 and the applicable Network Exit Provisions; and similar information provided to National Gas Transmission pursuant to any other transportation arrangement;
- (c) Nomination Information under Input Nominations; and
- (d) Local Operating Information.

1.3.2 "**Nomination Information**" means information, concerning the rates at and quantities in which gas is to be delivered to or offtaken from the Total System, which is provided under or can be inferred from Users' Nominations (including Renominations), System Trade Nominations and Transaction Details.

1.3.3 Without prejudice to National Gas Transmission's entitlement (under paragraph 1.3.1) to take account of such information as it judges appropriate, where after any Renomination is made there is any inconsistency (outside such tolerance as National Gas Transmission may reasonably determine to be appropriate) between Nomination Information and Local Operating Information in respect of any System Entry Point:

- (a) National Gas Transmission may view Nomination Information as decreasingly reliable, and Local Operating Information as increasingly reliable, with the passage of time (during the Gas Flow Day) after the relevant Renomination;
- (b) to the extent that Nomination Information proves to have been more accurate than any Local Operating Information on which National Gas Transmission

may have relied, an additional Operational Balancing Requirement may arise.

## 1.4 Eligible Balancing Actions

1.4.1 For the purposes of the Code.

- (a) **"Eligible Balancing Actions"** are:
  - (i) Market Balancing Actions;
  - (ii) other actions provided for in the Code to be 'Eligible Balancing Actions';
- (b) the **"Market Balancing Action Charge"** is the amount payable by or to National Gas Transmission in respect of a Market Balancing Action;
- (c) a **"Market Balancing Action"** is a Market Balancing Buy Action or a Market Balancing Sell Action.
- (d) a **"Market Balancing Buy Action"** is the effecting of a Balancing Transaction between National Gas Transmission and a User, pursuant to which the User agrees to make a Disposing Trade Nomination;
- (e) a **"Market Balancing Sell Action"** is the effecting of a Balancing Transaction between National Gas Transmission and a User, pursuant to which the User agrees to make an Acquiring Trade Nomination;
- (f) **"Market Balancing Action Quantity"** is the Trade Nomination Quantity in respect of a Market Balancing Action;
- (g) **"NTS Linepack"** is, for a Day, the volume of gas within the National Transmission System (ascertained in accordance with the principles set out in the statement prepared by National Gas Transmission pursuant to Special Condition 9.19 of National Gas Transmission's Transporter's Licence);
- (h) **"Balancing Transaction"** is a Market Transaction or a Non-Trading System Transaction;
- (i) **"Balancing Transaction Charge"** is a Market Transaction Charge or a Non-Trading System Transaction Charge; and
- (j) **"Balancing Action Offer Price"** is the Market Offer Price or Non-Trading System Offer Price (as the case may be) in respect of a Balancing Transaction.

1.4.2 National Gas Transmission will maintain a record (which, without prejudice to any other provision of the Code, will not be available to Users) of each Eligible Balancing Action taken.

1.4.3 For the purposes of the Code:

- (a) the **"highest Market Offer Price"** is either the highest Market Offer Price or highest Non-Trading System Offer Price for the Gas Flow Day in question; and

- (b) the “**lowest Market Offer Price**” is either the lowest Market Offer Price or lowest Non-Trading System Offer Price for the Gas Flow Day in question.

## 1.5 Demand Side Response

1.5.1 The ‘**DSR Methodology**’ is the document entitled “DSR Framework and Methodology Document” prepared by National Gas Transmission in accordance with Special Condition 9.22 of its Gas Transporter Licence and published from time to time on its website.

1.5.2 A “**Voluntary DSR Period**” is the period:

- (a) starting at the time at which either:
- (i) a Margins Notice is issued by National Gas Transmission in accordance with Section V5.9.4(b); or
  - (ii) a Gas Balancing Notification is issued by National Gas Transmission in accordance with Section V5.9.7; and
- (b) ending at the earlier to occur of:
- (i) in a case within paragraph (a)(i), but subject to any intervening case within paragraph (a)(ii), the end of the Day to which the Margins Notice relates;
  - (ii) in a case within paragraph (a)(ii), including where the Gas Balancing Notification was issued during a Voluntary DSR Period within paragraph (a)(i), the issue by National Gas Transmission of a GBN Withdrawal Notice in accordance with Section V5.9.6;
  - (iii) in either case, the declaration by the NEC of Stage 2 of a Gas Deficit Emergency;

1.5.3 If directed by the Authority National Gas Transmission will temporarily or permanently cease operation of the DSR Methodology. National Gas Transmission shall issue a notice to Users and the Market Operator (by means of publication on its website and such additional means of communication as National Gas Transmission may determine as appropriate) informing them of such cessation and the date from which it shall take effect (a “**DSR Cessation Notice**”).

1.5.4 With effect from the date specified in the DSR Cessation Notice and for so long as it remains in effect Trading Participants shall not be permitted to post DSR Market Offers on the Trading System and National Gas Transmission shall not be permitted to accept any DSR Market Offers posted on the Trading System.

1.5.5 Where a DSR Cessation Notice is issued it shall remain in force until National Gas Transmission issues a notice withdrawing the DSR Cessation Notice to Users and the Market Operator (by means of publication on its website).

## 1.6 Localised Transportation Deficit

1.6.1 Where after 24:00 hours on the Preceding Day it appears to National Gas Transmission

that a Localised Transportation Deficit, Transportation Constraint, Entry Capability Shortfall or Firm Capacity Shortfall is likely to arise or has arisen, National Gas Transmission may take (at such times as it judges operationally appropriate) Market Balancing Buy Action(s) and/or Market Balancing Sell Action(s) as required at relevant System Point(s) with a view to gas flow rates at such System Points being increased or (as the case may be) decreased so as to avoid or remedy the Localised Transportation Deficit, Transportation Constraint, Entry Capability Shortfall or Firm Capacity Shortfall.

- 1.6.2 In paragraph 1.3 references to Operational Balancing shall be construed as including the taking of Market Balancing Buy Actions or Market Balancing Sell Actions by National Gas Transmission under paragraph 1.5.1 and Market Balancing Sell Actions or Market Balancing Buy Actions taken as a consequence with a view to maintaining an Operational Balance and references to Operational Balancing Steps and Operational Balancing Requirements will be construed accordingly.
- 1.6.3 For the purposes of the Code a "**Localised Transportation Deficit**" is a condition affecting a part of the NTS resulting in a deficiency in the quantities of gas which National Gas Transmission is able to make available for offtake from that part of the NTS whether such condition results from the size of any part of the NTS, the operation or failure to operate any part of the NTS or the extent or distribution of supply or demand in any part of the NTS but which does not result from a Transportation Constraint affecting a particular System Entry Point or System Entry Points.

## 1.7 Emergencies

In a Network Gas Supply Emergency the provisions of this Section D, shall apply to the extent provided by Section Q.

## 1.8 Scottish Independent Networks

- 1.8.1 References in this Section D to the NTS do not include references to the Scottish Independent Networks.
- 1.8.2 Injection of gas to LNG Facilities for the purposes described in Section B1.9.2(a) will take place only at certain times of the year and not at a uniform rate through the year; and accordingly quantities delivered by Users to the Total System with a view to balancing the quantities offtaken from the Scottish Independent Networks will at certain times of the year exceed, and at others be less than, the quantities offtaken from the Total System for injection into LNG Facilities for such purposes.
- 1.8.3 National Gas Transmission will manage and account for the differences in quantities referred to in paragraph 1.7.2 as changes in NTS Linepack (potentially giving rise to or contributing to Operational Balancing Requirements) each Day; and will not be treated as a User of the NTS in so doing.
- 1.8.4 In accordance with paragraph 1.7.3, Storage Injection Nominations made by the Transporter for the purposes referred to in paragraph 1.7.2 will not take effect as Output Nominations.

## 1.9 DNO Users

In this Section D references to Users exclude DNO Users other than a DNO User in its capacity as an LDZ Shrinkage Provider.

### 1.10 Trader User

In this Section D references to Users include Trader Users.

## 2 TRADING ARRANGEMENTS

### 2.1 On the Day Market

2.1.1 Where National Gas Transmission appoints a person who has established a market for the purposes referred to in Standard Special Condition A11(22A and 22B), inserted by Special Condition 9.20 of National Gas Transmission's Transporter's Licence, National Gas Transmission will make arrangements with such person pursuant to which such person will provide and operate an electronic trading system by means of which Users and National Gas Transmission may (if they have been admitted by such person as participants in such system) post and accept (and revise and withdraw) offers to effect Market Transactions.

2.1.2 Without prejudice to the provisions of Section V4, provided such person has complied with the relevant requirements of Section V2, National Gas Transmission will admit the Trading System Clearer as a User pursuant to Section V2.5.1 for the purposes only of making Trade Nominations (including System Trade Nominations) pursuant to Section C5.

2.1.3 For the purposes of the Code:

- (a) **"Trading System"** is an electronic trading system provided and operated by the Trading System Operator for the purposes described in paragraph 2.1.1; provided that references to the Trading System shall not include any part of such system by means of which transactions other than Market Transactions may be effected, or by means of which Market Transactions (other than Multi-Day Balancing Transactions) may be effected earlier than the 08:00 hours on the Day before the Gas Flow Day;
- (b) **"Trading System Operator"** is the person providing and operating the system referred to in paragraph (a);
- (c) **"Trading System Clearer"** is, subject to and in accordance with the Trading System Contract, (a) the Trading System Operator, or (b) a person designated by the Trading System Operator to provide clearing services for the purposes of the Trading System, or (c) an Approved Trading System Subcontractor;
- (d) **"Trading System Arrangements"** are the arrangements including the rules for use of the Trading System made by the Trading System Operator in respect of the provision and operation of the Trading System and the rules for clearing services of the Trading System Clearer;
- (e) **"Trading System Contract"** is the contract between National Gas Transmission and the Trading System Operator setting out the arrangements made by National Gas Transmission for the purposes of paragraph 2.1.1.

- (f) **“Approved Trading System Subcontractor”** is a person contracted by Trading System Operator or by the Trading System Clearer to perform any duty or function or to provide any services in relation to the Trading System Arrangements and which is approved by National Gas Transmission.
- 2.1.4 The requirement to make arrangements in paragraph 2.1.1 is without prejudice to National Gas Transmission's rights of termination pursuant to the Trading System Contract and National Gas Transmission shall not be in breach of the obligation in paragraph 2.1.1 were the Trading System Contract to terminate as a consequence of:
- (a) National Gas Transmission exercising its rights of termination thereunder;
  - (b) the Trading System Operator ceasing to, or otherwise being unable to, carry on its business in providing and operating the Trading System;
  - (c) the giving of a Termination Notice by National Gas Transmission pursuant to paragraph 2.9.3 of the Network Code Supplement.
- 2.1.5 National Gas Transmission shall not be liable to any User for any act, omission or failure of the Trading System Operator or the Trading System Clearer under or relating to the terms of the Trading System Contract or the Trading System Arrangements and National Gas Transmission shall not be required to incur any liability or be required to take any steps, including the commencement of proceedings in connection with the enforcement against the Trading System Operator or the Trading System Clearer of its rights pursuant to the Trading System Contract.

## 2.2 Market Transactions and Trading Arrangements

### 2.2.1 For the purposes of the Code:

- (a) a **"Market Transaction"** is a transaction effected (by means of the Trading System) between two Trading Participants, pursuant to which the Trading System Clearer agrees with each of the Trading Participants separately to make equivalent Trade Nominations (so that the Trading System Clearer agrees with one such participant to make an Acquiring Trade Nomination, and with the other such participant to make a Disposing Trade Nomination);
- (b) the **"Originating Participant"** in relation to a Market Transaction is the Trading Participant which posted (using the Trading System) the offer, acceptance of which by National Gas Transmission or another User (the **"Accepting Participant"**) effected such transaction; and where the Originating Participant is a User it is an **"Originating User"**;
- (c) a **"Physical Market Transaction"** is a Market Transaction pursuant to which the Originating User agrees:
  - (i) to modify the quantity of gas to be delivered to and/or offtaken from the System by the User in aggregate on the Gas Flow Day by an amount equal to the Trade Nomination Quantity (and to modify the rate of such delivery and/or offtake accordingly); and
  - (ii) accordingly to make a Nomination(s) or Renomination(s) in accordance with paragraph 2.3;

- (d) a "**Locational Market Transaction**" is a Physical Market Transaction pursuant to which the Originating User agrees to make a Nomination or Renomination in respect of a specified System Point in accordance with paragraph 2.3;
- (e) a "**Non-physical Market Transaction**" is a Market Transaction which is not a Physical Market Transaction;
- (f) in respect of an Originating User and in relation to a Physical Market Transaction an "**Eligible Trading System Point**" is a System Point in respect of which the following conditions are satisfied:
  - (i) the System Point is:
    - (1) a System Entry Point in respect of which the User has complied with the requirement in Section B1.5; or
    - (2) a Supply Point in respect of which the User is the Registered User and in relation to which the User may submit a separate Output Nomination; or
    - (3) an eligible Connected System Exit Point in relation to which the User is a CSEP User; and
  - (ii) in the case of a Physical Market Transaction under which the Originating User has agreed to reduce:
    - (1) the quantity of gas to be delivered to the Total System at a System Entry Point, the User has made an Input Nomination for the Gas Flow Day at such System Entry Point; or
    - (2) the quantity of gas to be offtaken from the Total System at a System Exit Point, the User has made an Output Nomination for the Gas Flow Day at such System Exit Point

in either case for which the Implied Nomination Flow Rate is not less than the Market Transaction Flow Rate Change;
- (g) "**Contract Renomination**" is a Renomination made or to be made by a User (pursuant to a Physical Market Transaction) in accordance with paragraph 2.3;
- (h) in relation to a Physical Market Transaction the "**Contract Renomination Time**" is the later of 19:00 hours on the Day preceding the Market Offer Date and that time falling 60 minutes after notification by the Trading System Operator to National Gas Transmission of the Transaction Details, but not later than 03:00 hours on the Market Offer Date;
- (i) in respect of a Market Transaction the "**Contract Renomination Time**" are those details to be provided to National Gas Transmission by the Trading System Operator (in accordance with the Trading System Arrangements) when the Trading System Operator notifies National Gas Transmission that the Market Transaction has been effected;
- (j) "**Trading Participant**" means a User (other than one admitted pursuant to Section V2.5.1) or National Gas Transmission, which is for the time being

admitted by the Trading System Operator as a participant under the Trading System in relation to Market Transactions save that for the purposes of paragraph 5 (Voluntary Demand Side Response) only, Trader Users shall be excluded from the definition of Trading Participant;

- (k) references to '**acceptance**' of an offer include acceptance by 'order matching', that is where the posting of the later posted of two matching orders acts as the acceptance of the earlier posted of such orders.
- 2.2.2 The Trading System Contract will provide for the Trading System Arrangements to be consistent with Annex D-1 and will in addition contain provision whereby the Trading System Operator shall covenant with National Gas Transmission not to make any modification, change or other alteration to the Trading System Arrangements in respect of a matter within the scope of Annex D-1 other than with the prior written agreement of National Gas Transmission.
- 2.2.3 National Gas Transmission shall not agree with the Trading System Operator pursuant to the terms of the Trading System Contract to any amendment, change or other alteration to the Trading System Arrangements in respect of a matter within the scope of Annex D-1 unless pursuant to a Code Modification Annex D-1 has been amended in a manner such that following such modification Annex D-1 is consistent with the Trading System Arrangements following the amendment, change or alteration thereto.
- 2.2.4 In the event that pursuant to a Code Modification the terms of Annex D-1 are modified, changed or otherwise altered, National Gas Transmission shall not be required to secure that the Trading System Operator modify the Trading System Arrangements such that they are made consistent with Annex D-1 following such Code Modification.
- 2.2.5 The Trading System Arrangements will provide that, following the effecting of a Market Transaction, the Trading System Operator will submit, on its own account (or where the Trading System Operator and the Trading System Clearer are different persons, on the Trading System Clearer's behalf) and as User Agent on behalf of the Originating and Accepting Participants, the Trade Nominations agreed to be made pursuant to such Market Transaction.
- 2.2.6 The Trading System Operator shall be deemed to have submitted Trade Nominations pursuant to paragraph 2.2.5 (and complying with Section C6.2) by notifying to National Gas Transmission details of the Market Transaction pursuant to those provisions of the Trading System Arrangements which comply with paragraph 5.4(c) of Annex D-1.
- 2.2.7 A Trading Participant may not post a Market Offer to effect a Physical Market Transaction in relation to which the Market Transaction Lead Time is less than one (1) hour.
- 2.2.8 Where National Gas Transmission takes a Market Balancing Action:
- (a) in the case of a Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) the Trading System Clearer shall pay to National Gas Transmission the Market Balancing Action Charge;
  - (b) in the case of a Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) National Gas Transmission shall pay the Trading System Clearer the Market Balancing Action Charge.

Payments between the Trading System Clearer and National Gas Transmission may be made through a clearing bank designated by National Gas Transmission.

2.2.9 Subject to paragraph 5.1.2(i), the Market Balancing Action Charges payable pursuant to paragraph 2.2.8 shall:

- (a) in the case of Multi-Day Balancing Transactions, be calculated on the basis of the original Market Offer Price; and
- (b) in the case of any other Market Transaction, be calculated on the basis of the Market Offer Price;

and such Market Balancing Action Charges shall be invoiced and are payable in accordance Section S.

## **2.3 Contract Renominations**

2.3.1 Subject to paragraph 2.3.6, where a Physical Market Transaction is effected, the Originating User shall make Contract Renomination(s) which are in compliance with the requirements in paragraphs 2.3.2 and 2.3.3.

2.3.2 The requirements referred to in paragraph 2.3.1 are that:

- (a) without prejudice to Section C4.1.3(b), the Contract Renomination(s) are submitted not earlier than the time the Trading System Operator notifies National Gas Transmission of the Transaction Details and not later than the Contract Renomination Time;
- (b) the Contract Renomination(s) shall be submitted in accordance with Section C4.1.5 and shall in addition specify:
  - (i) that the Renomination is a Contract Renomination;
  - (ii) the Physical Market Transaction in respect of which it is made;
- (c) a Contract Renomination may not for the purposes of paragraph (b) specify more than one Physical Market Transaction;
- (d) where the User is required to make Contract Renomination(s):
  - (i) other than pursuant to a Locational Market Transaction, the Contract Renomination(s) submitted by the User shall:
    - (1) be in respect of an Eligible System Trading Point(s); and
    - (2) be for Renomination Quantity(ies) in aggregate equal to the Trade Nomination Quantity in respect of which the relevant Physical Market Transaction was effected;
  - (ii) pursuant to a Locational Market Transaction, the Contract Renomination submitted by the User shall:
    - (1) be in respect of the Eligible System Trading Point in respect of

which the Locational Market Transaction was effected; and

- (2) be for a Renomination Quantity equal to the Trade Nomination Quantity in respect of which the relevant Locational Market Transaction was effected.

2.3.3 Without prejudice to the requirements of paragraph 2.3.2, where pursuant to the Physical Market Transaction:

- (a) the User has agreed to make a Disposing Trade Nomination, the User must make a Contract Renomination(s) which:
  - (i) revises the User's Input Nomination for a System Entry Point by increasing the Nomination Quantity; and/or
  - (ii) is an original Input Nomination for a System Entry Point in respect of which the User has made no earlier Nomination; and/or
  - (iii) is a Renomination which revises the User's Output Nomination for a System Exit Point by reducing the Nomination Quantity;
- (b) the User has agreed to make an Acquiring Trade Nomination, the User must make a Contract Renomination(s) which:
  - (i) revises the User's Input Nomination for a System Entry Point by reducing the Nomination Quantity; and/or
  - (ii) is an original Output Nomination for a System Exit Point in respect of which the User has made no earlier Nomination; and/or
  - (iii) is a Renomination which revises the User's Output Nomination for a System Exit Point by increasing the Nomination Quantity.

2.3.4 Where pursuant to a Physical Market Transaction in respect of which the Originating User agrees to make:

- (a) a Disposing Trade Nomination in relation to a System Entry Point, the Originating User shall not make a Renomination (other than a Contract Renomination) in respect of such System Entry Point as a result of which the Implied Nomination Flow Rate would be less than the aggregate of the Market Transaction Flow Rate Changes in relation to all earlier Contract Renominations made by the Originating User in respect of such System Entry Point;
- (b) an Acquiring Trade Nomination in relation to a System Exit Point, the Originating User shall not make a Renomination (other than a Contract Renomination) in respect of such System Exit Point as a result of which the Implied Nomination Flow Rate would be less than the aggregate of the Market Transaction Flow Rate Changes in relation to all earlier Contract Renominations made by the Originating User in respect of such System Exit Point.

2.3.5 The Renomination Effective Time of a Contract Renomination shall be the Transaction Effective Time of the Physical Market Transaction pursuant to which the Contract Renomination is to be made.

2.3.6 In relation to a Locational Market Transaction in the event the System Point in respect of which the User has agreed to submit Contract Renomination(s) is not an Eligible System Trading Point:

- (a) the User shall not be entitled, notwithstanding paragraph 2.3.1, to make a Contract Renomination; and
- (b) paragraph 2.3.7 shall nonetheless apply.

2.3.7 Where a Physical Market Transaction is effected, in the event the Originating User:

- (a) does not submit a Contract Renomination in accordance with this paragraph 2.3;
- (b) submits a Contract Renomination(s) which does not comply with the provisions of this paragraph 2.3

the Originating User shall pay a charge ("**Physical Renomination Incentive Charge**") calculated in accordance with paragraph 2.3.8.

2.3.8 The Physical Renomination Incentive Charge shall be the greater of:

- (a) an amount calculated in accordance with the following formula:

$$\text{TNQ} * 0.005 \text{ pence}$$

where TNQ is the Trade Nomination Quantity in respect of which the relevant Physical Market Transaction was effected; and

- (b) £200.

2.3.9 The Physical Renomination Incentive Charge will be invoiced and payable in accordance with Section S.

## **2.4 Trading System Contingencies**

2.4.1 Where National Gas Transmission is of the opinion that its ability to carry out Operational Balancing is prejudiced by an event or circumstance affecting the Trading System such that no Trading Participant is able to post or accept a Market Offer National Gas Transmission shall notify Users and with effect from the time specified in such notice National Gas Transmission shall cease to make use of the Trading System for the purposes of Operational Balancing and National Gas Transmission may make use of Contingency Balancing Arrangements.

2.4.2 Following the use of Contingency Balancing Arrangements pursuant to paragraph 2.4.1 where National Gas Transmission is of the opinion that the Trading System may be used by National Gas Transmission for the purposes of Operational Balancing, National Gas Transmission shall notify all Users of the Day with effect from the start of which National Gas Transmission shall recommence use of the Trading System (and cease to make use of Contingency Balancing Arrangements) by not later than 10:00 on the Preceding Day.

2.4.3 In the event that:

- (a) National Gas Transmission exercises its rights of termination pursuant to the Trading System Contract;
- (b) the Trading System Operator ceases to, or is unable to, carry on its business as the provider and operator of the Trading System;
- (c) National Gas Transmission gives the Trading System Operator a Termination Notice pursuant to paragraph 2.9.3 of the Network Code Supplement

National Gas Transmission shall promptly notify Users, and with effect from the time specified in such notice National Gas Transmission shall cease to make use of the Trading System for the purposes of Operational Balancing and National Gas Transmission may make use of Contingency Balancing Arrangements.

- 2.4.4 Where National Gas Transmission is of the opinion that by reference to the aggregate quantities of gas for which Users have posted Market Offers and Nomination Information its ability to carry out Operational Balancing is or may be prejudiced National Gas Transmission shall notify Users of its opinion and request that Trading Participants post further Market Offers provided that the giving of such notice(s) shall be without prejudice to the provisions of Section Q and any actions National Gas Transmission may take in its capacity as NEC where so appointed.
- 2.4.5 National Gas Transmission may, with Condition A11(18) Approval of the Authority, following the use of Contingency Balancing Arrangements pursuant to paragraph 2.4.1, recommence use of the Trading System for Operational Balancing Purposes and in such circumstances National Gas Transmission shall notify all Users of the Day with effect from the start of which National Gas Transmission shall recommence use of the Trading System (and cease to make use of Contingency Balancing Arrangements) by not later than 10:00 on the Preceding Day.
- 2.4.6 In relation to each Day in respect of which National Gas Transmission uses Contingency Balancing Arrangements the provisions of paragraph 2.3 as to Physical Renomination Incentive Charges will not apply.
- 2.4.7 For the purposes of the Code "**Contingency Balancing Arrangements**" are other arrangements provided for in the Code to be 'Contingency Balancing Arrangements'.

### 3 Non-Trading System Transactions

#### 3.1.1 For the purposes of the Code:

- (a) A "**Non-Trading System Transaction**" is a transaction effected (other than by means of the Trading System) between National Gas Transmission and a User who is not a Trading Participant, pursuant to which each of National Gas Transmission and the User agrees to make equivalent Trade Nominations (so that the one such participant agrees to make an Acquiring Trade Nomination, and the other such participant agrees to make a Disposing Trade Nomination);
- (b) "**Non-Trading System Offer Price**" is (subject to paragraph 4) the price (in pence/kWh) specified in relation to a Non-Trading System Offer by the party making the Non-Trading System Offer, and the "**original**" Non-Trading System Offer Price is the price (in pence/kWh) specified by the party making the Non-Trading System Offer when posting the Non-Trading System Offer without applying the provisions of Section D4 to such price;

- (c) **"Non-Trading System Offer"** is an offer made by a User who is not a Trading Participant or National Gas Transmission (other than by way of the Trading System), acceptance of which will effect a Non-Trading System Transaction;
  - (d) the **"Non-Trading System Transaction Charge"** is the Non-Trading System Transaction Quantity multiplied by the Non-Trading System Offer Price;
  - (e) the **"Non-Trading System Transaction Quantity"** is the quantity which is the Trade Nomination Quantity in respect of the Trade Nominations to be made pursuant to acceptance of the Non-Trading System Offer.
- 3.1.2 Subject to paragraph 4.1.1, National Gas Transmission may only enter into Non-Trading System Transactions only in relation to a Gas Flow Day in respect of which a Gas Balancing Notification is in place.
- 3.1.3 Where National Gas Transmission takes a Market Balancing Action that is a Non-Trading System Transaction:
- (a) in the case of a Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) the User shall pay to National Gas Transmission the Market Balancing Action Charge;
  - (b) in the case of a Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) National Gas Transmission shall pay the User the Market Balancing Action Charge.
- 3.1.4 The Market Balancing Action Charges payable pursuant to paragraph 3.1.3 shall:
- (a) in the case of Multi-Day Balancing Transactions, be calculated on the basis of the original Non-Trading System Offer Price; and
  - (b) in the case of any other Non-Trading System Transaction, be calculated on the basis of the Non-Trading System Offer Price;

and such Market Balancing Action Charges shall be invoiced and are payable in accordance Section S.

#### **4 Multi-Day Balancing Actions**

- 4.1.1 Where a User makes a Market Offer or a Non-Trading System Offer to National Gas Transmission in relation to a Gas Flow Day in respect of which a Gas Balancing Notification is in place and up to six (6) subsequent consecutive Gas Flow Days, and it is a condition of accepting such Market Offer or Non-Trading System Offer that National Gas Transmission and the User makes (or, in the case of a Market Offer, the Trading System Operator makes on their behalf) the appropriate Trade Nominations for each such Gas Flow Day, National Gas Transmission shall be entitled to accept such a Market Offer or Non-Trading System Offer and accordingly enter into a Market Transaction or Non-Trading System Transaction (any such Market Transactions or Non-Trading System Transactions shall be known as **"Multi-Day Balancing Transactions"**).
- 4.1.2 For the purposes of the Code, Multi-Day Balancing Transactions entered into by way of the Trading System will be entered into as Locational Market Transactions.

4.1.3 A Market Offer or a Non-Trading System Offer which would result in a Multi-Day Balancing Transaction must specify the same price in respect of each Day to which the Multi-Day Balancing Transaction would relate.

4.1.4 For the purposes of the Code, in relation to Multi-Day Balancing Transactions:

- (a) the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction on each Gas Flow Day to which the Multi-Day Balancing Transaction relates shall be calculated as follows:

$$(N)MOP = AP * (\text{Offered Price} * ND)$$

Where:

(N)MOP is the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction for the Gas Flow Day in question;

AP is a factor determined as:

$$AP = PR / APR$$

PR is the probability (expressed as a percentage and estimated by National Gas Transmission) of National Gas Transmission requiring to take Market Balancing Buy Actions (where the Multi-Day Balancing Transaction is a Market Balancing Buy Action) or Market Balancing Sell Actions (where the Multi-Day Balancing Transaction is a Market Balancing Sell Action) on the Gas Flow Day in question;

APR is the sum of the PRs for each Gas Flow Day to which the Multi-Day Balancing Transaction relates;

Offered Price is the price (in pence/kWh) offered by the User when making a Market Offer or a Non-Trading System Offer that resulted in the Multi-Day Balancing Transaction;

ND is the number of Gas Flow Days to which the Multi-Day Balancing Transaction relates;

- (b) references to Market Balancing Action Charges in the Code (other than in Section S or in the definition of “Energy Balancing Charges” in GTC Section C1) relating to Multi-Day Balancing Transactions shall (unless the context expressly requires otherwise) be calculated using the Market Offer Price or Non-Trading System Offer Price (as the case may be) as adjusted pursuant to paragraph 4.1.4(a); and
- (c) references to Market Balancing Action Charges relating to Multi-Day Balancing Transactions in Section S and in the definition of “Energy Balancing Charges” in GTC Section C1 shall (unless the context expressly requires otherwise) be calculated using the original Market Offer Price or original Non-Trading System Offer Price (as the case may be).

4.1.5 For the purposes of Section F:

- (a) the Market Offer Price or Non-Trading System Offer Price (as the case may be)

of a Multi-Day Balancing Transaction will only be used in the determination of the System Marginal Buy Price pursuant to Section F1.2.1(a) where the Multi-Day Balancing Transaction is a Market Balancing Buy Action; and

- (b) the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction will only be used in the determination of the System Marginal Sell Price pursuant to Section F1.2.1(b) where the Multi-Day Balancing Transaction is a Market Balancing Sell Action.
- 4.1.6 For the purposes of calculating the System Average Price pursuant to Section F1.2.1(c), where the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction (as determined pursuant to paragraph 4.1.4) equals zero in relation to a Gas Flow Day, then the Trade Nomination Quantity of such Multi-Day Balancing Transaction for that Gas Flow Day shall be deemed to be zero.
- 4.1.7 For the purposes of calculating the System Marginal Sell Price pursuant to Section F1.2.1(b), where the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction (as determined pursuant to paragraph 4.1.4) equals zero in relation to a Gas Flow Day, then such Market Offer Price or Non-Trading System Offer Price shall be excluded from the calculation of the System Marginal Sell Price pursuant to Section F1.2.1(b).
- 4.1.8 For the purposes of the Code, each Multi-Day Balancing Transaction entered into by National Gas Transmission by way of the Trading System shall be deemed to be separate Market Transactions for each Gas Flow Day to which the Multi-Day Balancing Transaction relates.

## 5 VOLUNTARY DEMAND SIDE RESPONSE

### 5.1 DSR Market Offers and Acceptance

- 5.1.1 For the purposes of the Code:
- (a) **“DSR Locational Market Transaction”** is a Locational Market Transaction that is effected by National Gas Transmission’s acceptance of a DSR Market Offer;
  - (b) **“DSR Market Offer”** is a Market Offer to provide DSR which may only be accepted by National Gas Transmission and when accepted will effect a DSR Locational Market Transaction;
  - (c) **“Voluntary Demand Side Response”** is the service more particularly described in the DSR Methodology whereby a DSR Locational Market Transaction will be effected between National Gas Transmission and a Trading Participant pursuant to which a Disposing Trade Nomination in respect of a DMC Supply Point for the Voluntary DSR Quantity, and references to **“DSR”** shall be construed accordingly;
  - (d) **“Voluntary DSR Quantity”** is the quantity of gas (in kWh) in respect of which a DSR Locational Market Transaction has been effected.
- 5.1.2 Subject always to paragraph 5.3.2,

- (a) Trading Participants may only post a DSR Market Offer on the Trading System in respect of a DMC or a DMA Supply Point and the right to post DSR Market Offers shall be suspended during the period following declaration by the NEC of Stage 2 of a Gas Deficit Emergency;
- (b) Trading Participants may post a DSR Market Offer on the Trading System, that if accepted, would result in a Multi-Day Balancing Transaction, in which case the provisions of paragraph 4 shall apply;
- (c) Trading Participants may only post a DSR Market Offer on the Trading System that indicates a Market Offer Specified Quantity, provided that a Trading Participant may indicate that the Market Offer Specified Quantity reduces over the course of the Market Offer Date, provided that if as a result of such reduction the Market Offer Specified Quantity at any time fails to satisfy paragraph 4.3(a) of Annex D-1, the DSR Market Offer shall be withdrawn from the Trading System by the Market Operator;
- (d) National Gas Transmission and Trading Participants shall not have visibility of such DSR Market Offers until a Margins Notice or Gas Balancing Notification is issued in accordance with Section V5.9.4(b) or V5.9.7;
- (e) National Gas Transmission may only accept a DSR Market Offer during a Voluntary DSR Period;
- (f) a DSR Locational Market Transaction shall constitute a Market Balancing Buy Action and the entry into such DSR Locational Market Transaction shall be without prejudice to the Trading Participant's obligations pursuant to Section Q;
- (g) where a DSR Locational Market Transaction has been effected (whether or not the relevant Market Offer Date is on or after the Gas Flow Day that the NEC declares Stage 2 of a Gas Deficit Emergency) the Trading Participant shall nonetheless make the required Nomination(s) or Renomination(s) in accordance with paragraph 2.3;
- (h) the Market Balancing Action Charge that is payable by National Gas Transmission in respect of a DSR Locational Market Transaction shall be calculated and invoiced in accordance with paragraphs 2.2.8 and 2.2.9, provided that where the Market Offer Date for such DSR Locational Market Transaction is after the Gas Flow Day upon which the NEC declared Stage 2 of a Gas Deficit Emergency, paragraph 2.2.9 shall not apply insofar as the Market Balancing Action Charge shall be invoiced and payable in accordance with Section Q6.4.7.

## 5.2 Reporting in respect of DSR Market Offers

- 5.2.1 By no later than the 15<sup>th</sup> Business Day in April of each Gas Year National Gas Transmission shall publish on its website a report containing data in respect of DSR Market Offers posted on the Trading System during the period from and including 1 April in the preceding Gas Year up to and including 31 March in the current Gas Year (the “**DSR Annual Report**”).
- 5.2.2 In addition to the DSR Annual Report, the Authority may from time to time request certain information in respect of DSR Market Offers from National Gas Transmission

or the Trading System Operator. National Gas Transmission will make arrangements with the Trading System Operator to enable it to comply with any such request for information.

## **6 CONTINGENT PROCUREMENT OF SUPPLIER DEMAND**

### **6.1 General**

6.1.1 This paragraph 6 applies where there is, or National Gas Transmission expects that there will be, one or more Relevant TSMPs.

6.1.2 A "**Relevant TSMP**" is Supply Meter Point for which, in respect of a Day (D), the following conditions are satisfied:

- (a) the Registered User is a Discontinuing User pursuant to a Termination Notice under which the User Discontinuance Date is on or before that Day (and accordingly the Supply Meter Point is a Terminated Supply Meter Point);
- (b) a binding undertaking has been given, by the supplier (including a Supplier of Last Resort) of the Supply Point Premises, to the Transporter pursuant to Standard Condition 18 of the Supplier Licence;
- (c) pursuant to that undertaking, before the User Discontinuance Date, the Transporter gave notice (of the end of the arrangements under the Code between the Transporter and the Discontinuing User, as contemplated by Standard Condition 18.1(c)) to the supplier; and
- (d) no other User has become Registered User of the Supply Meter Point.

6.1.3 Where this paragraph 6 applies, National Gas Transmission will purchase gas (in accordance with paragraph 6.3) in respect of the estimated quantity of gas to be offtaken at the Relevant TSMP on Day D, subject to and in accordance with the further provisions of this paragraph 6.

6.1.4 The role of National Gas Transmission in purchasing or selling gas under this paragraph 6 is separate from its role in Operational Balancing, and accordingly:

- (a) the actions taken by National Gas Transmission to purchase or sell such gas are not Operational Balancing Steps;
- (b) such actions are not Eligible Balancing Actions and accordingly their prices are not taken into account in determining the System Marginal Buy Price, the System Marginal Sell Price or the System Average Price;
- (c) nothing in paragraph 1 applies in respect of such actions taken by National Gas Transmission.

6.1.5 In paragraph 1.1.1, references to quantities of gas delivered to the Total System include quantities which are expected to be delivered by a User from whom National Gas Transmission purchases gas for the purposes of paragraph 6.1.3.

6.1.6 National Gas Transmission is not treated as acting as User for the purposes of Section V7 in purchasing or selling gas under this paragraph 6; and no Balancing Charges or Balancing Neutrality Charges are determined or payable in respect of the quantities of

gas purchased or sold.

- 6.1.7 National Gas Transmission will take steps (including estimating demand at Relevant TSMPs and purchasing or selling gas) under this paragraph 6 on Business Days only.

## 6.2 Estimation of Demand

- 6.2.1 Where this paragraph 6 applies, National Gas Transmission will from time to time, for each Day in the Estimation Period, estimate:

- (a) which Supply Meter Points are or will be Relevant TSMPs;
- (b) (in accordance with paragraph 6.2.5 and subject to paragraph 6.2.6) the quantity of gas ("**Estimated Daily TSMP Quantity**") to be offtaken each Day at all Relevant TSMPs; and
- (c) on that basis, whether such Day is or will be a relevant Day.

- 6.2.2 The **Estimation Period** is the period from the Day (in month M) on which National Gas Transmission makes an estimate until the last Day of month M+1.

- 6.2.3 A **relevant Day** is a Day in the period (**TDP period**):

- (d) starting on the first Day for which (at the time of any estimate made by National Gas Transmission) the Estimated Daily TSMP Quantity is more than 10,000,000 kWh;
- (e) ending on the first following Day for which (at the time of any estimate made by National Gas Transmission) the Estimated Daily TSMP Quantity is less than 100,000 kWh, but not later than the last Day of the prevailing Estimation Period.

- 6.2.4 National Gas Transmission will notify Users of:

- (a) (as soon as reasonably practicable after it makes the relevant estimate) the Day on which the TDP period starts, and
- (b) the Day on which the TDP period has ended.

- 6.2.5 In estimating the quantity of gas to be offtaken on a Day at a Relevant TSMP, National Gas Transmission shall (on the basis of information provided by the CDSP and other information available to National Gas Transmission at the time), take into account:

- (a) its assessment of whether a VLR User is expected to make a Disposing Trade Nomination in relation to the Relevant TSMP in respect of such Day in accordance with Section E10; and the quantity expected to be subject to such Disposing Trade Nomination shall be deducted in calculating the Estimated Daily TSMP Quantity;
- (b) its assessment of whether the condition in paragraph 6.1.2(d) will be continue to be satisfied on the relevant Day;
- (c) in the case of a NDM Supply Meter Point:

- (i) subject to paragraph (ii), the seasonal normal demand of the Relevant TSMP;
  - (ii) subject to paragraph 6.2.6, with effect from the NDM Output Nomination Time, and until the Demand Forecast Time at or before 14:00 hours on the Day, the prevailing NDM Supply Meter Point Demand;
  - (d) In the case of a LDZ DM Supply Meter Point, the Output Nomination for the Day seven Days before the current Day or the relevant Annual Quantity divided by 365;
  - (e) In the case of an NTS Supply Meter Point, historical offtake volumes and any other relevant site data.
- 6.2.6 Where a Day is not a Business Day, the Estimated Daily TSMP Quantity for that Day will be the quantity estimated, on the last preceding Day (DE) which was a Business Day, for Day DE+1.

### **6.3 Purchase of Gas**

- 6.3.1 National Gas Transmission will purchase gas, by way of Acquiring Trade Nomination, with a view to having purchased, for each relevant Day, as nearly as practicable the Estimated Daily TSMP Quantity.
- 6.3.2 Where at any time on the last Business Day before a relevant Day (D), or on Day D if it is a Business Day, the prevailing Estimated Daily TSMP Quantity is less than the aggregate quantity of gas purchased for Day D, National Gas Transmission may sell gas by way of Disposing Trade Nomination.
- 6.3.3 The purchases and sales of gas by National Gas Transmission under this paragraph 6 may be made from or to any User and by any means including 'over-the-counter' trades, Market Transactions, and trades on any other exchange or platform.
- 6.3.4 In purchasing gas for a relevant Day, National Gas Transmission will aim to purchase not less than 30% and not more than 80% of the Estimated Daily TSMP Quantity by way of 'month-ahead' and 'balance-of-month' trades, and the balance (but consistent with paragraph 6.1.7) by 'day-ahead' and 'within-day' trades.
- 6.3.5 National Gas Transmission will conduct its purchases and sales of gas with a view to the economic purchase of the Estimated Daily TSMP Quantity for relevant Days.

### **6.4 TSMP Procurement Amounts**

- 6.4.1 The amounts payable by National Gas Transmission in respect of its purchases of gas under this paragraph 6, net of the amounts payable to it in respect of sales, are "**TSMP Demand Procurement Amounts**" or "**TDP Amounts**".

## **7 DSR OPTIONS**

### **7.1 General**

- 7.1.1 This paragraph 7 sets out the basis on which Users may enter into commitments with National Gas Transmission, and National Gas Transmission may arrange with

Consumers to enter into commitments, to provide DSR at specified times.

7.1.2 A commitment to provide DSR is a commitment to reduce the offtake of gas at a Supply Meter Point to a specified level if required by National Gas Transmission.

7.1.3 In this paragraph 7:

- (a) a "**DSR Participant**" is an eligible User or eligible Consumer that enters or may enter into a commitment as described in paragraph 7.1.1;
- (b) an "**eligible**" User or Consumer in relation to an eligible Supply Meter Point is:
  - (i) a User that is Registered User of the Supply Meter Point;
  - (ii) the Consumer whose premises are supplied through the Supply Meter Point;
- (c) a "**DSR Option**" is a commitment from a DSR Participant in respect of an eligible Supply Meter Point to provide DSR in a particular Winter Period;
- (d) a "**DSR Option Offer**" is an offer made by a DSR Participant to National Gas Transmission to enter into a DSR Option;
- (e) in respect of a Day (D):
  - (i) a "**Within-Day Option**" is a DSR Option which may be exercised by National Gas Transmission on Day D;
  - (ii) a "**Day-Ahead Option**" is a DSR Option which may be exercised by National Gas Transmission on Day D-1;
  - (iii) a "**5-Day-Ahead Option**" is a DSR Option which may be exercised by National Gas Transmission on Day D-5;
- (f) a "**WD**", "**DA**" or "**D-5**" DSR Option Offer is a DSR Option Offer respectively for a Within-Day Option, a Day-Ahead Option or a 5-Day-Ahead Option (each an "**Option Timeframe**");
- (g) an "**Available Exercise Day**" is a Day in respect of which National Gas Transmission may exercise a DSR Option, in accordance with paragraph 7.7.1;
- (h) the "**Option Start Time**" in relation to an Available Exercise Day is:
  - (i) in relation to a Within-Day Option or Day-Ahead Option, the start of the Voluntary DSR Period in which that Day falls (in whole or part);
  - (ii) in relation to a 5-Day-Ahead Option, the time at which National Gas Transmission issues the notice under paragraph 7.7.2(b);
- (i) an "**Exercise Day**" is an Available Exercise Day in respect of which National Gas Transmission exercises a DSR Option, and an Exercise Day is "**discontinuous**" where the preceding Day was not an Exercise Day in respect of that DSR Option;

- (j) "**exercise**" means the exercise by National Gas Transmission of a DSR Option in accordance with paragraph 7.7.1, 7.8.1 or 7.9.1;
- (k) "**DSR Contract**" means a contract for a DSR Option entered into between National Gas Transmission and an eligible Consumer;
- (l) a "**User DSR Option**" is a DSR Option under which the DSR Participant is a User;
- (m) a "**Consumer DSR Option**" is a DSR Option under which the DSR Participant is a Consumer;
- (n) the "**DSR Reduced Quantity**" in relation to a DSR Option is the reduced level of offtake (as provided in paragraph 7.1.2) expressed as a daily quantity in kWh;
- (o) in relation to a Consumer DSR Option, the "**DSR Reduced Rate**" is a rate of offtake (in kWh/Day) determined as the DSR Reduced Quantity divided by 24;
- (p) in relation to a Within-Day Option:
  - (i) the "**DSR Lead Time**" is the period in hours from notice of exercise of the option before the offtake of gas is to be reduced;
  - (ii) where the option is exercised, the "**Exercise Effective Time**" is the time which is the DSR Lead Time after notice of exercise was given;
- (q) a "**qualifying**" Supply Meter Point is:
  - (i) for the purposes of a User DSR Option, a Class 1 or Class 2 Supply Meter Point;
  - (ii) for the purposes of a Consumer DSR Option, a Class 1 Supply Meter Point;
- (r) a qualifying Supply Meter Point is "**eligible**" in relation to an Annual DSR Invitation issued in a Gas Year unless the offtake of gas at the Supply Meter Point started after the end of the Winter Period in that Gas Year;
- (s) "**Option Selection Guidance**" means the guidance in the DSR Methodology as to the selection of DSR Options for acceptance.

## 7.2 Quantities subject to Options

- 7.2.1 The "**Winter Average Demand**" for a Supply Meter Point in respect of a DSR Option for a Winter Period is calculated as:

$$\sum \text{SMPDQ} / N$$

Where:

$\sum$  is the sum over all relevant Days in the preceding Winter Period;

SMPDQ is Supply Meter Point Daily Quantity;

N is the number of relevant Days in the preceding Winter Period;

and where a relevant Day is any Day other than:

- (a) a Day in respect of which a DSR Option was exercised in respect of, or on which (during a Network Gas Supply Emergency) National Gas Transmission required a reduction or discontinuance of the offtake of gas at, the Supply Meter Point;
- (b) a Day before the Day on which offtake of gas at the Supply Meter Point started.

7.2.2 Following (but not before) a DSR Option Invitation, National Grid Transmission will determine, and notify to each DSR Participant whose DSR Option Offer was accepted, the Winter Average Demand:

- (a) for the Winter Period of Gas Year Y, at the time provided in paragraph 7.6.4(b)(ii);
- (b) for the Winter Periods of Gas Years Y+1 and Y+2, by no later than 30 June in Gas Year Y and Gas Year Y+1.

7.2.3 The "**Option Quantity**" in respect of a DSR Option is calculated as:

$$\text{WAD} - \text{DRQ}$$

where:

WAD is the Winter Average Demand for the Supply Meter Point;

DRQ is the DSR Reduced Quantity for the DSR Option.

7.2.4 The "**Available Exercise Quantity**" in respect of a DSR Option and an Available Exercise Day is the quantity determined in accordance with paragraph 7.8.6 or 7.9.3.

### 7.3 Option Pricing

7.3.1 In respect of a DSR Option:

- (a) the "**Option Price**" is the price (in p/kWh per Day of the relevant Winter Period) payable to a DSR Participant for entering into the DSR Option;
- (b) the "**Daily Option Fee**" is the amount (in £ per Day of the relevant Winter Period) calculated as the Option Price multiplied by the Option Quantity;
- (c) the "**Exercise Price**" is the price (in p/kWh) payable to a DSR Participant in respect of a Day when the DSR Option is exercised.

7.3.2 The Exercise Price may be expressed (at the DSR Participant's election):

- (a) as a fixed amount (in p/kWh);
- (b) as a price to be determined in respect of an Available Exercise Day (D), in the form of the term  $(F * \text{SAP})$ , where:

- (i) SAP is the System Average Price on:
  - (1) for a Within-Day Option, Day D-1;
  - (2) for a Day-Ahead Option, Day D-2;
  - (3) for a 5-Day-Ahead Option, Day D-6;
- (ii) F is a positive number (stated to two decimal places) specified by the User.

7.3.3 In respect of a DSR Option Offer, the "**Combined Price**" is the sum of the Option Price (for one Day) and the Exercise Price.

7.3.4 For the purposes of determining the Combined Price, where the Exercise Price is expressed in the form in paragraph 7.3.2(b), National Gas Transmission will determine a deemed value of SAP as the forward price for gas, for the winter corresponding to the relevant Winter Period, published in the Argus European Natural Gas Report on or most recently before the invitation close date.

#### **7.4 Annual DSR Option Invitation**

7.4.1 National Gas Transmission will, no later than 31 August in each Gas Year (Y-1), issue to all Users and publish an invitation (**DSR Option Invitation**) to submit DSR Option Offers in respect of the Winter Periods of Gas Years Y, Y+1 and Y+2.

7.4.2 The DSR Option Invitation will specify:

- (a) the Winter Periods to which it applies;
- (b) the day by which DSR Option Offers may be made ("**invitation close date**"), which shall not be less than 15 Business Days from the date the invitation is issued;
- (c) the form in which a DSR Option Offer must be made;
- (d) such other matters (consistent with this paragraph 7) as National Gas Transmission decides.

7.4.3 In relation to eligible Consumers, the DSR Option Invitation will:

- (a) invite DSR Option Offers on the basis of the prevailing standard form of DSR Contract published by National Gas Transmission;
- (b) specify the basis on which a Consumer submitting a DSR Option Offer is to be bound by that contract;
- (c) require, as a condition of making a DSR Option Offer, that a Consumer that does not meet the credit conditions published by National Gas Transmission for the purposes of this paragraph (c) provide credit support (as provided in those credit conditions and the DSR Contract) in respect of its obligations under the DSR Contract should its offer be accepted.

## 7.5 DSR Option Offers

7.5.1 A DSR Option Offer shall specify:

- (a) the identity of the DSR Participant submitting the offer;
- (b) the eligible Supply Meter Point in respect of which the offer is made;
- (c) the Winter Period for which the offer is made;
- (d) the DSR Reduced Quantity (in kWh) for which the offer is made;
- (e) the Option Price;
- (f) the Exercise Price (by specifying the value of 'F', in a case where the User elects the form in paragraph 7.3.2(b));
- (g) whether the option is a Within-Day Option, a Day-Ahead Option or a 5-Day-Ahead Option;
- (h) in the case of a Within-Day Option, the DSR Lead Time, which shall not exceed 6 hours.

7.5.2 A DSR Option Offer may specify:

- (a) that the offer is Linked (as provided in paragraph 7.5.3(c)) to another DSR Option Offer;
- (b) a minimum period in Days between Days of non-consecutive exercise ("**Minimum Exercise Interval**");
- (c) a maximum number of Days on which the DSR Option may be exercised in a Winter Period ("**Maximum Exercise Period**").

7.5.3 A DSR Participant may, in respect of a given Supply Meter Point:

- (a) submit DSR Option Offers for any or all of the relevant Winter Periods (but a separate offer must be submitted for each such period);
- (b) submit DSR Option Offers for more than one Option Timeframe, on the basis that (in accordance with paragraph 7.6.2) only one such DSR Option Offer will be accepted;
- (c) specify that two or more such DSR Option Offers are "**Linked**" (in which case none of them may be accepted unless all are).

7.5.4 Any DSR Option Offer which is not submitted in accordance with the requirements of this paragraph 7.5 and the DSR Option Invitation is not compliant and will not be eligible for acceptance.

7.5.5 A DSR Participant may withdraw or modify a DSR Option Offer up to 17:00 hours on the invitation close date but not after that time.

## 7.6 Selection and acceptance of DSR Option Offers

7.6.1 Following the invitation close date, National Gas Transmission will select compliant DSR Option Offers for acceptance, for each Winter Period separately, as follows:

- (a) National Gas Transmission will rank all DSR Option Offers:
  - (i) in order of Combined Price, lowest price ranked first, subject to paragraph (ii);
  - (ii) National Gas Transmission will adjust the ranking as and to the extent it decides (in accordance with the Option Selection Guidance) is appropriate:
    - (1) to give priority to Within-Day Options over Day-Ahead Options and to Day-Ahead Options over 5-Day-Ahead Options;
    - (2) to reflect the disadvantages of DSR Option Offers with a particular Minimum Exercise Interval and/or a Maximum Exercise Period, and the advantages of DSR Option Offers without those limits;
- (b) National Gas Transmission will exclude from the ranking any DSR Option Offer for the Winter Period of Gas Year Y for which it determines the Option Quantity to be less than 100,000kWh (and any such offer lapses);
- (c) National Gas Transmission shall determine (in accordance with the Option Selection Guidance, and taking account of DSR Options entered into under previous invitations for the same Winter Period) the total amount in respect of Daily Option Fees to be incurred under that DSR Option Invitation for all Days in that Winter Period;
- (d) DSR Option Offers are provisionally selected for acceptance, in the order ranked under paragraph (a), until either:
  - (i) the aggregate of the amounts for all Days in the Winter Period in respect of Daily Option Fees in respect of such offers is equal to the amount decided under paragraph (c); or
  - (ii) all of the DSR Option Offers are selected;
- (e) if, following the provisional selection, any of the provisionally selected DSR Option Offers is Linked to a DSR Option Offer which was not provisionally selected:
  - (i) that DSR Option Offer is eliminated from the ranking;
  - (ii) the selection process in paragraph (d) is repeated;
  - (iii) where necessary, this process under this paragraph (e) will be repeated until there has been a selection round following which this paragraph (e) does not apply;
- (f) in accordance with the Option Selection Guidance, National Gas Transmission

will set or adjust the amount referred to in paragraph (c) so that no DSR Option Offer is selected as to part only of the Option Quantity;

- (g) the DSR Option Offers finally selected for acceptance are those selected under paragraph (e) where that paragraph applies, and otherwise those selected under paragraph (d).
- 7.6.2 Where a DSR Participant submits DSR Option Offers for the same Supply Meter Point for more than one Option Timeframe, selection of one such DSR Option Offer eliminates the others from the ranking.
- 7.6.3 If both the Consumer and a User submit DSR Option Offers for a Supply Meter Point, or more than one User submits a DSR Option Offer for a Shared Supply Meter Point, National Gas Transmission may (in its discretion) accept neither, or one only, of the DSR Option Offers in respect of the Supply Meter Point.
- 7.6.4 Following the selection process under paragraph 7.6.1, National Gas Transmission will, within 10 Business Days (but subject to the Option Selection Guidance) after the invitation close date:
- (a) accept the DSR Option Offers finally selected for acceptance;
  - (b) notify to each DSR Participant who submitted a DSR Option Offer which was accepted:
    - (i) such acceptance and the DSR Reduced Quantity;
    - (ii) the Winter Average Demand for the Winter Period of Gas Year Y; and
    - (iii) the Option Quantity for the Winter Period of Gas Year Y.
  - (c) notify non-acceptance to each DSR Participant who submitted a DSR Option Offer which was not accepted;
  - (d) where it has accepted a DSR Option Offer from a Consumer, inform the Registered User of the Supply Meter Point, and (in the case of a LDZ Supply Meter Point) the DN Operator, that it has accepted a DSR Option Offer from the Consumer (but not any details of the resulting Consumer DSR Option).
- 7.6.5 Upon acceptance by National Gas Transmission of a DSR Option Offer:
- (a) in the case of a User DSR Option, the DSR Option is automatically entered into and comes into force;
  - (b) in the case of a Consumer DSR Option, the DSR Option is entered into and comes into force in accordance with what is provided in the DSR Option Invitation pursuant to paragraph 7.4.3(b).
- 7.6.6 Within 5 Business Days after giving the notifications under paragraph 7.6.4, National Gas Transmission shall publish the outcome of the DSR Option Invitation, specifying for each relevant Winter Period:
- (a) the total Option Quantities offered under all DSR Option Offers;

- (b) the total Option Quantities for which DSR Option Offers were accepted;
- (c) the number of DSR Participants submitting DSR Option Offers;
- (d) the number of Supply Meter Points in respect of which DSR Option Offers were submitted;
- (e) the weighted average Option Price under all accepted DSR Option Offers;
- (f) the lowest and the highest Option Prices for which DSR Option Offers were accepted;
- (g) the lowest and the highest Exercise Prices for which DSR Option Offers were accepted, separately for Exercise Prices:
  - (i) under paragraph 7.3.2(a), and
  - (ii) under paragraph 7.3.2(b);
- (h) the total amount in respect of Daily Option Fees payable in respect of all accepted DSR Option Offers.

7.6.7 If National Gas Transmission accepts a DSR Option Offer for the Winter Period of Gas Year Y+1 or Y+2, and for either of those Winter Periods the Winter Average Demand less the DSR Reduced Quantity under the relevant DSR Option is less than 100,000 kWh:

- (a) National Gas Transmission will so inform the DSR Participant when notifying the Winter Average Demand under paragraph 7.2.2(b);
- (b) that DSR Option shall automatically terminate and be of no further effect.

**7.7 DSR Option exercise – general**

7.7.1 Where a DSR Option is in force in respect of a Winter Period, subject to paragraph 7.7.3, National Gas Transmission may (in accordance with paragraph 7.8 or 7.9) exercise the option in respect of a Day (D) in the Winter Period:

- (a) in the case of a Within-Day Option or Day-Ahead Option, if Day D is a Day in respect of which a Margins Notice is given or a Gas Balancing Notification is in force;
- (b) in the case of a 5-Day-Ahead Option, if on Day D-5 the condition in paragraph 7.7.2 is met in relation to Day D.

7.7.2 The condition is that:

- (a) National Gas Transmission projects that, for Day D:
  - (i) the threshold in Section V5.9.3(b) will be reached; and
  - (ii) the amount by which Forecast Total System Demand will exceed Expected Available Supply will be not less than 14 MCM; and

- (b) National Gas Transmission issues, no later than 17:00 on D-5, a notice informing all Users of that projection and that it intends to exercise 5-Day-Ahead Options.

7.7.3 National Gas Transmission may not exercise a DSR Option in respect of a Day, and (in the case of a User DSR Option) a User is not required to post a DSR Market Offer in respect of that Day, if:

- (a) the period from (but not including) the last discontinuous Exercise Day to (and including) that Day is less than the Minimum Exercise Interval, where applicable;
- (b) the number of Exercise Days in the Winter Period would (following such exercise) exceed the Maximum Exercise Period, where applicable.

7.7.4 A DSR Participant complies with a DSR Option which is exercised in respect of a Day:

- (a) in the case of a User DSR Option, by posting a DSR Market Offer in accordance with and by the time required under paragraphs 7.8.1 and 7.8.2;
- (b) in the case of a Consumer DSR Option, by reducing the offtake of gas at the Supply Meter Point in accordance with paragraph 7.9.2 and the DSR Contract.

7.7.5 If on any Day or Days (each a **failure** Day) a DSR Participant fails to comply with a DSR Option which is exercised:

- (a) the DSR Participant is liable to pay to National Gas Transmission an amount calculated as follows:

$$\text{DOF} * 1.1 * \text{D} * \text{FD} / \text{TD}$$

where (in relation to the relevant DSR Option):

DOF is the Daily Option Fee;

D is the number of Days in the Winter Period

FD is the number of failure Days in the Winter Period;

TD is the total number of Exercise Days in the Winter Period;

- (b) any amount payable by a DSR Participant under paragraph (a) shall be determined by National Gas Transmission and invoiced as soon as practicable following the end of the Winter Period (but, in the case of a User DSR Option, if the User becomes a Discontinuing User, such amount shall then be determined and payable as if the Winter Period ended on the User Discontinuance Date);
- (c) National Gas Transmission shall (when it invoices such amount) send to the DSR Participant a statement of the basis on which such amount has been determined, and if the DSR Participant disputes the determination it shall notify National Gas Transmission promptly and they shall endeavour in good faith to resolve the dispute;

- (d) such amount is an additional Monthly Neutrality Adjustment Revenue, in respect of the month in which it is determined, for the purposes of Section F4.5.3(b)(iv); and any such amount due for payment in a month and unpaid at the end of the second following month shall be counted as an additional Monthly Neutrality Adjustment Cost within Section F4.5.3(a)(ii) and if subsequently paid as an additional Monthly Neutrality Adjustment Revenue within Section F4.5.3(b)(ii).

7.7.6 Where National Gas Transmission exercises a DSR Option, if the Supply Meter Point is a LDZ Supply Meter Point it will notify the relevant DN Operator of the exercise.

## **7.8 Exercise – User DSR Options**

7.8.1 Where a User DSR Option is in force, in relation to any Available Exercise Day:

- (a) in the case of a Within-Day Option or Day-Ahead Option, the User shall, by the time specified in paragraph 7.8.2(a), post a DSR Market Offer (which National Gas Transmission may choose to accept in accordance with Annex D-1);
- (b) in the case of a 5-Day-Ahead Option:
  - (i) National Gas Transmission may exercise the DSR Option by giving notice to the DSR Participant no later than 17:00 on Day D-5;
  - (ii) upon such notice being given:
    - (1) the User shall, by the time specified in paragraph 7.8.2(c), post a DSR Market Offer, and
    - (2) National Gas Transmission must accept the DSR Market Offer in accordance with paragraph 7.8.8(b)

(and for which purposes paragraphs 5.1.2(d) and (e) do not apply).

7.8.2 The specified time in respect of an Available Exercise Day is:

- (a) in the case of a Within-Day Option:
  - (i) where the Day is a Day to which a Margins Notice relates, or is in respect of a Day in respect of which a Gas Balancing Notification remains in force, 06:00 on the Day;
  - (ii) where the Day is the Day on which the Gas Balancing Notification is issued, 60 minutes after issue of the Gas Balancing Notification;
- (b) in the case of a Day-Ahead Option:
  - (i) where the Day is a Day to which a Margins Notice relates, 60 minutes after issue of the Margins Notice;
  - (ii) where the Day is the Day on which the Gas Balancing Notification is issued, 60 minutes after issue of the Gas Balancing Notification;

- (iii) where the Day is a Day in respect of which a Gas Balancing Notification remains in force, 09:00 hours on the Day;
  - (c) in the case of a 5-Day-Ahead Option, 10:00 hours on Day D-1.
- 7.8.3 A User is not required to post a DSR Market Offer under a Day-Ahead Option in respect of a Day (D) to which a Margins Notice relates if the Margins Notice is issued after 16:00 hours Day D-1.
- 7.8.4 Where a User is required to post a DSR Market Offer:
- (a) the DSR Market Offer must comply with paragraphs 7.8.5 and 7.8.6;
  - (b) the User may not revise or withdraw the DSR Market Offer under paragraph 4.6 of Annex D-1;
  - (c) the User may not, after the Option Start Time:
    - (i) in respect of the first Day for which it is required to post a DSR Market Offer (**first day**), submit a Renomination for an increased Output Nomination Quantity in respect of the Supply Meter Point;
    - (ii) in respect of any subsequent Day for which it is required to post a DSR Market Offer:
      - (1) submit a Nomination for an Output Nomination Quantity which is greater than the Output Nomination Quantity for the first day;  
or
      - (2) submit a Renomination for an increased Output Nomination Quantityin respect of the Supply Meter Point.
- 7.8.5 Each DSR Market Offer pursuant to a DSR Option:
- (a) shall be for the relevant Supply Meter Point;
  - (b) shall specify the Available Exercise Day as the Market Offer Date;
  - (c) shall (subject to paragraph (d)(ii)) be for a quantity that is not less than the Available Exercise Quantity;
  - (d) in the case of a Within-Day Option:
    - (i) shall specify as the Market Transaction Lead Time the DSR Lead Time offered under paragraph 7.5.1(h);
    - (ii) shall specify that the quantity is to reduce pro rata over each hour of the offer available period (but at a time on the Day at which the quantity is thereby reduced below 100,000kWh, the DSR Market Offer shall be withdrawn pursuant to paragraph 5.1.2(c));
  - (e) in the case of a Day-Ahead Option or a 5-Day-Ahead Option, shall specify a

Market Transaction Lead Time such that the Transaction Effective Time is 05:00 hours on D;

- (f) shall be for a Market Offer Price not greater than the Exercise Price (determined, where specified in the DSR Option in the form in paragraph 7.3.2(b), by reference to the value of the term 'SAP' in accordance with paragraph 7.3.2(b)(i));
- (g) shall not be for a Multi-Day Balancing Transaction (as provided in paragraph 4);
- (h) shall not specify that it is only capable of acceptance in full (as provided in paragraph 4.7 of Annex D-1).

7.8.6 The Available Exercise Quantity in respect of a User DSR Option for an Available Exercise Day is determined as follows:

- (a) in the case of a Within-Day Option,  $(PNQ - DRQ) * H / 24$
- (b) in the case of a Day-Ahead Option,  $(PNQ - DRQ)$
- (c) in the case of a 5-Day-Ahead Option, OQ

where:

PNQ is the prevailing Nomination Quantity for the Day at the Option Start Time;

DRQ is the DSR Reduced Quantity for the DSR Option

H is the number of hours from the Effective Exercise Time until the end of the Day;

OQ is the Option Quantity.

7.8.7 Pursuant to paragraph 7.8.6, and for the avoidance of doubt, if the prevailing Nomination Quantity at the Option Start Time is less than the DSR Reduced Quantity, a DSR Option will not be exercised.

7.8.8 Where National Gas Transmission has exercised a 5-Day-Ahead Option in accordance with paragraph 7.8.1(b):

- (a) the User must, no later than the start of Gas Day D-1, make an Output Nomination (or if it has already made such a nomination, revise it by a Renomination) for Day D for a Page 14 Nomination Quantity which is equal to the Winter Average Demand for the Supply Meter Point;
- (b) National Gas Transmission must accept the DSR Market Offer posted pursuant to that option, for the Option Quantity, no later than:
  - (i) subject to paragraph (b), 12:00 on D-1;
  - (ii) in the case of a Non-Trading System Offer, 14:00 on D-1

and following which the User shall submit a Renomination in accordance with

paragraph 2.3.

7.8.9 For the purposes of this paragraph 7, National Gas Transmission exercises a User DSR Option:

- (a) in the case of a Within-Day Option or Day-Ahead Option, by accepting the User's DSR Market Offer (in accordance with paragraph 5 of Annex D-1);
- (b) in the case of a 5-Day-Ahead Option, by giving notice of exercise under paragraph 7.8.1(b)(i).

7.8.10 Where a User DSR Option is in force:

- (a) the User's obligation to post DSR Market Offers is subject to the provisions of paragraph 5.1.2(a) and paragraph 4.1(c) of Annex D-1;
- (b) it is noted, for the purposes of paragraph 5.1.2(d), that National Gas Transmission will have seen the DSR Market Offer in the selection process under paragraph 7.6;
- (c) if a DSR Cessation Notice is issued and while it remains in force:
  - (i) the User will not (and is not required to) post DSR Market Offers pursuant to the DSR Option;
  - (ii) Option Fee Instalments continue to be payable to the User.

7.8.11 National Gas Transmission may not accept a DSR Market Offer, posted pursuant to a Day-Ahead Option, later than 17:00 hours on the Preceding Day.

7.8.12 In the case of a Shared Supply Meter Point the User shall only be treated as complying with the requirements of this paragraph 7.8 if in respect of the Exercise Day the sum of the User's, and each other Sharing Registered User's, UDQO is not more than the DSR Reduced Quantity.

## **7.9 Exercise – Consumer DSR Options**

7.9.1 Where a Consumer DSR Option is in force, in relation to any Available Exercise Day, National Gas Transmission may exercise the DSR Option by giving notice to the Consumer, in accordance with the DSR Contract:

- (a) in the case of a Within-Day Option, no later than the time which is the DSR Lead Time before the end of the Day;
- (b) in the case of a Day-Ahead Option, no later than 17:00 hours on Day D-1;
- (c) in the case of a 5-Day-Ahead Option, no later than 17:00 hours on Day D-5.

7.9.2 Where National Gas Transmission exercises a Consumer DSR Option, the DSR Contract will require that the Consumer shall:

- (a) in the case of a Within-Day Option, with effect from the DSR Lead Time after notice of exercise:

- (i) reduce the rate of offtake on the Exercise Day to the DSR Reduced Rate, or
- (ii) if the rate of offtake is then less than the DSR Reduced Rate, not increase the rate of offtake above the DSR Reduced Rate;
- (b) in the case of a Day-Ahead Option or 5-Day-Ahead Option, not offtake on the Exercise Day more than the DSR Reduced Quantity.

7.9.3 Where National Gas Transmission exercises a Consumer DSR Option, the Available Exercise Quantity is:

- (a) in the case of a Within-Day Option, the quantity determined as:

$$OQ * H / 24$$

where:

OQ is the Option Quantity;

H is the number of hours from the Exercise Effective Time to the end of the Day;

- (b) in the case of a Day-Ahead Option or 5-Day-Ahead Option, the Option Quantity.

7.9.4 Where the Consumer complies with a Consumer DSR Option which is exercised, National Gas Transmission will pay the Consumer an amount calculated as the Available Exercise Quantity multiplied by the Exercise Price.

7.9.5 Neither the Available Exercise Quantity or the Exercise Price in respect of a Consumer DSR Option are to be taken into account in determining the System Marginal Buy Price or the System Average Price.

7.9.6 Where National Gas Transmission exercises a Consumer DSR Option it will not inform the Registered User of the Supply Meter Point of the exercise;

7.9.7 Where a Consumer DSR Option is in force, if a DSR Cessation Notice is issued and while it remains in force:

- (a) National Gas Transmission will not exercise the Consumer DSR Option;
- (b) Option Fee Instalments continue to be payable to the Consumer.

## 7.10 Option Fees

7.10.1 Where a DSR Option is in force, National Gas Transmission shall pay Daily Option Fees to the DSR Participant in monthly instalments ("**Option Fee Instalments**") in respect of each month (m) of the relevant Winter Period.

7.10.2 Each monthly Option Fee Instalment is calculated as (DOF \* DM), where:

DOF is the Daily Option Fee;

DM is the number of days in the relevant month.

7.10.3 Option Fee Instalments shall be paid:

- (a) in the case of a User DSR Option, at the same time as the Invoice Due Date for Energy Balancing Invoices for the relevant month, and are payable in accordance with Section S;
- (b) in the case of a Consumer DSR Option, in accordance with the DSR Contract.

7.10.4 The Option Fee Instalments payable to a DSR Participant in respect of a month are additional Monthly Neutrality Adjustment Costs in respect of that month for the purposes of Section F4.5.3(a)(v).

7.10.5 For the avoidance of doubt, Daily Option Fees are not taken account in calculating the System Average Price, the System Marginal Buy Price or the System Marginal Sell Price.

## **7.11 User DSR Options – further provisions**

7.11.1 Subject to paragraphs 7.11.2, 7.11.3 and 7.11.4, a User may not cancel or modify a DSR Option.

7.11.2 Where a User which has entered into a DSR Option ceases to be the Registered User of the relevant Supply Meter Point:

- (a) the DSR Option will be terminated with effect from the Supply Meter Point Registration Date (but without prejudice to paragraph (b)), and the User will be entitled to Daily Option Fees accruing due for payment up to, but not on and with effect from, the Supply Meter Point Registration Date;
- (b) the User which becomes Registered User may elect, by notice to National Gas Transmission given no later than the Supply Meter Point Registration Date, that it be treated as having entered into the DSR Option (without any variation), in which case:
  - (i) with effect from the Supply Meter Point Registration Date, that User shall be bound by the DSR Option;
  - (ii) that User will be entitled to Daily Option Fees accruing due for payment with effect from the Supply Meter Point Registration Date;
- (c) where the Supply Meter Point Registration Date is not the first Day of a month, the Option Fee Instalments in respect of that month will be determined for the purposes of paragraphs (a) and (b) respectively according to the number of Days in the month falling before, and on and after, the Supply Meter Point Registration Date.

7.11.3 Where a DSR Option has been entered into, if the Supply Meter Point is Isolated:

- (a) the User shall so notify National Gas Transmission before or as soon as practicable after such Isolation;

- (b) the DSR Option will be terminated with effect from the date of Isolation;
- (c) the User will be entitled to Daily Option Fees accruing due for payment up to, but not on and with effect from, the date of Isolation;
- (d) the subsequent Re-establishment of the Supply Meter Point shall not reinstate the DSR Option (but the Registered User may participate in future DSR Option Invitations).

7.11.4 A User may cancel a DSR Option (originally offered, in an Annual Option Invitation, for the Winter Period in Year Y+1 or Y+2) by notice given to National Gas Transmission not later than 31 July in the Gas Year prior to that Winter Period.

## **7.12 Consumer DSR Options – further provisions**

7.12.1 Each User agrees and accepts that:

- (a) National Gas Transmission may invite and accept DSR Option Offers from Consumers and enter into Consumer DSR Options;
- (b) in exercising a Consumer DSR Option, National Gas Transmission owes no duty to the Registered User or Supplier;
- (c) it is the responsibility of the Registered User of a Supply Meter Point which is subject to a Consumer DSR Option to obtain (or to procure that the Supplier obtains) from the Consumer such information about a Consumer DSR Option or the exercise of such option as they may require.

7.12.2 The terms of a DSR Contract shall be consistent with the provisions (so far as relating to Consumers) of this paragraph 7, and shall not restrict the Consumer from informing the supplier or Registered User about the contract or the exercise of the DSR Option, but otherwise shall be decided by National Gas Transmission.

7.12.3 The DSR Contract will provide for the basis on which a DSR Option may be transferred to another Consumer or terminated (including on the Consumer transferring or otherwise ceasing to occupy the Supply Point Premises or to carry on business) and the consequences for payment of Daily Option Fees.

7.12.4 For the avoidance of doubt nothing in this paragraph 7 creates any rights or obligations binding as between National Gas Transmission and a Consumer; and where this paragraph 7 provides for a requirement or entitlement of a Consumer, the DSR Contract will (pursuant to paragraph 7.12.2) establish that requirement or entitlement.

7.12.5 Amounts paid by National Gas Transmission to a Consumer under paragraph 7.9.4:

- (a) shall be paid in accordance with the DSR Contract;
- (b) are additional Monthly Neutrality Adjustment Costs in respect of the month in which they are payable for the purposes of Section F4.5.3(a)(v).

## **7.13 Non-Trading System Transactions**

7.13.1 This paragraph 7.13 only applies for the purposes of allowing Shipper Users who are

not Trading Participants to participate in DSR Option Invitations and submit DSR Market Offers pursuant to DSR Options.

- 7.13.2 In this paragraph 7.13 "**NTST System**" means the systems and processes by which Shipper Users who are not Trading Participants and National Gas Transmission may effect Non-Trading System Transactions.
- 7.13.3 For the purposes in paragraph 7.13.1 only, terms defined or otherwise used in this paragraph 7 (and other terms defined in this Section D to which those terms directly or indirectly refer) shall be construed on the basis that:
- (a) in the definition of Market Transaction in paragraph 2.2.1(a) the reference to Trading System includes the NTST System;
  - (b) references to Trading Participants include, in relation to a transaction effected by the NTST System, National Gas Transmission and a Shipper User with access to the NTST System;
  - (c) in the definition of Market Offer in Annex D-1 paragraph 1.2(a), the reference to Trading System includes the NTST System.
- 7.13.4 Pursuant to paragraph 7.13.3 and for the purposes in paragraph 7.13.1:
- (a) references to a Market Transaction include a Non-Trading System Transaction;
  - (b) references to a Market Offer include a Non-Trading System Offer.
- 7.13.5 For the purposes in paragraph 7.13.1, Annex D-1 paragraphs 3.2, 3.3, 4.3, 5.1, 5.2, 5.3, 5.7, 6.1, 6.2 and 6.3 (construed on the basis in paragraph 7.13.3) shall apply in respect of Non-Trading System Transactions and Non-Trading System Offers.



**ANNEX D-1****TRADING SYSTEM ARRANGEMENTS**

- 1 Introduction
- 1.1 This Annex D-1 sets out those terms and conditions relating to the Trading System to be incorporated into the Trading System Arrangements.
- 1.2 For the purposes of the Code:
- (a) "**Market Offer**" is an offer posted by a Trading Participant by way of the Trading System acceptance of which will effect a Market Transaction;
  - (b) "**Market Offer Date**" is the Day which is to be the Gas Flow Day in respect of the Trade Nominations to be made pursuant to acceptance of the Market Offer;
  - (c) "**Market Offer Price**" is (subject to Section D4) the price (in pence/kWh) specified by the Originating Participant when posting a Market Offer, and the "**original**" Market Offer Price is the price (in pence/kWh) specified by the Originating Participant when posting a Market Offer without applying the provisions of Section D4 to such price;
  - (d) the "**Market Transaction Quantity**" is the quantity which is the Trade Nomination Quantity in respect of the Trade Nominations to be made pursuant to acceptance of the Market Offer;
  - (e) the "**Market Transaction Charge**" is the Market Transaction Quantity multiplied by the Market Offer Price;
  - (f) the "**Market Transaction System Point**", in respect of a Locational Market Transaction, is the Eligible System Trading Point at which the Originating User offers to modify the gas flow rate;
  - (g) the "**Market Transaction Lead Time**", in respect of a Market Offer to enter into a Physical Market Transaction, is the period in time (expressed in whole hours) required by the Originating User after the Contract Nomination Time before the Originating User will modify the gas flow rate at a System Point;
  - (h) in relation to a Market Offer:
    - (i) to effect a Physical Market Transaction:
      - (1) the "**Market Offer Specified Quantity**" is the quantity which would be the Trade Nomination Quantity in respect of the Trade Nominations to be made where the Market Offer to effect such Physical Market Transaction is accepted in full;
      - (2) the "**Market Offer Derived Rate**" is the rate in kWh/Day calculated as the Market Offer Specified Quantity multiplied by 24 and divided by the period in hours from the Transaction Effective Time to the end of the Gas Flow Day;

- (3) the "**Market Offer Specified Rate**" is the rate in kWh/Day which would be equivalent to the Trade Nomination Quantity in respect of the Trade Nominations to be made where the Market Offer to effect such Physical Market Transaction is accepted in full and in relation to which the Transaction Effective Time is on or before 05:00 hours on the Market Offer Date;
- (4) the "**Market Offer Derived Quantity**" is the quantity equivalent to the Market Offer Specified Rate divided by 24 and multiplied by the period in hours from the Transaction Effective Time to the end of the Gas Flow Day;
- (ii) to enter into a Non-Physical Market Transaction, the "**Market Transaction Absolute Quantity**" is the maximum quantity which irrespective of the Transaction Effective Time would be the Trade Nomination Quantity in relation to the Trade Nominations to be submitted on acceptance of the Market Offer;
- (i) the three "Market Transaction Types" are:
  - (i) Non-physical Market Transactions;
  - (ii) Physical Market Transactions not being Locational Market Transactions;
  - (iii) Locational Market Transactions;
- (j) the "**Transaction Effective Time**" is, in respect of a Physical Market Transaction, the hour at which, after the Contract Nomination Time, the Market Transaction Lead Time elapses;
- (k) the "**Contract Nomination Time**" is, in relation to a Market Transaction, the hour next falling after the time at which the Market Offer giving rise to the Market Transaction was accepted as ascertained in accordance with the rules of the Trading System;
- (l) a "**Market Transaction ID**" is a unique reference number given to each individual Market Transaction by the Trading System Operator and the "**National Gas Transmission Batch Code**" is a unique reference number which identifies those Market Balancing Actions taken by National Gas Transmission for the purposes of a particular Operational Balancing Requirement;
- (m) the "**National Gas Transmission Reason Code**" is a code which identifies the nature of the Market Balancing Action which National Gas Transmission has taken or is seeking to take;
- (n) the "Market Transaction Flow Rate Change" is
  - (i) where no earlier Nomination was made in respect of the Eligible System Trading Point, the rate in kWh/hour at which gas the subject of a Market Offer for a Physical Market Transaction is to be delivered or offtaken from the System;

- (ii) where an earlier Nomination was made in respect of the Eligible System Trading Point the amount in kWh/hour by which the gas flow rate is to be increased or (as the case may be) decreased in respect of the gas the subject of a Market Offer for a Physical Market Transaction.

1.3 For the purposes of the Code, 'Market Offer' (as defined in paragraph 1.2) includes both an 'offer' to make a Disposing Trade Nomination and an "offer" to make an Acquiring Trade Nomination.

## **2 Participation and Trading System**

2.1 Each Trading Participant shall appoint the Trading System Operator as its User Agent, (and the Trading System Operator shall be required to act as each Trading Participant's User Agent) for the purposes of making Trade Nominations on behalf of Trading Participants pursuant to the acceptance of a Market Offer.

2.2 The identity of a Trading Participant making a Market Offer will not be disclosed to any other Trading Participant at any time prior to or after acceptance of the Market Offer except where a Market Offer in respect of a Physical Market Transaction is accepted where following such acceptance the identity of the Originating User will be disclosed to National Gas Transmission.

## **3 Market Transactions**

3.1 A Market Offer to effect a Non-physical Market Transaction must indicate:

- (a) that it is such a Market Offer;
- (b) the Market Offer Date;
- (c) whether the Market Offer is a Market Offer to make a Disposing Trade Nomination or an Acquiring Trade Nomination;
- (d) the Market Transaction Absolute Quantity; and
- (e) the Market Offer Price.

3.2 A Market Offer to effect a Physical Market Transaction must indicate:

- (a) that it is such a Market Offer;
- (b) the Market Offer Date;
- (c) whether the Market Offer is a Market Offer to make a Disposing Trade Nomination or an Acquiring Trade Nomination;
- (d) in the case of:
  - (i) a Market Offer which, if accepted, would result in a Multi-Day Balancing Transaction or a DSR Locational Market Transaction, the Market Offer Specified Quantity;
  - (ii) any other Market Offer, the Market Offer Specified Quantity or the Market Offer Specified Rate;

- (e) the original Market Offer Price;
  - (f) the Market Transaction Lead Time;
  - (g) whether the Market Offer may only be accepted in full; and
- 3.3 In addition to the requirements of paragraph 3.1 (other than pursuant to paragraph (a) thereof) a Market Offer to effect a Locational Market Transaction must specify:
- (a) that it is such a Market Offer; and
  - (b) the Market Transaction System Point.
- 3.4 Where National Gas Transmission posts a Market Offer National Gas Transmission shall in addition to the requirements of paragraphs 3.1, 3.2 and 3.3 indicate the National Gas Transmission Reason Code.
- 3.5 Subject to paragraph 3.6, the information to be indicated (other than pursuant to paragraph 3.4) in a Market Offer will be capable of being displayed (by means of differing screens) on the Trading System.
- 3.6 Whilst the information to be indicated in a DSR Market Offer shall be capable of being displayed on the Trading System in accordance with paragraph 3.5 such information shall not be displayed by the Market Operator so as to be capable of being viewed by National Gas Transmission or any other Trading Participant other than during a Voluntary DSR Period.

#### **4 Market Offer Restrictions and Options**

- 4.1 Trading Participants may not post:
- (a) a Market Offer which, if accepted, would result in a Multi-Day Balancing Transaction specifying a Market Offer Date for the final Day of such Multi-Day Balancing Transaction falling more than 7 days after the day on which the Market Offer was posted;
  - (b) any other Market Offer specifying a Market Offer Date falling more than 7 days after the day on which the Market Offer was posted; and
  - (c) a DSR Market Offer after the declaration by the NEC of Stage 2 of a Gas Deficit Emergency.
- 4.2 There is no limit on the number of Market Offers a Trading Participant may make in respect of a Day.
- 4.3 A Market Offer may only specify:
- (a) a Market Offer Specified Quantity which is expressed as a minimum of not less than 100,000 kWh; or
  - (b) a Market Offer Specified Rate (provided that for the purposes of calculating the Market Offer Derived Quantity such quantity shall be a minimum of not less than 100,000 kWh),

provided that a DSR Market Offer may indicate that the Market Offer Specified Quantity reduces over the course of the Market Offer Date, provided that if as a result of such reduction the Market Offer Specified Quantity at any time falls below the quantity specified in sub-paragraph (a) above, the DSR Market Offer shall be withdrawn from the Trading System by the Market Operator.

- 4.4 When posting a Market Offer (other than a Market Offer which, if accepted, would result in a Multi-Day Balancing Transaction) an Originating Participant may specify that the Market Offer (an "**Option Market Offer**") is linked to other Market Offers (a "**Related Market Offer**") made by the Originating Participant; and on acceptance of an Option Market Offer each other Related Market Offer shall no longer be capable of being accepted by any Trading Participant.
- 4.5 For the purposes of paragraph 4.4 an Option Market Offer may specify no more than one other Market Offer of each other Market Transaction Type as being a Related Market Offer.
- 4.6 Trading Participants may revise or withdraw a Market Offer at any time prior to acceptance of the Market Offer, provided that in the case of DSR Market Offers Trading Participants may revise or withdraw a DSR Market Offer at any time before the first to occur of:
- (a) acceptance of the DSR Market Offer by National Gas Transmission; or
  - (b) the declaration by the NEC of Stage 2 of a Gas Deficit Emergency.
- 4.7 A Trading Participant may when posting a Market Offer to enter into a Physical Market Transaction specify that the Market Offer is only capable of acceptance in full.
- 4.8 The Trading System Operator will reject any Market Offer which does not comply with the relevant requirements of paragraphs 3, 4.1, 4.3 and 4.5 and where a Market Offer does not so comply it will not be displayed on the Trading System.
- 4.9 A Trading Participant who is a Trader User:
- (a) may post and accept a Market Offer to enter into a Non-physical Market Transaction;
  - (b) may not post but may accept a Market Offer to enter into a Physical Market Transaction.
  - (c) Acceptance
- 4.10 Except in the case of Multi-Day Balancing Transactions, Market Offers in respect of a Market Offer Date will be capable of acceptance by Trading Participants between 08:00 hours on the Day preceding the Market Offer Date and 02:35 hours on the Market Offer Date, provided that a DSR Market Offer will only be capable of acceptance during a Voluntary DSR Period. Market Offers in respect of Multi-Day Balancing Transactions will only be capable of acceptance by Trading Participants between 08:00 hours on the Day preceding the first Day to which the Multi-Day Balancing Transaction relates and 02:35 hours on the first Day to which the Multi-Day Balancing Transaction relates, provided that where the Multi-Day Balancing Transaction is in respect of DSR Market Offers, the DSR Market Offers will only be capable of acceptance during a Voluntary DSR Period.

- 4.11 Where a Trading Participant accepts a Market Offer in full the Trade Nomination Quantity in respect of the Trade Nominations to be made pursuant to the Market Transaction shall be equivalent to:
- (a) in the case of a Market Offer to effect a Physical Market Transaction:
    - (i) where the Market Offer specified a Market Offer Specified Quantity, the Market Offer Specified Quantity;
    - (ii) where the Market Offer specified a Market Offer Specified Rate, the Market Offer Derived Quantity;
  - (b) in the case of a Market Offer to effect a Non-physical Market Transaction, the Market Transaction Absolute Quantity.
- 4.12 Where a Trading Participant partially accepts a Market Offer the Trade Nomination Quantity in respect of the Trade Nominations to be made pursuant to the Market Transaction shall be, where the Market Offer:
- (a) was to effect a Physical Market Transaction; and
    - (i) specified a Market Offer Specified Quantity, that quantity in respect of which the Accepting Participant accepted the Market Offer;
    - (ii) specified a Market Offer Specified Rate, that quantity equivalent to the hourly rate in respect of which the Accepting Participant accepted the Market Offer multiplied by the period in hours from the Transaction Effective Time to the end of the Gas Flow Day;
  - (b) was to effect a Non-physical Market Transaction, the quantity in respect of which the Accepting Participant accepted the Market Offer.
- 4.13 Subject to paragraph 5.5, following acceptance of a Market Offer the Trading System Operator will:
- (a) immediately inform both Trading Participants that a Market Transaction has been effected (and whether it is the Originating Participant in relation thereto) and which Market Offer has been accepted;
  - (b) where the Market Offer was to effect a Physical Market Transaction not later than:
    - (i) 5 minutes after acceptance of the Market Offer (which would not result in a Multi-Day Balancing Transaction) submit the details listed in this paragraph (b) to National Gas Transmission; or
    - (ii) 5 minutes after acceptance of the Market Offer (which would result in a Multi-Day Balancing Transaction) submit in respect of the first Day to which the Multi-Day Balancing Transaction relates the details listed in this paragraph (b) to National Gas Transmission;
    - (iii) 5 minutes after acceptance of the Market Offer (which would result in a Multi-Day Balancing Transaction) submit in respect of the second Day to which the Multi-Day Balancing Transaction relates the details listed

in this paragraph (b) to National Gas Transmission where the acceptance of the Market Offer occurs after 12:00 hours on the first Day to which the Multi-Day Balancing Transaction relates;

- (iv) 12:05 hours on each Day to which a Multi-Day Balancing Transaction relates the details listed in this paragraph (b) to National Gas Transmission in respect of such Day (except to the extent such details have already been provided pursuant to paragraph (ii) or (iii));
- (v) The details listed in this paragraph (b) are:
  - (1) the Market Transaction ID;
  - (2) the Market Offer Date;
  - (3) the identity of the Originating Participant;
  - (4) whether the Originating Participant has agreed to make an Acquiring Trade Nomination or a Disposing Trade Nomination;
  - (5) the quantity in respect of which the Trading Participants effected the Market Transaction;
  - (6) the relevant Market Transaction Type and, where acceptance has given rise to a Locational Market Transaction, the Market Transaction System Point;
  - (7) the time at which the Market Offer was accepted and the Transaction Effective Time;
  - (8) where National Gas Transmission is a party to the Market Transaction, the original Market Offer Price (expressed to four decimal places and as either a positive or negative), the National Gas Transmission Reason Code and the National Gas Transmission Batch Code;
  - (9) whether the Market Offer was a DSR Market Offer;
- (c) not later than 5 minutes after the effecting of a Market Transaction, submit the following details to National Gas Transmission for the purpose of Section D2.2.5:
  - (i) the Gas Flow Day in respect of which the Market Transaction is effected;
  - (ii) the identity of the Market Participant;
  - (iii) whether the Market Participant had agreed to make an Acquiring Trade Nomination or a Disposing Trade Nomination;
  - (iv) the Market Transaction Quantity (calculated in accordance with paragraph 5.2 or 5.3);
  - (v) whether the Market Transaction has been effected by acceptance of a

**DSR Market Offer.**

- 4.14 For the purpose of paragraph 5.4(c)(iv), the Trading System Operator will be deemed to have provided such details by providing, for each Trading Participant, the cumulative quantities for which the Trading Participant has made Disposing Trade Nominations and/or Acquiring Trade Nominations in respect of the Market Offer Date up to the time at which the Trading System Operator submits such details.
- 4.15 Where a Market Transaction is effected on the Day preceding the Market Offer Date, the Trading System Operator may not submit the Trade Nominations for the purposes of Section D2.2.5 prior to 13:45 hours on the Day preceding the Market Offer Date.
- 4.16 A Market Offer will not be capable of acceptance by the Trading Participant posting the Market Offer and a Market Offer to effect a Locational Market Transaction shall only be capable of acceptance by National Gas Transmission.
- 4.17 Where National Gas Transmission accepts a Market Offer it shall indicate by means of the Trading System the relevant National Gas Transmission Reason Code.

**5 Partial Acceptance**

- 5.1 A Market Offer to effect a Non-physical Market Transaction, or a Physical Market Transaction which does not specify that it is only capable of acceptance in full, may be accepted by a Trading Participant for a quantity other than the Market Transaction Absolute Quantity, Market Offer Specified Quantity or Market Offer Derived Quantity and the Trading System will incorporate functionality that permits the partial acceptance of Market Offers by Trading Participants.
- 5.2 Where a Trading Participant partially accepts a Market Offer (including an Option Market Offer) where the Market Transaction Quantity is less than the Market Offer Specified Quantity or, as the case may be, the Market Offer Derived Quantity (such amount the "**Residual Offer Quantity**") where the Residual Offer Quantity is greater than or equal to 100,000 kWh, the Originating Participant shall be deemed to have posted with effect from the time of such partial acceptance, a further Market Offer with the same specifications for the purposes of paragraph 2.2 as the original Market Offer but in respect of which the Market Offer Specified Quantity is equal to the Residual Offer Quantity.
- 5.3 A Trading Participant may only partially accept a Market Offer such that the Market Transaction Quantity in relation to such partial acceptance is a quantity equivalent to not less than a minimum quantity of 100,000 kWh.

**6 Market Quantities and Charges**

In respect of each Day the Trading System Operator shall notify National Gas Transmission (by not later than 07:00 hours on the following Day) of:

- (a) the aggregate of the Market Transaction Quantities and the aggregate of the Market Transaction Charges in respect of Market Transactions effected in respect of such Day;
- (b) in respect of each Market Transaction effected in respect of such Day to which National Gas Transmission was a party, the Market Offer Date, the Market Transaction ID the National Gas Transmission Batch Code, the Market Transaction Quantity, the original Market Offer Price, the National Gas

Transmission Reason Code, the Market Transaction Type, the time at which the Market Transaction was effected whether National Gas Transmission made a Disposing Trade Nomination or an Acquiring Trade Nomination and whether the Market Transaction was effected by acceptance of a DSR Market Offer.

(c) **Additional Functionality**

In addition to the functionality required to meet the requirements of paragraphs 1 to 8 (inclusive), the Trading System will have such additional functionality as the Trading Participants and the Market Operator shall in consultation agree.

**9 Class A Contingencies**

- 7.1 During the period of a Class A Contingency the relevant Contingency Procedures will apply.

**8 Reporting of DSR Market Offers**

- 8.1 By no later than the 10<sup>th</sup> Business Day in April of each Gas Year the Trading System Operator will provide to National Gas Transmission data in respect of DSR Market Offers posted on the Trading System during the period from and including 1 April of the preceding Gas Year up to and including 31 March of the current Gas Year.
- 8.2 In addition to the data referred to in paragraph 10.1, the Trading System Operator will promptly provide such other data in respect of DSR Market Offers as National Gas Transmission may reasonably require in order to comply with a request from the Authority as contemplated under Section D5.2.2.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION E – DAILY QUANTITIES, IMBALANCES AND RECONCILIATION<sup>2</sup>****1 INTRODUCTION****1.1 User Daily Quantities**

1.1.1 For the purposes required by the Code, including determining:

- (a) NTS and LDZ Commodity Charges, and the Commodity Variable Component (if any) of Customer Charges;
- (b) Overrun Charges, CSEP Overrun Charges and Supply Point Ratchet Charges;
- (c) Daily Imbalances; and
- (d) Scheduling Charges

the quantities of gas treated as delivered to and offtaken from the Total System by each User each Day shall be determined in accordance with paragraphs 2 and 3.

1.1.2 For the purposes of the Code, in respect of any Day:

- (a) the “**User Daily Quantity Input**” or “**UDQI**” is the quantity of gas treated as delivered by a User to the Total System on that Day at a System Entry Point;
- (b) the “**User Daily Quantity Output**” or “**UDQO**” is the quantity of gas treated as offtaken by a User from the Total System on that Day at:
  - (i) a Supply Point; or
  - (ii) a Connected System Exit Point;
- (c) in relation to a System Entry Point, a “**Delivering User**” is a User treated as delivering gas to the Total System at that point on that Day;
- (d) in relation to a Connected System Exit Point, an “**Offtaking CSEP User**” is a User treated as offtaking gas from the Total System at that point on that Day.

1.1.3 For the purposes of this Section E, a User is a “**nominating**” User for a Day:

- (a) with respect to any Registered NDM Supply Point; and
- (b) with respect to any other System Exit Point and any System Entry Point, if the User made or is deemed (pursuant to any provision of the Code) to have made a Nomination (including a New Renomination) for that Day in respect of that point or the DMA Supply Point Group in which it is comprised,

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<sup>2</sup> Implementation of modification 0811S effective 05:00hrs on a date to be confirmed will amend this list in whole or in part.

and otherwise is a **“non-nominating”** User with respect to a System Entry Point or System Exit Point.

1.1.4 Unless the context otherwise requires, references in the Code to quantities delivered to or offtaken from the Total System by a User are to the quantities treated in accordance with this Section E as being so delivered or offtaken.

1.1.5 For the avoidance of doubt, Section V1.2 shall apply for the purposes of ensuring that quantities of gas delivered to and offtaken from the Total System by Non-Code Shippers are taken into account in determining the quantities of gas delivered to and offtaken from the Total System by Users.

1.1.6 For the purposes of the Code, in respect of a User and any Day:

(a) in relation to an LDZ:

(i) the **“Adjusted User LDZ Offtake Quantity”** is the sum of the User’s adjusted UDQOs for that Day for all DM Supply Points, NDM Supply Points and Connected System Exit Points in that LDZ;

(ii) the **“User LDZ Unidentified Gas”** (‘ULUG’) in respect of an LDZ shall be calculated as follows:

$$ULUG = UIG * AULOQ / AAULOQ$$

Where

UIG is the Unidentified Gas for the LDZ and the Day in accordance with Section H2.6.1;

AULOQ is the User’s User Adjusted LDZ Offtake Quantity for the LDZ and the Day;

AAULOQ is the aggregate for all Users of the Adjusted User LDZ Offtake Quantities for the LDZ and the Day;

(b) the **“Aggregate User Unidentified Gas”** is the net aggregate for all LDZs of the User LDZ Unidentified Gas;

(c) for the purposes of paragraph (a)(i), an **“adjusted”** UDQO for a Day in respect of a System Exit Point is the UDQO adjusted by the allocation factor specified in the prevailing AUG Table in respect of the category to which that System Exit Point belongs on that Day.

1.1.7 The User LDZ Unidentified Gas is a quantity allocated (for the purposes of determining Daily Imbalances) to the User as if it were a quantity offtaken by the User from the relevant LDZ on the Day; provided that the User LDZ Unidentified Gas may have a positive or negative value.

1.1.8 For the purposes of the Code, as at any time, the **“Prevailing Reconciled Daily Quantity Offaken”** (PRDQO) in respect of a Day and a System Exit Point is the quantity treated, pursuant to the applicable provisions of the Code and/or (in the case of a Connected System Exit Point) of the CSEP Network Exit Provisions, as having been offtaken at the System Exit Point on that Day, being

- (a) in the case of a Class 1 or 2 Supply Meter Point, the Supply Meter Point Daily Quantity;
- (b) in the case of a Class 3 or 4 Supply Meter Point, the NDM Supply Meter Point Demand;
- (c) in the case of a Connected System Exit Point and a User, the UDQO;

as adjusted (pursuant to paragraph 6.2.4) by all, if any, Offtake Reconciliations which have been carried out prior to that time.

1.1.9 In this Section E, references to Supply Meter Points and Supply Points (and classes thereof) include CSEP Supply Meter Points and CSEP Supply Points (and the corresponding classes thereof).

## 1.2 Daily Imbalance

1.2.1 For the purposes of the Code a Daily Imbalance shall be determined for each User in respect of each Day.

1.2.2 For each User the **“Daily Imbalance”** in respect of a Day is the imbalance between the quantities (adjusted to take account of Trade Nominations including System Trade Nominations) treated as delivered to and offtaken from the Total System by the User on that Day, determined in accordance with paragraph 5.

## 1.3 Reconciliation

1.3.1 For the purposes of the Code:

(a) **“Offtake Reconciliation”** is a reconciliation and adjustment, in relation to a relevant System Exit Point, in respect of gas offtaken and certain Transportation Charges, in respect of differences between:

- (i) the quantities determined by a Reconciliation Meter Reading to have been offtaken, and
- (ii) the quantities previously determined (including pursuant to prior such reconciliations) as offtaken,

by a User from the Total System at the System Exit Point;

(b) for the purposes of this paragraph 1.3 and paragraph 6:

- (i) a **“relevant”** System Exit Point is a Supply Meter Point or a Metered Connected System Exit Point; and
- (ii) references to quantities determined as offtaken by a User are to quantities so determined pursuant to the Code and (in the case of a Connected System Exit Point) the applicable CSEP Network Exit Provisions;

(c) a **“Reconciliation Meter Reading”** is:

- (i) in relation to a Supply Meter Point, a Valid Meter Reading;
- (ii) in relation to an Unmetered Connected System Exit Point, a valid reading of the meter at premises supplied with gas offtaken from a directly-connected or indirectly-connected IGT System;
- (iii) in relation to a Metered Connected System Exit Point, a valid reading (upon a periodic check reading, or following estimation of the reading) of the meter at the Connected System Exit Point;
- (iv) where so provided in the Code or the applicable CSEP Network Exit Provisions, in relation to any relevant System Exit Point, a determination other than by a meter reading (for example, following testing, verification or calibration, a meter examiner’s inspection, or pursuant to a Confirmed Energy Theft Claim in respect of which neither a Confirmed Energy Theft Objection compliant with the requirements of Section V14.1.6, nor a Confirmed Energy Theft Withdrawal has been raised) of the quantity (or an adjustment in the quantity) treated as offtaken in a given period, including the Estimated Consumption pursuant to a Consumption Adjustment;

in each case, where the Code and/or (in the case of a Connected System Exit Point) the applicable CSEP Network Exit Provisions provide for Offtake Reconciliation by reference to such reading or other determination;

- (d) in the cases provided in paragraph (c)(ii), (c)(iii) and (c)(iv):
  - (i) a reference to the Read Date of a Reconciliation Meter Reading is to:
    - (1) the date of the meter reading referred to in paragraph (c)(ii) or (c)(iii), or (as the case may be)
    - (2) the date of the determination referred to in paragraph (c)(iv);
  - (ii) a reference to the Metered Volume in respect of a Reconciliation Meter Reading is to:
    - (1) the metered volume determined (in accordance with the applicable CSEP Network Exit Provisions) by reference to the meter reading referred to in paragraph (c)(ii) or (c)(iii), or (as the case may be)
    - (2) the metered volume determined (in accordance with the relevant provisions of the Code and/or applicable CSEP Network Exit Provisions) by reference to the determination referred to in paragraph (c)(iv);
- (e) **“Reconciliation Close-Out”** in any month is the 10<sup>th</sup> day of the month.

1.3.2 Offtake Reconciliation shall be carried out in respect of each Reconciliation Meter Reading in respect of a relevant System Exit Point, as follows:

- (a) Offtake Reconciliation shall be carried out each month (M), in respect of Reconciliation Meter Readings submitted to the CDSP in the period from (but

not including) Reconciliation Close-Out for month M-1 to (and including) Reconciliation Close-Out for month M;

- (b) where in relation to a System Exit Point more than one Reconciliation Meter Reading is submitted to the CDSP in the period referred to in paragraph (a), separate Offtake Reconciliations shall be carried out in respect of such Reconciliation Meter Readings (in the order of the respective Read Dates).
- 1.3.3 For the purposes of Offtake Reconciliation, Reconciliation Values shall be calculated in accordance with paragraph 6.
- 1.3.4 For the purposes of any Offtake Reconciliation:
- (a) the **“Reconciliation Quantity”** is sum of the Daily Reconciliation Quantities for the days in the Reconciliation Meter Period;
  - (b) the **“Reconciliation Clearing Value”** is the value of the Reconciliation Quantity for the purposes of the System Clearing Contract referred to in paragraph 6.3;
  - (c) **“Reconciliation Transportation Charge Adjustments”** are the adjustments in respect of General Non-Transmission Services Charges, LDZ Commodity Charges and the Commodity Variable Component (if any) of Customer Charges to be made in paragraph 6.4;
  - (d) **“Reconciliation Values”** means:
    - (i) Reconciliation Quantities; and
    - (ii) Reconciliation Clearing Values and Reconciliation Transportation Charge Adjustments.
- 1.3.5 For the purposes of the Code, **“Unidentified Gas Reconciliation”** (“UGR”) is a reconciliation and adjustment, in relation to a User, in respect of gas offtaken from the Total System, in respect of quantities determined in accordance with paragraph 7.1.
- 1.3.6 Subject to paragraph 1.3.7 below, no Offtake Reconciliation, Unidentified Gas Reconciliation or LDZ Reconciliation shall be undertaken in a Reconciliation Billing Period in respect of any Day or period prior to the Code Cut Off Date.
- 1.3.7 Where an Offtake Reconciliation identifies an adjustment in gas offtaken in the period of time between the Code Cut Off Date and the last Day of Formula Year t-6 which results in an over-payment by, or under payment to, the User of £50,000 (fifty thousand pounds) or more in respect of an Individual Supply Point or group of Supply Points (where the adjustment has been made, in the case of a group of Supply Points, as a result of the same root cause) then, notwithstanding paragraph 1.3.6 above, the User is entitled to make a claim in respect of the time between Code Cut Off Date and the last Day of Formula Year t-6 in accordance with paragraph 1.3.9 below. Any such claim shall be submitted by the User and considered by the Transporter having consideration of the Customer Settlement Error Claims Process Guidance Document.
- 1.3.8 For the purposes of this section 1.3 **“Customer Settlement Error Claims Process Guidance Document”** means the guidance document prepared by the Transporters and governed in accordance with Section V12 setting out guidance on inter alia the

applicable eligibility and assessment criteria and the process for submission, acceptance and rejection of a claim as referred to in paragraph 1.3.7 above. For the avoidance of doubt, the document is issued for guidance purposes only and is not binding on Users or Transporters.

- 1.3.9 Where a User wishes to make a claim as referred to in paragraph 1.3.7 above, it shall have consideration of the Customer Settlement Error Claims Process Guidance Document and the following process shall be followed:
- (a) the User shall submit to the CDSP the following information:
    - (i) detail in relation to the nature and duration of the error resulting in the adjustment, including copies of the invoices between the Transporters and the User and the User and the consumer (such information to be applicable to the claim, for example at Supply Meter Point level);
    - (ii) the relevant system files and supporting information (to include workings and methodology);
    - (iii) the materiality of the claim in terms of volume of gas, including details of the methodology used to calculate such materiality;
    - (iv) the exact financial impact of the adjustment including energy (by reference to the monthly average of the System Average Prices) for the period of the claim and transportation costs (with reference to the Transportation Charges prevailing at the time of the claim);
    - (v) the dates in respect of which the claim will apply in accordance with paragraph 1.3.7 above;
    - (vi) evidence of the financial impact relating to the Supply Point or group of Supply Points the subject of the claim including written confirmation that the consumer(s) connected to the Individual Supply Point or group of Supply Points in question agree(s) that:
      - (1) an adjustment in gas off-taken in the period of time between the Code Cut Off Date and the last Day of Formula Year t-6 should be made;
      - (2) the materiality of the claim as referred to in paragraph 1.3.9(a)(ii) is correct; and
      - (3) the dates in relation to which the User's claim applies are correct; and
    - (vii) a warranty that no previous claims which are the same in nature and/or are in relation to the same dates as the claim being made by the User have been made;
  - (b) the CDSP shall notify the relevant Transporter of the claim and the information referred to in paragraph (a), and the Transporters shall (having consideration of the Customer Settlement Error Claims Process Guidelines Document) consider the claim and communicate to the CDSP (who shall notify the User) its approval or rejection of such within 90 days of receipt of the claim, during

which time the Transporter and the CDSP shall be entitled to raise queries in relation to the claim and/or to request further information from the User in respect of its claim;

- (c) the Transporters shall (having consideration of the Customer Settlement Error Claims Process Guidelines Document) be entitled to reject the claim if it is considered that the information provided by the User is so clearly erroneous on its face that it would be unconscionable for the claim to be accepted, in which case the Transporters shall reject the claim and inform the CDSP (who shall notify the User) of the rejection together with the Transporter's reason(s) for such rejection;
- (d) if the Transporters consider that an amount exceeding £1 million (one million) pounds is to be re-paid to any User, the CDSP shall issue notification of such fact to Users and that the amount determined as payable to the User shall be paid within 2 (two) months of approval of the claim.

1.3.10 In the event that the Transporters reject the User's claim, the User shall be entitled to appeal the Transporters' rejection of the claim within 14 days of its receipt of communication of such rejection in accordance with UNC General Terms Section A. Expert Determination (specific part of GT A).

#### **1.4 System Daily Quantities: Entry**

1.4.1 In respect of each System Entry Point, the **“Entry Point Daily Quantity Delivered”** is the aggregate quantity of gas delivered to the Total System on a Day at that System Entry Point, ascertained as described in Section I2.5 (subject to paragraph 1.7).

1.4.2 The amount determined to be the Entry Point Daily Quantity Delivered in respect of any System Entry Point for the Gas Flow Day may be revised at any time up to and including the 5th following Day, but no revision will be made to such quantity after the 5th Day after the Gas Flow Day.

1.4.3 In respect of the Total System the **“Total System Daily Quantity Delivered”** is the aggregate quantity of gas delivered to the Total System on a Day, determined as the aggregate of the Entry Point Daily Quantities Delivered for all System Entry Points.

#### **1.5 System Daily Quantities: Exit from NTS/LDZ**

1.5.1 In respect of each LDZ:

- (a) the **“LDZ Daily Input Quantity”** is the aggregate quantity of gas treated as flowing into that LDZ on a Day, less the quantity (if any) treated as flowing out of the LDZ into another LDZ;
- (b) the **“LDZ Daily Quantity Offtaken”** is the aggregate quantity of gas treated as offtaken from the Total System on a Day at all Supply Points and Connected System Exit Points (and including Unidentified Gas) on that LDZ, determined by adjusting the LDZ Daily Input Quantity to take account of LDZ Shrinkage and changes (between the start and the end of the Day) in LDZ stock.

1.5.2 In respect of each Connected System Exit Point the **“CSEP Daily Quantity Offtaken”** is the aggregate quantity of gas treated as offtaken from the Total System on a Day at

that Connected System Exit Point, ascertained:

- (a) in the case of a Metered Connected System Exit Point in accordance with the CSEP Network Exit Provisions (subject to paragraph 1.7);
- (b) in the case of an Unmetered Connected System Exit Point, as the sum of the UDQOs for all Users for the Day in respect of that Connected System Exit Point.

1.5.3 In respect of each Class 1 or 2 Supply Point, the “**Supply Meter Point Daily Quantity**” is the quantity of gas (being the Metered Quantity) determined as offtaken from the Total System at the Supply Point on a Day in accordance with Section M.

1.5.4 For the purposes of paragraph 1.5.3, in respect of a Class 1 or 2 Supply Meter Point which is a CSEP Supply Meter Point, the quantity of gas determined as offtaken on a Day shall be the quantity determined as offtaken at the corresponding IGTS Supply Meter Point, pursuant to the provisions of the IGT Code referred to in IGTAD Section A2.1.

## **1.6 Information**

1.6.1 On each Day (the “**information Day**”), from the first information Day until the date 6 months thereafter, each User will have access (by means of UK Link) to details (on the basis of information available up to the end of the Day before the information Day) for the Gas Flow Day of:

- (a) the Entry Point Daily Quantity Delivered for each System Entry Point and the Total System Daily Quantity Delivered;
- (b) the User's UDQIs for each System Entry Point, UDQOs for System Exit Points (by Exit Zone in the case of LDZ Supply Points) and Daily Imbalance; and
- (c) the User's Aggregate User Unidentified Gas.

1.6.2 The first information Day is:

- (a) for the purposes of paragraph 1.6.1(a) and 1.6.1(b), the Day following the Gas Flow Day;
- (b) for the purposes of paragraph 1.6.1(c) the 2nd Day following the Gas Flow Day.

1.6.3 The details under paragraph 1.6.1(b) will be determined, on information Days:

- (a) from the first information Day until the Day after the Day on which (in accordance with paragraph 2.1.2) initial Entry Allocation Statements are submitted, on the basis of UDQIs determined provisionally on the basis in paragraph 2.1.8;
- (b) from the first information Day until the Exit Close-Out Date, on the basis of Supply Meter Point Daily Quantities determined in accordance with paragraph 3 and Section H provisionally on the basis of actual or estimated Meter Readings available to the CDSP in accordance with Section M6 or Section M7

or (in respect of a Metered Connected System Exit Point) the applicable CSEP Network Exit Provisions.

- 1.6.4 The information available to Users under paragraph 1.6.1 in respect of a Day will be revised each Day:
- (a) until the Entry Close-out Date to take account of revisions notified to National Gas Transmission pursuant to paragraph 2;
  - (b) until the Exit Close-out Date to take account of revisions notified to or determined by the Transporter for the purposes of paragraph 3,

in the information from which it is derived.

## 1.7 Scottish Independent Networks

For the purposes of this Section E a reference to the Total System includes a reference to the Scottish Independent Networks (and accordingly quantities offtaken by a User from the Total System at System Exit Points on a Scottish Independent Network will be taken into account in determining the User's Daily Imbalance) and a reference to LDZ shall include a reference to each Scottish Independent Network.

## 1.8 Close-out rules

- 1.8.1 For the purposes of the Code:
- (a) the “**Entry Close-out Date**” is 24:00 hours on the 15th Business Day of the calendar month following the month in which the Gas Flow Day occurs;
  - (b) the “**Exit Close-out Date**” is the 5th Day after the Gas Flow Day.
- 1.8.2 Without prejudice to paragraphs 6 and 7, or Section M6.6, no revision shall be made for any purposes of the Code (including the determination of Users' Daily Imbalances and Energy Balancing Charges):
- (a) after the Entry Close-out Date, to any quantity determined pursuant to the Code as being an UDQI;
  - (b) after the Exit Close-out Date, to any quantity determined pursuant to the Code as being an UDQO, Supply Meter Point Daily Quantity, CSEP Daily Quantity Offtaken or User LDZ Unidentified Gas.

## 1.9 Combined entry and exit quantities

- 1.9.1 In relation to a Connected System Point, the Connected System Agreement may provide for the Connected System Operator to notify the Transporter in relation to each Day:
- (a) a quantity (the “**measured quantity**”) which represents the aggregate physical quantity determined as having flowed on the Day at the Connected System Point, which will (if there were physical gas flows in both directions at different times during the Day) reflect the net amount of such flows; and
  - (b) where on the Day (irrespective of whether there were physical gas flows in both

directions at different times) Users' nominated gas flows both into and out of the Connected System at the Connected System Point:

- (i) a quantity (the “**gross exit quantity**”) which represents the aggregate amount to be treated as having flowed on the Day from the Total System to the Connected System at the CSEP, which will be a gross amount based on quantities which the Connected System Operator determines would have flowed in the absence of any nomination of a gas flow out of the Connected System at the Connected System Point; and
- (ii) a quantity (the “**gross entry quantity**”) which represents the aggregate amount to be treated as having flowed on the Day into the Total System from the Connected System at the System Entry Point, which will be a gross amount based on quantities which the Connected System Operator determines would have flowed in the absence of any nomination of a gas flow into the Connected System at the Connected System Point.

- 1.9.2 The Transporter shall have no responsibility to investigate or verify any quantity notified under paragraph 1.9.1(b).
- 1.9.3 Subject to paragraph 1.9.4 the gross exit quantity and the gross entry quantity, as notified by the Connected System Operator pursuant to paragraph 1.9.1(b)(i) and 1.9.1(b)(ii), shall be the CSEP Daily Quantity Offtaken and the Entry Point Daily Quantity Delivered, respectively.
- 1.9.4 If for any Day the net sum of the gross entry quantity and the gross exit quantity is not equal to the measured quantity, or the Connected System Operator fails to notify to the Transporter the gross entry quantity and gross exit quantity by the time required under the Connected System Agreement, the CSEP Daily Quantity Offtaken (where the measured quantity represents a flow out of the System) or the Entry Point Daily Quantity Delivered (where the measured quantity represents a flow into the System) shall be the measured quantity, and the other shall be zero.
- 1.9.5 If it appears that paragraph 1.9.4 will or may apply in relation to any Day, the Transporter will (before the latest time by which the Connected System Operator is required to provide the details referred to in that paragraph) so notify the Connected System Operator so as to give the Connected System Operator an opportunity to provide or correct such details and avoid the application of that paragraph.
- 1.9.6 In this paragraph 1.9 and paragraph 1.10:
- (a) “**Connected System Point**” means a System Point which (as contemplated in Section J1.4.6) is both a Connected System Exit Point and a System Entry Point;
  - (b) “**Connected System Agreement**” means the combined Network Exit Provisions and Network Entry Provisions in respect of a Connected System Point;
  - (c) “**Connected System**” means a Connected Offtake System which is also a Connected Delivery Facility;

- (d) references to the Connected System Operator include such operator as Delivery Facility Operator.

### 1.10 NTS Commingling Facility

1.10.1 In relation to a NTS Commingling Facility, the Connected System Agreement shall provide for the Connected System Operator to notify the Transporter in relation to each Day in respect of which gas flows out of the NTS to a NTS Commingling Facility and from the NTS Commingling Facility into the NTS of:

- (a) a quantity (the “**gross commingling exit quantity**”) which represents the quantity of gas offtaken from the NTS at the Connected System Exit Point on the Day; and
- (b) a quantity (the “**gross commingling entry quantity**”) which represents the quantity of gas delivered to the NTS at the System Entry Point on the Day.

1.10.2 In relation to a NTS Commingling Facility in respect of a Day in relation to which the Connected System Operator notifies the Transporter of:

- (a) a gross commingling exit quantity which is greater than the gross commingling entry quantity, the Entry Point Daily Quantity Delivered shall be zero and the CSEP Daily Quantity Offtaken shall be the quantity equal to the gross commingling exit quantity less the gross commingling entry quantity;
- (b) a gross commingling entry quantity which is the greater than the gross commingling exit quantity the CSEP Daily Quantity Offtaken shall be zero and the Entry Point Daily Quantity Delivered shall be the quantity equal to the gross commingling entry quantity less the gross commingling exit quantity.

1.10.3 In respect of any Day in relation to which:

- (a) paragraph 1.10.2(a) applies, each User who made or is deemed (pursuant to any provision of the Code) to have made an Input Nomination in respect of the Connected Exit System Point shall not be, notwithstanding such nomination, a Delivering User at such point on such Day (including for the purposes of Section I);
- (b) paragraph 1.10.2(b) applies, each User who made or is deemed (pursuant to any provision of the Code) to have made an Output Nomination in respect of the System Entry Point shall not be, notwithstanding such nomination, an Offtaking CSEP User at such point on such Day (including for the purposes of Section J).

1.10.4 Where in respect of a Day no allocation can be made in accordance with:

- (a) paragraph 2.1.9 as no User was a Delivering User on the Preceding Day, the Entry Point Daily Quantity Delivered shall be allocated to Delivering Users in the proportion to which the CSEP Daily Quantity Offtaken was allocated to Offtaking CSEP Users on the Preceding Day;
- (b) paragraph 3.2.8 as no User was a Offtaking CSEP User on the Preceding Day, the CSEP Daily Quantity Offtaken shall be allocated to Offtaking CSEP Users in the proportion to which the Entry Point Daily Quantity Delivered was

allocated to Delivering Users on the Preceding Day.

- 1.10.5 In relation to a NTS Commingling Facility the Connected System Agreement shall require the Connected System Operator to install volume and calorimetric measurement equipment at the Connected System Exit Point and the System Entry Point comprised in such facility by means of which the gross commingling exit quantity and the gross commingling entry quantity shall be determined.

### **1.11 Energy balancing on NTS**

- 1.11.1 For the purposes of the energy balancing provisions of Section F (and the System Clearing Contracts therein provided for), quantities of energy offtaken by Users from the Total System shall be treated as offtaken from the NTS, and accordingly:
- (a) Daily Imbalances shall be treated as imbalances in respect of quantities delivered to and offtaken from the NTS; and
  - (b) Reconciliation Quantities and User UGR Quantities shall be treated as quantities relating to (and representing differences between different quantities treated as offtaken from) the NTS.

### **1.12 Trader User**

In this Section E references to Users, except in paragraphs 1.2, 1.6, 1.10, 5 and 8.1.1(a), exclude Trader Users.

### **1.13 DNO Users**

In this Section E references to Users exclude DNO Users other than a DNO User in its capacity as an LDZ Shrinkage Provider.

### **1.14 CDSP Functions**

- 1.14.1 Direct Functions of the CDSP to support implementation of Section E are appointing the AUG Expert and managing the AUG Expert Contract.

- 1.14.2 Agency Functions of the CDSP to support implementation of Section E are:

- (a) calculating Daily Imbalances (including forecast and prevailing imbalances);
- (b) determining Error Revised UDQOs;
- (c) calculating all values and amounts required to support Offtake Reconciliation and Unidentified Gas Reconciliation.

## **2 INPUT QUANTITIES**

### **2.1 User Daily Quantity Inputs**

- 2.1.1 For each nominating User the UDQI in respect of each System Entry Point for the Gas Flow Day shall be determined in accordance with this paragraph 2.1, subject to paragraph 2.3.

- 2.1.2 In respect of each System Entry Point, each nominating User shall and any non-nominating User may submit to National Gas Transmission, not later than the 7th Business Day after the Gas Flow Day, a statement (“**Entry Allocation Statement**”) specifying:
- (a) the identity of the User;
  - (b) the identity of the System Entry Point;
  - (c) the Gas Flow Day; and
  - (d) the quantity of gas delivered by that User to the Total System on the Gas Flow Day at that System Entry Point.
- 2.1.3 Where an Entry Allocation Statement submitted by a User in accordance with paragraph 2.1.2 does not correctly reflect the User's entitlement to gas delivered to the Total System on the Gas Flow Day, the User may, not later than the Entry Close-out Date, revise its Entry Allocation Statement so as correctly to reflect its entitlement, provided that, where the conditions in paragraph 2.1.7 were satisfied in respect of the first-submitted Entry Allocation Statements, no revision may be made thereto unless revisions are made in aggregate such that such conditions remain satisfied following such revisions.
- 2.1.4 A revision under paragraph 2.1.3 of an Entry Allocation Statement shall not be made to reflect any dealing by the User and any other person after the Gas Flow Day in respect of entitlements in respect of gas delivered to the Total System.
- 2.1.5 For the avoidance of doubt, but without prejudice to paragraphs 2.2 and 2.3 and subject to Section V1.2, no person who is not a User may submit an Entry Allocation Statement or otherwise may claim to have delivered gas to the Total System, and National Gas Transmission will disregard any such purported submission or claim.
- 2.1.6 If for the Gas Flow Day in respect of a System Entry Point both of the conditions in paragraph 2.1.7 are satisfied:
- (a) each User who submitted an Entry Allocation Statement shall be a Delivering User;
  - (b) the UDQI for each nominating User shall be the quantity stated in the User's Entry Allocation Statement; and
  - (c) paragraph 4 shall apply in respect of any non-nominating User who submitted an Entry Allocation Statement.
- 2.1.7 The conditions referred to in paragraph 2.1.3 and 2.1.6 are:
- (a) that by the Entry Close-out Date, Entry Allocation Statements have been submitted by or on behalf of all nominating Users (whether or not also submitted by or on behalf of any non-nominating User); and
  - (b) that the aggregate of the quantities stated in all Entry Allocation Statements (submitted by or on behalf of nominating Users and non-nominating Users) and any Unclaimed Entry Allocation Statement under paragraph 2.3 is equal to the Entry Point Daily Quantity Delivered.

- 2.1.8 If for the Gas Flow Day in respect of a System Entry Point either condition in paragraph 2.1.7 is not satisfied, subject to paragraph 2.1.9:
- (a) each nominating User shall be a Delivering User; and
  - (b) the UDQI for each Delivering User shall be determined by allocating the Entry Point Daily Quantity Delivered between the Delivering Users in proportion to the Nominated Quantities under their respective Input Nominations for the Gas Flow Day in respect of that System Entry Point.
- 2.1.9 If no User made an Input Nomination for the System Entry Point for the Gas Flow Day, and gas was delivered to the Total System at that point:
- (a) each User who was (whether or not by virtue of this paragraph 2.1.9) a Delivering User on the Preceding Day shall be a Delivering User; and
  - (b) the Entry Point Daily Quantity Delivered shall be allocated to the Delivering Users in the proportions in which the equivalent quantity was (whether or not by virtue of this paragraph) allocated on the Preceding Day, and paragraph 4 shall apply in respect of each such User.

## 2.2 Entry Allocation Agents

- 2.2.1 In accordance with Section V6 a User may appoint a User Agent for the purposes of submitting Entry Allocation Statements in respect of a System Entry Point in accordance with paragraph 2.1.
- 2.2.2 Where the same person has been appointed as User Agent by more than one User for such purposes, the User Agent may make a composite submission containing the Entry Allocation Statements in respect of the System Entry Point for each such User.
- 2.2.3 Where (by virtue of being a Shrinkage Provider or for Operating Margins Purposes or otherwise) the Transporter is party to an agreement pursuant to which a person is appointed as User Agent pursuant to paragraph 2.2.1, no provision of such agreement and nothing done by the Transporter pursuant to such agreement shall modify or take effect as a waiver of any provision of the Code.

## 2.3 Unclaimed Entry Allocation

- 2.3.1 Subject to the conditions in paragraph 2.3.3, where in respect of any Day all of the Entry Allocation Statements submitted by Users (“**relevant Users**”) in relation to a System Entry Point are submitted by the same person as User Agent the Users may arrange with the User Agent that they will also submit an Unclaimed Entry Allocation Statement.
- 2.3.2 An “**Unclaimed Entry Allocation Statement**” is an Entry Allocation Statement in which the quantity of gas specified as delivered to the Total System is not allocated to any User but is treated as allocated to an unclaimed account maintained by National Gas Transmission for the purposes of this paragraph 2.3.
- 2.3.3 The conditions referred to in paragraph 2.3.1 are:
- (a) that the conditions in paragraph 2.1.7 are satisfied (taking into account for such

purposes the Unclaimed Entry Allocation Statement and the quantity stated therein);

- (b) that the quantity specified in the Unclaimed Entry Allocation Statement is less than the Entry Point Daily Quantity Delivered; and
  - (c) that the Unclaimed Entry Allocation Statement does not identify (directly or indirectly) any person as a person to whom the quantity thereunder is allocated.
- 2.3.4 Where in respect of a Day an Unclaimed Entry Allocation Statement is submitted, relevant Users' UDQIs shall be those determined under paragraph 2.1.6 on the basis of their respective Entry Allocation Statements.
- 2.3.5 The User Agent may up to but not later than the Entry Close-out Date revise an Unclaimed Entry Allocation Statement, provided the conditions in paragraph 2.3.3 continue to be satisfied following such revision.
- 2.3.6 Each User undertakes:
- (a) that it will not, and will not authorise the User Agent to, do anything which would or might confer on any person (other than a User) any right or entitlement in respect of any quantity of gas the subject of a Unclaimed Entry Allocation Statement; and
  - (b) that (without prejudice to any revision of the User's Entry Allocation Statement in accordance with paragraph 2.1.4) it will not itself claim any right or entitlement to any such quantity of gas.
- 2.3.7 If any person makes any claim against National Gas Transmission in respect of any quantity of gas the subject of an Unclaimed Entry Allocation Statement:
- (a) National Gas Transmission will defend such claim in such manner and to such extent as (after consultation in accordance with paragraph (b)) it shall determine to be appropriate;
  - (b) National Gas Transmission will consult with and keep informed the Uniform Network Code Committee or any relevant Sub-committee as respects such defence;
  - (c) National Gas Transmission will be entitled to recover (in accordance with Section F4.5.3(a)(iii)) the costs and expenses reasonably incurred by it in such defence and any amount paid by it (whether in settlement or satisfaction of any such claim) to such person or other amount for which it may be liable in connection therewith.
- 2.3.8 National Gas Transmission shall not for any purposes be treated as a User in respect of the unclaimed account referred to in paragraph 2.3.2 (and any quantity allocated to such account will not be taken into account in determining any User's Daily Imbalance nor in calculating Balancing Neutrality Charges under Section F, and is not required to be cleared under Section F).

### **3 OUTPUT QUANTITIES**

### 3.1 Supply Point UDQO

- 3.1.1 For a nominating User the UDQO in respect of a Registered Supply Point for the Gas Flow Day shall be:
- (a) in the case of a NDM Supply Point, the NDM Supply Meter Point Demands (in accordance with Section H2) for the Class 3 or 4 Supply Meter Point comprised in that NDM Supply Point;
  - (b) in the case of a DM Supply Point, the User SPDQ in accordance with paragraph 3.1.2.
- 3.1.2 The “User SPDQ” for a User in respect of a Registered DM Supply Point shall be the sum of:
- (a) subject to paragraph (b), the Supply Meter Point Daily Quantity;
  - (b) in the case of a Shared Supply Meter Point, the portion of that Supply Meter Point Daily Quantity determined in respect of that User in accordance with the Shared Supply Meter Notification pursuant to Section G9.1.
- 3.1.3 The provisions of paragraph 4 shall apply in respect of the User SPDQ in respect of any Supply Point for which the Registered User was a non-nominating User.

### 3.2 Connected System Exit Points

- 3.2.1 For each nominating User the UDQO in respect of each Connected System Exit Point shall be determined in accordance with the applicable CSEP Network Exit Provisions and/or (where not inconsistent with the CSEP Network Exit Provisions) this paragraph 3.2.
- 3.2.2 In respect of each Metered Connected System Exit Point, each nominating User shall and any non-nominating User may submit to the Transporter, not later than the Exit Close-out Date, a statement (“Exit Allocation Statement”) specifying:
- (a) the identity of the User;
  - (b) the identity of the Connected System Exit Point;
  - (c) the Gas Flow Day; and
  - (d) the quantity of gas offtaken by that User from the Total System on the Gas Flow Day at that Connected System Exit Point.
- 3.2.3 A User may, not later than the Exit Close-out Date, revise its Exit Allocation Statement, provided that where the conditions in paragraph 3.2.6 were satisfied in respect of the first submitted Exit Allocation Statements, no revision may be made thereto unless revisions are made in aggregate such that such conditions remain satisfied following such revisions.
- 3.2.4 For the avoidance of doubt, but without prejudice to paragraph 3.3, no person who is not a User may submit an Exit Allocation Statement or otherwise may claim to have offtaken gas from the Total System and the Transporter will disregard any such

purported submission or claim.

- 3.2.5 If for the Gas Flow Day in respect of a Connected System Exit Point both of the conditions in paragraph 3.2.6 are satisfied:
- (a) each User who submitted an Exit Allocation Statement shall be an Offtaking CSEP User;
  - (b) the UDQO for each nominating User shall be the quantity stated in the User's Exit Allocation Statement; and
  - (c) paragraph 4 shall apply in respect of any non-nominating User who submitted an Exit Allocation Statement.
- 3.2.6 The conditions referred to in paragraph 3.2.3 and 3.2.5 are:
- (a) that by the Exit Close-out Date, Exit Allocation Statements have been submitted by or on behalf of all nominating Users (whether or not also submitted by or on behalf of any non-nominating User); and
  - (b) that the aggregate of the quantities stated in all Exit Allocation Statements (submitted by nominating Users and non-nominating Users) is equal to the CSEP Daily Quantity Offtaken.
- 3.2.7 If for the Gas Flow Day in respect of a Connected System Exit Point either condition in paragraph 3.2.6 above is not satisfied, subject to paragraph 3.2.8:
- (a) each nominating User shall be an Offtaking CSEP User; and
  - (b) the UDQO for each Offtaking CSEP User shall be determined by allocating the CSEP Daily Quantity Offtaken between the Offtaking CSEP Users in proportion to the Nominated Quantities under their respective Output Nominations for the Gas Flow Day in respect of that Connected System Exit Point.
- 3.2.8 If no User made an Output Nomination for the Connected System Exit Point for the Gas Flow Day (and accordingly C2.2.6 applies), or where all the Output Nominations for the Connected System Exit Point for the Gas Flow Day are submitted as zero, and gas was offtaken from the System at the point:
- (a) each User who was (whether or not by virtue of this paragraph 3.2.8) an Offtaking CSEP User on the Preceding Day shall be an Offtaking CSEP User; and
  - (b) the CSEP Daily Quantity Offtaken shall be allocated to the Offtaking CSEP Users in the proportions in which the equivalent quantity was (whether or not by virtue of this paragraph 3.2.8) allocated on the Preceding Day.
- 3.2.9 In relation to an Unmetered Connected System Exit Point, the UDQO for an Offtaking CSEP User for a Day shall be the aggregate of the UDQOs for the User's Registered CSEP Supply Meter Points (comprised within that Unmetered Connected System Exit Point) for the Day.

### 3.3 Exit Allocation Agents

- 3.3.1 In accordance with Section V6 a User may appoint a User Agent for the purposes of submitting Exit Allocation Statements in respect of a Metered Connected System Exit Point in accordance with paragraph 3.2.
- 3.3.2 Where the same person has been appointed as User Agent by more than one User for such purposes, the User Agent may make a composite submission containing the Exit Allocation Statements in respect of the Connected System Exit Point for each such User.

### 3.4 Daily Read Errors

- 3.4.1 Where pursuant to Section M6.4 or M7.4 an Error Revised Quantity is established in respect of a Class 1 or 2 Supply Point for a Daily Read Error Day after the Exit Close-out Date:
- (a) the Transporter will, as soon as reasonably practicable, determine (as nearly as may be) the amount (the “**Error Revised UDQO**”) of the UDQO for the relevant DM Supply Point for the Day on the basis of such Metered Quantity;
  - (b) adjustments will be made in respect of any Overrun Charges or Supply Point Ratchet Charges in accordance with Section B1.11 and in respect of certain Balancing Charges in accordance with Section F1.4;
  - (c) except as provided in paragraph (b), in accordance with paragraph 1.8.2 no revision or recalculation of the quantities treated as offtaken from the System by Users, Users' Daily Imbalances or any Balancing Charges on or for the Daily Read Error Day will be made.

## 4 UNAUTHORISED GAS FLOWS

### 4.1 Unauthorised Gas Flow

- 4.1.1 Where a User is a non-nominating User for a Day in respect of a System Point, any delivery (in the circumstances under paragraph 2.1.6 or 2.1.9) or offtake (in accordance with paragraph 3.1.3 or in the circumstances under paragraph 3.2.5 or 3.2.8) of gas to or from the Total System by that User at that point on that Day is an “**Unauthorised Gas Flow**”, the amount of which shall be:
- (a) in respect of a System Entry Point, the quantity of gas stated in the User's Entry Allocation Statement or as the case may be allocated under paragraph 2.1.9;
  - (b) in respect of a DM Supply Point, the amount of the User SPDQ;
  - (c) in respect of a Metered Connected System Exit Point, the quantity of gas stated in the User's Exit Allocation Statement or as the case may be allocated under paragraph 3.2.8.
- 4.1.2 Subject to paragraph 4.1.3, an Unauthorised Gas Flow shall be an UDQI or (as the case may be) an UDQO for the User for the purposes of the Code.
- 4.1.3 The Unauthorised Gas Flow shall not be taken into account and shall not be treated as

an UDQI or UDQO for the purposes of determining the User's Daily Imbalance under paragraph 5, and shall not be a relevant UDQI or relevant UDQO for the purposes of determining Balancing Neutrality Charges under Section F4 or for the purposes of calculating the UDQI under Section B3.12.9.

## **4.2 Treatment of Unauthorised Gas Flows**

4.2.1 The quantity of gas comprising an Unauthorised Gas Flow shall be deemed to have been sold and purchased pursuant to a System Clearing Contract.

4.2.2 For the purposes of such System Clearing Contract:

(a) where the Unauthorised Gas Flow occurs at a System Entry Point:

- (i) the seller is the User and the buyer is National Gas Transmission; and
- (ii) the Clearing Charge is the amount determined as the quantity of gas comprising the Unauthorised Gas Flow multiplied by the System Marginal Sell Price;

(b) where the Unauthorised Gas Flow occurs at a System Exit Point:

- (i) the seller is National Gas Transmission and the buyer is the User; and
- (ii) the Clearing Charge is the amount determined as the quantity of gas comprising the Unauthorised Gas Flow multiplied by the System Marginal Buy Price.

4.2.3 The System Clearing Contract shall be deemed to have been performed fully except as to payment.

4.2.4 The Unauthorised Gas Flow shall be extinguished by the System Clearing Contract.

4.2.5 The buyer shall pay the Clearing Charge in respect of the gas comprising the Unauthorised Gas Flow to the seller in accordance with Section S.

## **5 IMBALANCE**

### **5.1 Daily Imbalance**

5.1.1 The Daily Imbalance for each User shall be calculated in respect of each Day as the difference between:

(a) the sum of:

- (i) the aggregate of the User's UDQIs;
- (ii) the aggregate of the Trade Nomination Quantities under any Acquiring Trade Nominations made by the User; and

(b) the sum of:

- (i) the aggregate of the User's UDQOs;

- (ii) the aggregate of the Trade Nomination Quantities under any Disposing Trade Nominations made by the User; and
- (iii) the User's Aggregate User Unidentified Gas.

5.1.2 The Daily Imbalance is positive where the quantity under paragraph 5.1.1(a) is greater than the quantity under paragraph 5.1.1(b), and negative where the quantity under paragraph 5.1.1(b) is greater than the quantity under paragraph 5.1.1(a).

## 5.2 Treatment of Daily Imbalances

A User's Daily Imbalances will be extinguished under System Clearing Contracts in accordance with Section F2.2.

## 5.3 Incentivised Nomination Charges

5.3.1 At each Forecast Daily Imbalance Time (in respect of a Day) if a User's Prevailing Forecast Daily Imbalance differs from the User's Daily Imbalance for the Day the User shall pay a charge ("**Incentivised Nomination Charge**") in accordance with this paragraph 5.3.

5.3.2 For the purposes of this paragraph 5.3:

- (a) "**Forecast Daily Imbalance**" is, in respect of a Day and in relation to a User, the User's projection of its Daily Imbalance for that Day;
- (b) "**Forecast Daily Imbalance Time**" is, in respect of a Day, each of 02:00 hours on the Preceding Day and 12:00 hours, 18:00 hours and 22:00 hours on the Day;
- (c) "**Initial**" Forecast Daily Imbalance is, in respect of a Day and in relation to a User, the Forecast Daily Imbalance prevailing at 17:00 hours on the Preceding Day;
- (d) "**Prevailing Forecast Daily Imbalance**" is, in respect of a Day and in relation to a User, the User's current Forecast Daily Imbalance (calculated in accordance with this paragraph 5) at a Forecast Daily Imbalance Time; and
- (e) "**Prevailing Provisional Daily Imbalance**" shall mean the projected Daily Imbalance of a User in respect of a Day (recorded on the UK Link System) at 17:00 hours on the Preceding Day determined by National Gas Transmission by reference to Nomination information available to it at such time, excluding the Forecast Daily Imbalance referred to in paragraph (a) above.

5.3.3 Each User may submit a notice ("**Forecast Daily Imbalance Nomination**") specifying its Forecast Daily Imbalance for a Day.

5.3.4 Each Forecast Daily Imbalance Nomination shall specify:

- (a) the identity of the User;
- (b) the Gas Flow Day; and

- (c) the Forecast Daily Imbalance for the Gas Flow Day.
- 5.3.5 A Forecast Daily Imbalance Nomination may be submitted no earlier than 30 Days before the Gas Flow Day and no later than 03:00 hours on a Gas Flow Day.
- 5.3.6 A User may revise an Initial Forecast Daily Imbalance Nomination in respect of a Gas Flow Day by submitting a further Forecast Daily Imbalance Nomination and where a User submits a further Forecast Daily Imbalance Nomination it shall replace the Initial Forecast Daily Imbalance Nomination or any subsequent Forecast Daily Imbalance Nomination (but without prejudice to the application of this paragraph 5.3 in respect of the Prevailing Forecast Daily Imbalance in respect of any earlier Forecast Daily Imbalance Time).
- 5.3.7 Without prejudice to paragraph 5.3.6, where a User does not submit a Forecast Daily Imbalance Nomination in respect of a Day by 17:00 hours on the Preceding day the User will be deemed to have submitted an Initial Forecast Daily Imbalance Nomination equal to the Prevailing Provisional Daily Imbalance.
- 5.3.8 For the purposes of the further provisions of this paragraph 5.3:
- (a) a User's **“Forecast Performance Measure”** at a Forecast Daily Imbalance Time in respect of a Day shall be calculated as follows:

$$FPM_t = \text{abs}(N_t - A)$$

where:

$FPM_t$  is the Forecast Performance Measure at Forecast Daily Imbalance Time 't';

$N_t$  is the User's Prevailing Forecast Daily Imbalance at Forecast Daily Imbalance Time 't';

$A$  is the User's Daily Imbalance in respect of the Day; and

- (b) the **“Incentivised Nomination Price”** is, in respect of a relevant Day, the price (in pence/kWh) calculated as follows:

- (i) where the User's Daily Imbalance is positive for the relevant Day:

$$INP = PSFS * (SAP - SMSP)$$

- (ii) where the User's Daily Imbalance is negative for the relevant Day:

$$INP = PSPB * (SMBP - SAP)$$

where:

$INP$  is the Incentivised Nomination Price for the relevant Day;

$PSFS$  is the Sell Price Scaling Factor for the relevant Day;

$PSPB$  is the Buy Price Scaling Factor for the relevant Day;

SAP is the System Average Price for the relevant Day;

SMBP is the System Marginal Buy Price for the relevant Day;

SMSP is the System Marginal Sell Price for the relevant Day; and

(iii) the Sell Price Scaling Factor for the relevant Day is zero;

(iv) the Buy Price Scaling Factor for the relevant Day is zero; and

(c) the “**scaling factor**” in respect of each Forecast Daily Imbalance Time in respect of a Day is 0.25.

5.3.9 The Incentivised Nomination Charge payable by a User in respect of a Daily Imbalance Nomination Time shall be calculated as follows:

$$INS_t = (FPM_t * SF_t * INP)$$

where:

INSt is the Incentivised Nomination Charge;

FPMt is the User's Forecast Performance Measure;

SFt is the scaling factor; and

INP is the Incentivised Nomination Price

in each case in respect of Forecast Daily Imbalance Time 't'.

5.3.10 In respect of a User and in relation to a Day, the “**Total Incentivised Nomination Charge**” payable by a User is the sum of the Incentivised Nomination Charges payable (if any) by the User in respect of the Day and calculated as follows:

$$TINC = \sum_{t=1}^n INC_t$$

where:

TINC is the Total Incentivised Nomination Charge; and

INC is the Incentivised Nomination Charge payable by the User in respect of each Forecast Daily Nomination Time 't'

where 'n' is the number of Forecast Daily Nomination Times in respect of a Day.

5.3.11 Total Incentivised Nomination Charges shall be invoiced and are payable in accordance with Section S.

5.3.12 In the event that National Gas Transmission does not undertake a Market Balancing Action on a Day then the Total Incentivised Nomination Charge payable by a User, in respect of that day, will be zero.

## 6 OFFTAKE RECONCILIATION

### 6.1 Introduction

6.1.1 Upon each Reconciliation Meter Reading in respect of a System Exit Point, Offtake Reconciliation will be carried out for all Days in the Reconciliation Metered Period.

6.1.2 Where Offtake Reconciliation is carried out in respect of a Supply Meter Point comprised in a Supply Point in relation to which a Supply Point Registration is Confirmed and in the circumstances specified in paragraph 6.1.3, the Reconciliation Values will be attributed entirely to the Registered User(s) from the Day on which the Supply Point Registration is Confirmed, notwithstanding that a part of the Reconciliation Values may (or may be considered to) relate to a period before the Supply Point Registration Date; and accordingly such Registered User(s) will obtain the benefit and bear the risk (and the User(s) who formerly were Registered User(s) of the Supply Meter Point will neither obtain the benefit nor bear the risk) of the Reconciliation Quantities insofar as relating to the period before the Supply Point Registration Date.

6.1.3 The circumstances are:

- (a) in the case of a Class 1 or 2 Supply Meter Point, where the Supply Point Registration Date was a Failed Daily Read Day, or was not the Day of a Check Read, and an Offtake Reconciliation is subsequently carried out as provided in Section M5.11.3 or M5.12.7;
- (b) in the case of a Class 3 or 4 Supply Meter Point, where:
  - (i) no Opening Meter Reading was submitted, and accordingly an estimated Meter Reading was used (for the first Offtake Reconciliation following the Day on which the Supply Point Registration is Confirmed) in accordance with Section M5.13.7(b), and was not replaced by an Agreed Opening Meter Reading, and
  - (ii) upon the next Valid Meter Reading, the next Offtake Reconciliation is carried out

(because the effect of the estimation under Section M5.4.2 is that, for the purposes of the first Offtake Reconciliation referred to in paragraph (b), the Daily Reconciliation Factor is one (1), but except to the extent that a Proposing User Read was used for such estimation).

### 6.2 Reconciliation Calculations

6.2.1 In relation to an Offtake Reconciliation:

- (a) the “**Reconciliation Metered Period**” is the period (ending with the Read Date of the Reconciliation Meter Reading) specified in or determined in accordance with the provision of the Code and/or (in the case of a Connected System Exit Point) of the CSEP Network Exit Provisions which requires that Offtake Reconciliation;
- (b) the “**Reconciliation Metered Volume**” is the Metered Volume determined

(pursuant to the Reconciliation Meter Reading) for the Reconciliation Metered Period.

6.2.2 For the purposes of an Offtake Reconciliation in respect of a relevant System Exit Point, in relation to any Day (D) in the Reconciliation Metered Period:

(a) the “**Daily Reconciliation Quantity**” ( $DRQ_D$ ) shall be determined as follows:

$$DRQ_D = PRDQO_D * (DRF_D - 1)$$

where:

$PRDQO_D$  is the Prevailing Reconciled Daily Quantity Offtaken for the Day (as determined prior to the Reconciliation Meter Reading)

$DRF_D$  is the Daily Reconciliation Factor for the Day

(b) the “**Daily Reconciliation Factor**” ( $DRF_D$ ) is a factor in respect of the Reconciliation Metered Period, calculated as:

$$DRF_D = RMV / PMV$$

where for that Reconciliation Metered Period:

$RMV$  is the Reconciliation Metered Volume

$PMV$  is the Prevailing Metered Volume

6.2.3 The “**Prevailing Metered Volume**” for a Reconciliation Metered Period is calculated as follows:

(a) if the Reconciliation Metered Period is a single Day

$$PMV = PRDQO_D / CV_D$$

(b) if the Reconciliation Metered Period is more than one Day:

$$PMV = \Sigma (PRDQO_D / CV_D)$$

where

$\Sigma$  is the sum over all Days in the Reconciliation Metered Period

and where, for each Day in the Reconciliation Metered Period

$CV_D$  is the relevant calorific value

$PRDQO_D$  is the Prevailing Reconciled Daily Quantity Offtaken.

6.2.4 Following each Offtake Reconciliation, the Prevailing Reconciled Daily Quantity Offtaken for each Day in the Reconciliation Metered Period shall be adjusted by the Daily Reconciliation Factor for that Day.

6.2.5 In respect of each Offtake Reconciliation, the Reconciliation Clearing Value (“**RCV**”)

shall be calculated as follows:

$$RCV = \Sigma (DRQ_D * SAP_D)$$

where

$\Sigma$  is the sum over all Days in the Reconciliation Metered Period

and where, for each such Day

$DRQ_D$  is the Daily Reconciliation Quantity

$SAP_D$  is the System Average Price.

- 6.2.6 In respect of each Offtake Reconciliation, each of the Reconciliation Transportation Charge Adjustments (“**RTCA**”) shall be calculated as follows:

$$RTCA = \Sigma (DRQ_D * ACR_D)$$

where

$\Sigma$  is the sum over all Days in the Reconciliation Metered Period

and where, for each such Day

$DRQ_D$  is the Daily Reconciliation Quantity

$ACR_D$  is the Applicable Commodity Rate of the General Non-Transmission Services Charges, the LDZ Commodity Charge or (as the case may be) the Commodity Variable Component (if any) of the Customer Charge for such Day.

### 6.3 Reconciliation Clearing

Upon each Offtake Reconciliation, the Reconciliation Quantity shall be extinguished by a System Clearing Contract in accordance with Section F5.

### 6.4 Transportation Charge Adjustments

- 6.4.1 Upon each Offtake Reconciliation the Reconciliation Transportation Charge Adjustments shall be payable by way of adjustment in respect of the General Non-Transmission Services Charges, LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges overpaid or underpaid by the User in respect of gas offtaken during the relevant period.

- 6.4.2 The Reconciliation Transportation Charge Adjustments shall be payable:

- (a) where the Reconciliation Quantity is negative:
- (i) in the case of the adjustment to the General Non-Transmission Services Charges, by the User to National Gas Transmission;
  - (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by

the User to the Transporter;

- (b) where the Reconciliation Quantity is positive:
  - (i) in the case of the adjustment to the General Non-Transmission Services Charges, by National Gas Transmission to the User;
  - (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the Transporter to the User

and shall be invoiced and are payable in accordance with Section S.

## **6.5 Agreed Opening Meter Readings**

6.5.1 Where in relation to a Class 2, 3 or 4 Supply Meter Point:

- (a) upon the Offtake Reconciliation in respect of an Opening Meter Reading (including an estimate in accordance with Section M5.13.7) Reconciliation Values (the “**original Reconciliation Values**”) are determined under this paragraph 6; and
- (b) the Transporter subsequently accepts an Agreed Opening Meter Reading pursuant to Section M5.13.11

then paragraph 6.5.2 shall apply.

6.5.2 In the circumstances in paragraph 6.5.1:

- (a) the Transporter will redetermine (on the basis of the Agreed Opening Meter Reading) the Reconciliation Metered Volume for the Reconciliation Metered Period, and the Reconciliation Values;
- (b) the Reconciliation Values determined under paragraph (a) will replace the original Reconciliation Values, and the redetermined adjusted value (under paragraph 6.2.4) of Prevailing Reconciled Daily Quantity Offtaken for each Day in the Reconciliation Meter Period will replace the original adjusted value;
- (c) where the original Reconciliation Values have already been invoiced, the Transporter will determine and invoice (in accordance with Section S) such adjustments in respect thereof as are necessary to give effect to paragraph (b).

## **6.6 Shared Supply Meter Point Reconciliation: Reconciliation Values**

6.6.1 This paragraph 6.6 applies in respect of Offtake Reconciliation in respect of Shared Supply Meter Points.

6.6.2 In the case of a Shared Supply Meter Point Notification under Section G9.3.1(a), upon any Offtake Reconciliation, the Reconciliation Values shall be allocated between the Sharing Registered Users in the prevailing percentages which, at the time at which the Offtake Reconciliation is carried out, are notified to the Transporter under Section G9.3.2(b).

- 6.6.3 In the case of a Shared Supply Meter Point Notification under Section G9.3.1(b), upon any Offtake Reconciliation:
- (a) the Transporter will notify the Reconciliation Quantity to the Sharing Registered User Agent;
  - (b) if, within twenty (20) Business Days after such notification, the Sharing Registered User Agent notifies to the Transporter amounts, equal in aggregate to the Reconciliation Quantity, to be allocated to the Sharing Registered Users:
    - (i) the Reconciliation Quantity shall be allocated between the Sharing Registered Users in the amounts so notified;
    - (ii) the Reconciliation Clearing Value and each of the Reconciliation Transportation Charge Adjustments shall be allocated between the Sharing Registered Users in the same proportions as the Reconciliation Quantity;
  - (c) if the Sharing Registered User does not notify an allocation by the time required and otherwise in accordance with paragraph (b), the Reconciliation Values will be allocated between the Sharing Registered Users in accordance with the prevailing Default Allocation Methodology under Section G9.3.2(c).

## 6.7 Retrospective Data Update: Offtake Reconciliation

- 6.7.1 This paragraph 6.7 applies where, in relation to a Supply Meter Point:
- (a) a Retrospective Data Update is carried out in respect of the Supply Meter, Supply Meter Installation or Supply Meter Point; and
  - (b) either:
    - (i) Offtake Reconciliation(s) were carried out for which the Reconciliation Values would have been different had the Updated Data been registered at the time such Offtake Reconciliation(s) were carried out; or
    - (ii) if the Updated Data had been registered at the Update Effective Date, it would have given rise to an additional Offtake Reconciliation.
- 6.7.2 Paragraph 6.7.1(b)(i) may apply because the Updated Data results in a change (as compared with the data used in the Affected Offtake Reconciliations) in one or more of the following:
- (a) Reconciliation Meter Reading;
  - (b) Reconciliation Metered Period;
  - (c) Reconciliation Metered Volume.
- 6.7.3 For the purposes of this paragraph 6.7, in relation to a Retrospective Data Update, “**Affected Offtake Reconciliation**” means:
- (a) in a case in paragraph 6.7.1(b)(i), the two Offtake Reconciliations for which the Reconciliation Metered Periods end and start respectively with the Read Date

of a Meter Read affected by the Updated Data;

- (b) in a case in paragraph 6.7.1(b)(ii), the Offtake Reconciliation (or latest Offtake Reconciliation) in relation to which the Update Effective Date falls within the Reconciliation Metered Period.

6.7.4 Where a Retrospective Data Update is carried out, subject to paragraph 6.7.5:<sup>3</sup>

- (a) the Transporter will:
  - (i) in a case within paragraph 6.7.1(b)(i), re-determine the Reconciliation Values, on the basis of the Updated Data, for each Affected Offtake Reconciliation;
  - (ii) in a case within paragraph 6.7.1(b)(ii), determine Reconciliation Values, by reference to the Updated Data, on the basis of two Offtake Reconciliations for which the Reconciliation Metered Periods are the Reconciliation Metered Period for the Affected Offtake Reconciliation divided into two periods ending and starting respectively with the Read Date of the Meter Read comprised in the Updated Data;
- (b) the Reconciliation Values under the Affected Offtake Reconciliation(s) shall be replaced by the Reconciliation Values determined under paragraph (a)(i) or (a)(ii);
- (c) the Transporter will determine and invoice such adjustments in respect of the Reconciliation Values determined under the Affected Offtake Reconciliation(s) as are necessary to give effect to paragraph (b).

6.7.5 Where (after the first Day of any Reconciliation Metered Period to which paragraph 6.7.4 applies) there has been a change in Registered User of the Supply Meter Point:

- (a) the replacement of Reconciliation Values under paragraph 6.7.4(b), and adjustment invoicing under paragraph 6.7.4(c), will apply automatically in relation to any period on or after the Supply Point Registration Date of the Supply Point Registration under which the current Registered User became Registered User;
- (b) in relation to any earlier period, the replacement of Reconciliation Values under paragraph 6.7.4(b), and adjustment invoicing under paragraph 6.7.4(c), will apply only if the User which was Registered User of the Supply Meter Point at the relevant time submits to the Transporter a request to that effect.

## **6.8 Updated Meter Readings: Offtake Reconciliation**

6.8.1 This paragraph 6.8 applies where in relation to a Supply Meter Point:

- (a) an Updated Meter Reading is a Valid Meter Reading; and
- (b) Offtake Reconciliation(s) were carried out for which the Reconciliation Values would have been different had the Updated Meter Reading been used at the time such Offtake Reconciliation(s) were carried out.

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<sup>3</sup> Implementation of modification 0651 effective 05:00hrs on a date to be confirmed will amend paragraph 6.7.4.

- 6.8.2 For the purposes of this paragraph 6.8, in relation to an Updated Meter Reading, **“Affected Offtake Reconciliation”** means any Offtake Reconciliation for which the Reconciliation Metered Period ends or starts respectively with the Read Date of the Updated Meter Reading.
- 6.8.3 Where an Updated Meter Reading replaces a Valid Meter Reading the Transporter will:
- (a) re-determine the Reconciliation Values, on the basis of the Updated Meter Reading, for each Affected Offtake Reconciliation;
  - (b) the Reconciliation Values under the Affected Offtake Reconciliation shall be replaced by the Reconciliation Values determined under paragraph (a);
  - (c) the Transporter will determine and invoice such adjustments in respect of the Reconciliation Values determined under the Affected Offtake Reconciliation as are necessary to give effect to paragraph (b).
- 6.8.4 Subject to paragraph 6.8.5, where (after the first Day or before the last Day of any Reconciliation Metered Period to which paragraph 6.8.3 applies) there has been a change in the Registered User of the Supply Meter Point the replacement of the Reconciliation Values under paragraph 6.8.3(b) and the adjustment invoicing under paragraph 6.8.3(c), will only apply in relation to such part of the Reconciliation Metered Period in respect of which the User submitting the Updated Meter Reading was Registered User of the Supply Meter Point.
- 6.8.5 Where an Updated Meter Reading replaces a Valid Meter Reading which is an Opening Meter Reading the Reconciliation Values under paragraph 6.8.3(b) and the adjustment invoicing under paragraph 6.8.3(c) will automatically apply in respect of each Affected Offtake Reconciliation.

## **7 UNIDENTIFIED GAS RECONCILIATION**

### **7.1 Introduction**

- 7.1.1 The Parties agree and acknowledge that:
- (a) the quantity of gas determined pursuant to Section H2.6 as Unidentified Gas in a LDZ for a Day (D) will depend on the estimation of demand (for Class 3 and 4 Supply Meter Points) pursuant to the provisions of Section H2.2 (as well as the quantities determined as offtaken at Class 1 and 2 Supply Meter Points);
  - (b) each Offtake Reconciliation for which the Reconciliation Metered Period includes Day D therefore implies an adjustment in the Unidentified Gas for the relevant LDZ for that Day (and accordingly in the quantity of gas allocated to each User as User LDZ Unidentified Gas), as does any LDZ Reconciliation in accordance with paragraph 7;
  - (c) in accordance with paragraph 1.8.2, no change is to be made in respect of User LDZ Unidentified Gas after the Exit Close-Out Date;
  - (d) accordingly, Unidentified Gas Reconciliation shall be carried out as a reconciliation and adjustment in respect of the adjustments in Unidentified Gas referred to in paragraph (b);

- (e) the quantities subject to Unidentified Gas Reconciliation are quantities equal in aggregate and opposite to the net aggregate quantities subject to Offtake Reconciliation in an LDZ over the Reconciliation Billing Period.

7.1.2 Subject to paragraph 7.5, for each Reconciliation Billing Period and for each LDZ:

- (a) the “**Unidentified Gas Reconciliation Period**” is the period of 12 months ending with (and including) the Reconciliation Billing Period;
- (b) the “**Aggregate Reconciliation Quantity**” and “**Aggregate Reconciliation Clearing Value**” are the net aggregate respectively of the Reconciliation Quantities and of the Reconciliation Clearing Values:
  - (i) for System Exit Points in that LDZ for which Offtake Reconciliation was undertaken (as referred to in Section S1.1.3(f)); and/or
  - (ii) in respect of LDZ Reconciliation in respect of that LDZ which was undertaken

in that Reconciliation Billing Period;
- (c) for the purposes of paragraph (b), Reconciliation Quantities and Reconciliation Clearing Values include adjustments to Reconciliation Values made in a Reconciliation Billing Period pursuant to paragraph 6.5.2(c);
- (d) for each User the “**User Aggregate LDZ Quantity**” is the amount determined as:

$$\sum_d \sum_r \text{AUPRDQO}_{rd}$$

where

$\sum_d$  is the sum over all Days (d) in the Unidentified Gas Reconciliation Period;

$\sum_r$  is the sum over all Supply Meter Points (other than Isolated Supply Meter Points) in the relevant LDZ of which the User is Registered User on Day ‘d’ and all Metered Connected System Exit Points in the relevant LDZ in relation to which the User is a CSEP User on Day ‘d’;

and where, for each System Exit Point ‘r’ and each Day ‘d’  $\text{AUPRDQO}_{rd}$  is the Prevailing Reconciled Daily Quantity Offtaken as determined as at the 10<sup>th</sup> Day of the month following the Reconciliation Billing Period, or (in the case of a Shared Supply Meter Point) the amount of the Prevailing Reconciled Daily Quantity Offtaken allocated to the User, adjusted by the allocation factor specified in Annex E-1 in respect of the category (as set out in Annex E-1) to which that System Exit Point belongs on Day ‘d’;

- (e) the “**Aggregate LDZ Quantity**” is the sum for all Users of the User Aggregate LDZ Quantities.

7.1.3 For each User, Reconciliation Billing Period and LDZ:

- (a) the “**User UGR Quantity**” (UUGRQ) is the quantity determined as:

$$UUGRQ = - ARQ * UALQ / ALQ$$

- (b) the “**User UGR Clearing Value**” (UUGRCV) is the amount determined as:

$$UUGRCV = - ARCV * UALQ / ALQ$$

where

ARQ is the Aggregate Reconciliation Quantity

ARCV is the Aggregate Reconciliation Clearing Value

UALQ is the User Aggregate LDZ Quantity

ALQ is the Aggregate LDZ Quantity.

## 7.2 Unidentified Gas Reconciliation

- 7.2.1 Unidentified Gas Reconciliation shall be carried out for each LDZ in respect of each Reconciliation Billing Period.
- 7.2.2 Upon each Unidentified Gas Reconciliation, the User UGR Quantity (irrespective of amount and sign) shall be extinguished by a System Clearing Contract in accordance with Section F5.
- 7.2.3 For the purposes of Section F5, the Reconciliation Clearing Charge in respect of a System Clearing Contract under paragraph 7.2.2 shall be the User UGR Clearing Value.
- 7.2.4 Unidentified Gas Reconciliation shall not give rise to any adjustment in respect of Transportation Charges.

## 7.3 LDZ Reconciliation

- 7.3.1 A reconciliation shall be carried out between the Transporter and the NTS Shrinkage Provider in respect of the relevant quantity of gas, where:
- (a) after the Exit Close-out Date in relation to any Day, an adjustment is made in respect of the LDZ Daily Quantity Input for an LDZ, in respect of an amount calculated by multiplying such adjustment quantity of gas by the System Average Price for the Day on which such adjustment was deemed by the Transporter to relate; or
- (b) pursuant to Section N3.4, an adjustment is made in respect of the aggregate amount of LDZ Shrinkage for any LDZ in any Gas Year, in respect of an amount as provided in the LDZ Shrinkage Adjustments Methodology.
- 7.3.2 For the purposes of this paragraph 7:
- (a) “**LDZ Reconciliation**” means a reconciliation pursuant to paragraph 7.3.1;
- (b) in relation to any LDZ Reconciliation, for the purposes of Unidentified Gas Reconciliation:
- (i) the quantities and amounts referred to in paragraph 7.3.1 shall be

treated as being respectively a Reconciliation Quantity and a Reconciliation Clearing Value for the purposes of paragraph 7.1.2(b);

- (ii) such quantity and amount shall be negative where the LDZ Daily Quantity Input is increased by such adjustment, and positive where the LDZ Daily Quantity Input is reduced by such adjustment.

7.3.3 Except pursuant to this paragraph 7, any such adjustment as is referred to in paragraph 7.3.1 shall have no effect for the purposes of the Code.

#### **7.4 No retrospective adjustments**

7.4.1 For the avoidance of doubt, each Unidentified Gas Reconciliation shall be carried out on the basis of User Aggregate LDZ Quantities calculated by reference to Prevailing Reconciled Daily Quantity Offtaken determined (in accordance with paragraph 7.1.2(d)) as at 10<sup>th</sup> Day of the month following the Reconciliation Billing Period; and no adjustment shall be made in respect of such Unidentified Gas Reconciliation by reason of any subsequent adjustments (pursuant to paragraph 6.2.4) to the Prevailing Reconciled Daily Quantity Offtaken for any Day in the Unidentified Gas Reconciliation Period.

#### **7.5 Qualifying LDZ Reconciliation**

7.5.1 For the purposes of this paragraph 7.5:

- (a) **“particular”** LDZ Reconciliation is LDZ Reconciliation under paragraph 7.3.1(a) in respect of adjustments (as referred to in that paragraph) made as a result of a particular failure or error in measurement equipment or other particular cause;
- (b) in relation to particular LDZ Reconciliation:
  - (i) the **“relevant period”** is the continuous period of Days (as referred to in paragraph 7.3.1(a) in respect of which such adjustments were made;
  - (ii) the **“relevant quantity”** is the aggregate quantity which is subject to such adjustment over the whole of the relevant period;
- (c) **“Qualifying”** LDZ Reconciliation is particular LDZ Reconciliation for which the relevant quantity is not less than 50 GWh;
- (d) in relation to Qualifying LDZ Reconciliation, an **“LDZ Reconciliation Month”** is a calendar month which commences and/or ends in the relevant period.

7.5.2 In relation to Qualifying LDZ Reconciliation, Unidentified Gas Reconciliation shall be carried out separately (and the Qualifying LDZ Reconciliation shall be excluded from the ordinary Unidentified Gas Reconciliation carried out in respect of each Reconciliation Billing Period)) by reference to quantities, values and proportions determined separately for each LDZ Reconciliation Month; and accordingly, for the purposes of paragraphs 7.1.2 and 7.1.3:

- (a) references in those paragraphs:

- (i) to Reconciliation Billing Period are to each LDZ Reconciliation Month;
- (ii) to LDZ Reconciliation carried out in a Reconciliation Billing Period are to LDZ Reconciliation carried out in respect of each LDZ Reconciliation Month;
- (iii) to Aggregate Reconciliation Quantity and Aggregate Reconciliation Clearing Value are to the sum, for all Days in each LDZ Reconciliation Month, of the Reconciliation Quantity and Reconciliation Clearing Value determined for each such Day in accordance with paragraph 7.3.2(b) and

(b) the Unidentified Gas Reconciliation Period is the LDZ Reconciliation Month.

7.5.3 Unidentified Gas Reconciliation in relation to Qualifying LDZ Reconciliation shall be invoiced in accordance with Section S, issued as soon as reasonably practicable after the carrying out of such LDZ Reconciliation.

7.5.4 Where a User that was a User at any time during the Unidentified Gas Reconciliation Period determined pursuant to paragraph 7.5.2(a)(i) becomes a Discontinuing User on or before the date of submission of the relevant Ancillary Invoice, then to the extent that the amounts determined in accordance with paragraph 7.1.3 cannot be recovered from or paid to the Discontinuing User (or from or to any other User that is responsible for the payment of, or entitled to receive, such amounts), such amounts shall be payable by or to all other Users in the proportions that would be determined in accordance with paragraph 7.1.3 (as modified by paragraph 7.5.2) as if User Aggregate LDZ Quantity for the Discontinuing User were zero.

## 8 CLASS A CONTINGENCIES

### 8.1 Class A Contingencies

8.1.1 During the period of a Class A Contingency:

- (a) access to information pursuant to paragraph 1.6;
- (b) submission of the Entry Allocation Statement pursuant to paragraph 2.1: and
- (c) submission of the Unclaimed Entry Allocation Statement pursuant to paragraph 2.3;

will be processed in accordance the relevant Contingency Procedures.

## 9 UNIDENTIFIED GAS - ALLOCATION FACTORS

### 9.1 Interpretation

9.1.1 For the purposes of this paragraph 9:

- (a) the “**AUGE Document**” is the document entitled 'Framework for the appointment of an Allocation of Unidentified Gas Expert' which sets out:
  - (i) the procedure for the appointment of the AUG Expert;

- (ii) what qualifications and competencies the AUG Expert is required to hold;
  - (iii) the criteria for selection of the AUG Expert;
  - (iv) the terms of the AUG Expert Contract;
  - (v) procedures for preparing the AUG Statement and the AUG Table; and
  - (vi) such other matters (consistent with this paragraph 9) as the Committee and the Transporters may agree;
- (b) **“AUG Expert”** means the person from time to time appointed pursuant to paragraph 9.2;
  - (c) **“AUG Expert Contract”** means the contract appointing a person to act as the AUG Expert;
  - (d) **“AUG Statement”** means the statement prepared in respect of an AUG Year pursuant to paragraph 9.4;
  - (e) **“AUG Table”** means the table prepared for an AUG Year pursuant to paragraph 9.4 in the form set out in Annex E1;
  - (f) **“AUG Year”** means the period from 1 October in any year until and including 30 September in the following year and in relation to any AUG Year the **“Preceding AUG Year”** is the AUG Year ending at the start of such AUG Year;
  - (g) **“Unidentified Gas Source”** means a particular set of circumstances in respect of a Category of System Exit Point which give rise to Unidentified Gas;
  - (h) **“Category”** of System Exit Point means a category, defined:
    - (i) in the case of a Supply Point, by Class and End User Category, as set out in the pro-forma table in Annex E-1; and
    - (ii) in the case of a Metered Connected System Exit Point, as specified in the pro-forma table in Annex E-1;

being a category for the purposes of paragraph 1.1.6(c) (and Section C1.5.2(c)).

9.1.2 For the purposes of this paragraph 9 references to System Exit Points excludes NTS System Exit Points.

9.1.3 The AUG Document is a UNC Related Document and a reference to the AUG Document is to such document as from time to time in force.

9.1.4 In this paragraph 9 a reference to the Committee is to the Uniform Network Code Committee.

9.1.5 The Committee shall have the functions set out in this paragraph 9 and the AUG Document.

## 9.2 Appointment of AUG Expert

- 9.2.1 A person shall be appointed by the CDSP, in accordance with this paragraph 9.2, for the purposes of:
- (a) preparing the AUG Statement or (as the case may be) modifying the AUG Statement for the Preceding AUG Year, and recommending it to the Committee; and
  - (b) preparing the AUG Table, and recommending it to the Committee, in relation to each AUG Year.
- 9.2.2 The CDSP shall, subject to and in accordance with the AUG Document and the requirements of the Committee:
- (a) prepare arrangements and documentation for a tender for the appointment of a person as AUG Expert;
  - (b) conduct such tender on the basis of such arrangements and documentation;
  - (c) review and assess the proposals made by persons tendering for appointment as the AUG Expert ("bidders") pursuant to the tender;
  - (d) where appropriate (for the purposes of the selection of a bidder) enter into discussions with one or more bidders;
  - (e) use reasonable endeavours to enter into an AUG Expert Contract with the selected bidder; and
  - (f) perform the CDSP obligations, and exercise the CDSP rights, in accordance with the AUG Expert Contract.
- 9.2.3 Without prejudice to the requirements of the AUG Document, the CDSP may seek guidance or direction of the Committee in relation to anything they propose to do or any other matter arising in connection with their activities under paragraph 9.2.1, and may act in accordance with such guidance or direction.
- 9.2.4 This paragraph 9.2 shall apply on each occasion on which an AUG Expert is to be appointed.

**9.3 Terms of engagement of AUG Expert and cost recovery**

- 9.3.1 Nothing in this paragraph 9 shall require the CDSP to enter into an AUG Expert Contract on terms which in the CDSP's reasonable opinion:
- (a) would be unlawful for the CDSP; or
  - (b) would give rise to the CDSP incurring any liability, other than in respect of its own wilful misconduct, gross negligence or fraud.
- 9.3.2 The CDSP may enter into an AUG Expert Contract on terms which:
- (a) limit or exclude the liability (as to such matters as may be provided in such contract) of the AUG Expert;
  - (b) provide that if a Party or any supplier or consumer makes any claim or takes

any legal proceedings (as to such matters as may be provided in such contract) against the AUG Expert, the CDSF will indemnify the AUG Expert in respect of such claim or proceeding,

and in such a case each Party undertakes that it shall not, and in the case of a User it shall procure that each supplier and consumer does not, make such a claim or take such proceedings against the AUG Expert, and shall indemnify the CDSF in respect of any liability to the AUG Expert if such Party or any such supplier or relevant customer does make such a claim or take such proceedings.

9.3.3 For the avoidance of doubt, the CDSF shall not be the agent or trustee of any Party for the purposes of the AUG Expert Contract, and the CDSF shall owe no duties or responsibilities to any Party in respect of the AUG Expert Contract other than as provided in this paragraph 9 and the AUG Document.

#### 9.4 Establishing the AUG Statement and AUG Table

9.4.1 For each AUG Year a statement (including a methodology covering matters which may include research, sampling, data, modelling, analysis, criteria) shall be prepared by the AUG Expert which:

- (a) identifies each Unidentified Gas Source;
- (b) estimates the total quantity of Unidentified Gas; and
- (c) specifies the proportionate contribution of each Unidentified Gas Source to the total quantity of Unidentified Gas;
- (d) (and in relation to AUG Years other than the first, such methodology shall be established by modifying the methodology for the preceding AUG Year); which methodology shall be such as, in the opinion of the Committee, is calculated to facilitate (or in the case of a modification to the methodology, better facilitate as compared with the prevailing methodology) the achievement of the relevant objectives in Standard Special Condition A11 of the Transporters' Licence.

9.4.2 For each AUG Year following preparation of the AUG Statement the AUG Expert shall make a determination ("**AUG Determination**") which:

- (a) identifies each Unidentified Gas Source;
- (b) specifies the proportionate contribution of each Unidentified Gas Source to the total quantity of Unidentified Gas ("**UGS Proportionate Contribution**");
- (c) specifies for each Unidentified Gas Source and for each Category of System Exit Point a weighting factor ("**UGS Weighting Factor**") reflecting that Category of System Exit Point's contribution to the Unidentified Gas Source, provided that:

for each Unidentified Gas Source the UGS Weighting Factors must satisfy:

$$\sum WFUGS = 1$$

where:

WFUGS is for an Unidentified Gas Source the UGS Weighting Factor;

$\Sigma$  is sum over all Categories of System Exit Point,

- (d) save as provided by paragraph (e) below calculates the allocation factor for purposes of paragraph 1.1.6(c) for each Category of System Exit Point as:

$$AF = \Sigma (PCUGS * WFUGS)$$

where:

AF is the allocation factor;

PCUGS is the UGS Proportionate Contribution for the Unidentified Gas Source;

WFUGS is the UGS Weighting Factor for the Category of System Exit Point in which the System Exit Points falls; and

$\Sigma$  is sum over all Unidentified Gas Sources,

- (e) for each of the Categories of System Exit Points within the pairs, 1ND and 1PD, 1NI and 1PI, 2ND and 2PD, and 2NI and 2PI, the allocation factor for the purposes of paragraph 1.1.6(c) shall be the average of the allocation factors as determined under paragraph (d) above for each of the two Categories within the pair to which that Category belongs,

and the AUG Expert shall prepare a table in the form in Annex E-1 which sets out the allocation factor for each Category of System Exit Point so determined.

9.4.3 In respect of each AUG Year:

- (a) the AUG Expert shall prepare a proposed AUG Statement;
- (b) the Committee shall consult with Users and Transporters (and such other persons as they may agree) in respect of the proposed AUG Statement;
- (c) the proposed AUG Statement may be modified by the AUG Expert following such consultation;
- (d) such further steps or iterations (if any) as are set out in the AUG Document shall be taken in relation to the proposed AUG Statement;
- (e) the Committee approve and publish the AUG Statement;
- (f) the AUG Expert shall make a proposed AUG Determination and prepare a proposed AUG Table on the basis of the approved AUG Statement;
- (g) such steps as are set out in the AUG Document shall be taken in relation to the proposed AUG Determination and AUG Table, following which the AUG Expert shall make a final AUG Determination and submit a final AUG Table to the Committee for approval;
- (h) the Committee shall approve the final AUG Table submitted by the AUG

Expert pursuant to paragraph (g) unless by unanimous resolution the Committee determines:

- (i) to approve a modified AUG Table; or
  - (ii) to require any further iteration of any steps as referred to in paragraph (g), in which case paragraph (g) and this paragraph (h) shall further apply;
- (i) the Committee shall publish the AUG Table approved in accordance with paragraph (h);

all in accordance with and subject to the annual timetable set out in the AUG Document.

9.4.4 For the purposes of the Code:

- (a) the AUG Statement and the AUG Table established for an AUG Year for the purposes of paragraph 9.4.1 shall be those approved the Committee under paragraph 9.4.3, and shall not be subject to later modification in relation to such AUG Year;
- (b) the approved AUG Statement and the AUG Table shall be binding for the purposes of the Code.

9.4.5 Each Transporter and User shall, to the extent provided in the AUG Statement, cooperate with and provide data to the AUG Expert in connection with the preparation of the AUG Table.

## **10 VIRTUAL LAST RESORT USER**

### **10.1 Application**

10.1.1 This paragraph 10 applies if:

- (a) a User has been given a Termination Notice by National Gas Transmission;
- (b) a supplier (the “**Supplier**”) in respect of all or some of the Terminated Supply Meter Points (the “**relevant TSMPs**”) has given a binding undertaking (“**Undertaking**”) to the Transporter pursuant to Standard Condition 18 of the Supplier Licence in a form which incorporates the effect of the arrangement in paragraph 10.2.2(a);
- (c) pursuant to the Undertaking, before the User Discontinuance Date, the Transporter has given notice (of the end of the arrangements under the Code between the Transporter and the Discontinuing User, as contemplated by Standard Condition 18.1(c)) to the Supplier; and
- (d) another User (the virtual last resort User, “**VLR User**”) has given notice to National Gas Transmission, with evidence (satisfactory to National Gas Transmission) that the Supplier has authorised the notice to be given, electing that this paragraph [10] should apply in relation to the Qualifying TSMPs.

10.1.2 For the purposes of this paragraph [10], each relevant TSMP is a “**Qualifying TSMP**”

on each Day (“**relevant**” Day, from and including the User Discontinuance Date) on which there is no Registered User of such relevant TSMP.

## **10.2 Deemed UDQI for Supplier**

10.2.1 Where this paragraph 10 applies:

- (a) the VLR User may, for any relevant Day, make a Disposing Trade Nomination specifying the Discontinuing User as the User making the corresponding Trade Nomination;
- (b) provided that the Disposing Trade Nomination is otherwise valid, it shall be effective (for the purposes of Section C5.1.3(a)) without the requirement (under Section C5.2.3(b)) for a corresponding Trade Nomination to be submitted (and notwithstanding that the Discontinuing User has ceased to be a User);

10.2.2 Where the VLR User makes a Disposing Trade Nomination in respect of a Day pursuant to paragraph 10.2.1(a):

- (a) in calculating the amount payable pursuant to the Undertaking by the Supplier in respect of Energy Balancing Charges for the Day, the Trade Nomination Quantity shall be treated as if it had been introduced to the Total System on that Day by the Discontinuing User (in other words, as an UDQI of the Discontinuing User);
- (b) for the avoidance of doubt there is no Acquiring Trade Nomination, and the Discontinuing User has no rights or other interest under the Code or otherwise pursuant to this paragraph 10.

## **10.3 TSMP Information**

10.3.1 Where this paragraph 10 applies, the CDSP shall use reasonable endeavors, subject to Sections G4.2.6, 4.2.7 and 4.2.8 (which shall apply as if the VLR User were a Last Resort User) to make available (by UK Link) to the VLR User each Day the TSMP Information in respect of Qualifying TSMPs.



**Annex E-1**  
**UIG Allocation Adjustment Factors**

FORM OF AUG TABLE						
Supply Points					Metered CSEPs	
	Class 1	Class 2	Class 3	Class 4	Category	Allocation Factor
EUC	Allocation Factor				All Metered CSEPs as a single category	
1ND						
1PD						
1NI						
1PI						
2ND						
2PD						
2NI						
2PI						
3						
4						
5						
6						
7						
8						
9						



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT**  
**SECTION F – SYSTEM CLEARING, BALANCING CHARGES AND NEUTRALITY**

**1 GENERAL AND SYSTEM PRICES**

**1.1 Introduction**

1.1.1 This Section F provides for:

- (a) the clearing of each User's Daily Imbalances;
- (b) the calculation and payment of Daily Imbalance Charges and Scheduling Charges;
- (c) the calculation and payment of Balancing Neutrality Charges;
- (d) the clearing of each User's Daily Reconciliation Quantities; and
- (e) the clearing of each User's User UGR Quantities.

1.1.2 For the purposes of the Code:

- (a) a "**Daily Imbalance Charge**" is an amount payable by or to a User in respect of a Daily Imbalance, in accordance with paragraph 2;
- (b) "**Scheduling Charges**" are amounts payable by a User in respect of differences between quantities delivered and offtaken to or from the Total System each Day and the quantities Nominated for such delivery or offtake, in accordance with paragraph 3;
- (c) "**Balancing Charges**" are Daily Imbalance Charges and Scheduling Charges;
- (d) "**Balancing Neutrality Charges**" are amounts payable by or to National Gas Transmission, so that it does not gain or lose by the payment and receipt of Market Balancing Action Charges, Daily Imbalance Charges, Scheduling Charges and other amounts specified in and in accordance with paragraph 4;
- (e) "**Default System Marginal Price**" is the price (in pence per kWh):
  - (i) calculated by National Gas Transmission in accordance with the Default System Marginal Price Methodology;
  - (ii) contained in the Default System Marginal Price Statement; and
  - (iii) which shall apply for the Gas Year following the Gas Year in which the Default System Marginal Price Statement is published;
- (f) "**Default System Marginal Price Statement**" means the document prepared and published by National Gas Transmission by no later than 1 August 2012 and by no later than 1 August in each subsequent Gas Year;

- (g) **“Default System Marginal Price Methodology”** means the following formula:

$$\text{Default System Marginal Price (pence/kWh)} = \left[ \frac{\text{Annual Compressor Fuel Cost (£) x 100}}{\text{Total System Demand (TWh) x 10}^9} \right] + \text{Average Forecast NTS Capacity Charges (pence/kWh)}$$

where:

- (h) **“Annual Compressor Fuel Cost”** is the cost (in pounds sterling (£)) of operating all the NTS compressors during the Formula Year ending in the Gas Year in which the Default System Marginal Price Statement is published;
- (i) **“Total System Demand”** is the total system actual demand (in Terawatt Hours (TWh)), as published within National Gas Transmission’s Ten Year Statement, for the Gas Year preceding the Gas Year in which the Default System Marginal Price Statement is published;
- (j) **“Average Forecast NTS Capacity Charges”** are the charges (in pence per kilowatt hour (p/kWh)) determined as TORt less TOKt (both such terms being defined in Special Condition 2.1 of National Gas Transmission’s Transporter’s Licence) in respect of the Formula Year commencing in the Gas Year in which the Default System Marginal Price Statement is published, divided by the 1 in 20 peak day demand in relation to the Gas Year following the Gas Year in which the Default System Marginal Price Statement is published; and

the numerical result derived from the application of the Default System Marginal Price Methodology shall be contained in the Default System Marginal Price Statement.

## 1.2 System prices

1.2.1 Subject to paragraphs 1.2.2, 1.2.5 and Section Q, for each Day:

- (a) the **“System Marginal Buy Price”** is the greater of:
- (i) the System Average Price plus the Default System Marginal Price; and
  - (ii) the price in pence/kWh which (subject to Section D4.1.4, 4.1.5(a)) is equal to the highest Balancing Action Offer Price in relation to a Market Balancing Buy Action taken for that Day;
- (b) the **“System Marginal Sell Price”** is the lesser of:
- (i) the System Average Price less the Default System Marginal Price; and
  - (ii) the price in pence/kWh which (subject to Section D4.1.4, 4.1.5(b) and 4.1.7) is equal to the lowest Balancing Action Offer Price in relation to a Market Balancing Sell Action taken for that Day;

- (c) the "**System Average Price**" for a Day is (subject to Section D4.1.4 and 4.1.6) the price in pence/kWh calculated as the sum of all Balancing Transaction Charges divided by the sum of the Market Transaction Quantities and Non-Trading System Transaction Quantities for all Balancing Transactions respectively effected in respect of that Day.
- 1.2.2 Where for any Day no Balancing Transaction was effected (or none other than one excluded for the purposes of paragraph 1.2.1 pursuant to paragraph 1.2.3), the System Average Price for that Day shall be the arithmetic mean of the System Average Price determined under paragraph 1.2.1 (or under this paragraph) for each of the 7 preceding Days.
- 1.2.3 For the purposes of paragraph 1.2.1(a), (b) and (c) Excluded Locational Actions and Excluded DSR Actions will be excluded in determining the System Marginal Sell Price, System Marginal Buy Price and the System Average Price.
- 1.2.4 For the purposes of paragraph 1.2.3:
- (a) an "**Excluded Locational Action**" is a Market Balancing Buy Action or a Market Balancing Sell Action taken pursuant to Section D1.5 for the purposes of increasing or decreasing gas flows at a System Point for the purposes of avoiding or remedying a Localised Transportation Deficit, Transportation Constraint, Entry Capability Shortfall or Firm Capacity Shortfall;
  - (b) an "**Excluded DSR Action**" is a Marketing Balancing Action taken by way of acceptance of a DSR Market Offer submitted pursuant to a 5-Day-Ahead Option pursuant to Section D7.
- 1.2.5 Where:
- (a) it appears to National Gas Transmission after consultation with the Uniform Network Code Committee or any relevant Sub-committee that there is an alternative basis for determining a price to apply each Day as the System Average Price for the purposes of paragraph 5, and that such basis would be more appropriate for such purposes than that set out in paragraphs 1.2.1 and 1.2.2 (or applying at the time pursuant to any prior application of this paragraph 1.2); and
  - (b) upon National Gas Transmission's application the Authority has given Condition A11(18) Approval to National Gas Transmission's applying, with effect from the Day proposed by National Gas Transmission after such consultation, such alternative basis for such purposes
- then with effect from such Day the price determined each Day pursuant to such alternative basis will be applied for the purposes of paragraph 5 and references to the System Average Price in that paragraph will be construed accordingly (but without prejudice to the continued application of the System Average Price determined under paragraphs 1.2.1 and 1.2.2 for other purposes of the Code); and National Gas Transmission will as soon as reasonably practicable after the Authority gave such approval notify Users of such alternative basis.

### 1.3 Commissioning VLDMCs

- 1.3.1 Subject to paragraph 1.3.2 for the purposes of paragraphs 2.2.1 and 3.2.2 until the date

specified or determined pursuant to the provisions (applying pursuant to Section J1.5.2(b)) of the applicable Network Exit Provisions as the date when commissioning of the Consumer's Plant is completed, a VLDMC Supply Point will be treated as a DMC Supply Point other than a VLDMC Supply Point.

- 1.3.2 Paragraph 1.3.1 will apply only where the Registered User gives notice to the Transporter of the commissioning and complies with any other procedural requirements in accordance with the applicable Network Exit Provisions.

#### **1.4 Daily Read Errors**

- 1.4.1 Where for a Daily Read Error Day an Error Revised UDQO has been determined (pursuant to Sections E3.4 and M6.6) for a DM Supply Point:

- (a) the Transporter will, as soon as reasonably practicable, determine by reasonable estimation, and notify to the relevant User, the quantities and amounts referred to in this paragraph 1.4;
- (b) this paragraph 1.4 shall apply on the basis of the quantities and amounts so determined by the Transporter.

- 1.4.2 Where the relevant Supply Point was a DMC Supply Point:

- (a) where the amount (if any) invoiced to or paid by the User by way of Output Scheduling Charge exceeds the amount (if any) which the User would have been liable to pay by way of Output Scheduling Charge on the basis of the Error Revised UDQO, National Gas Transmission will pay to the User the amount of the excess;
- (b) where the amount (if any) invoiced to or paid by the User by way of Output Scheduling Charge is less than the amount (if any) which the User would have been liable to pay by way of Output Scheduling Charge on the basis of the Error Revised UDQO, the User will pay to National Gas Transmission the amount of the deficit.

- 1.4.3 Subject to paragraph 1.4.4, where the magnitude of the User's Daily Imbalance for the Daily Read Error Day would have been greater had the Error Revised UDQO been used in the calculation under Section E5:

- (a) if the Daily Imbalance was positive, National Gas Transmission will be liable to pay to the User;
- (b) if the Daily Imbalance was negative, the User will be liable to pay to National Gas Transmission

the amount (if any) calculated as the relevant quantity multiplied by the relevant price (in accordance with paragraph 1.4.5).

- 1.4.4 Where the User's Daily Imbalance would have been positive and not negative, or negative and not positive, had the Error Revised UDQO been used in the calculation under Section E5 paragraph 1.4.3 shall apply, irrespective of whether the magnitude of such Daily Imbalance would have been greater on the basis that the reference therein to whether the Daily Imbalance was positive or negative shall be to whether it would have been positive or negative.

- 1.4.5 For the purposes of this paragraph 1.4:
- (a) the "**relevant quantity**" is for the purposes of paragraph 1.4.4 the sum of the User's Daily Imbalance and the error quantity, less the Imbalance Tolerance Quantity;
  - (b) the "**relevant price**" is the difference between:
    - (i) for the purposes of paragraph 1.4.3(a), the System Marginal Sell Price; or
    - (ii) for the purposes of paragraph 1.4.3(b), the System Marginal Buy Price and the System Average Price, each for the Daily Read Error Day (it being acknowledged that Offtake Reconciliation will separately provide an appropriate adjustment as to the System Average Price);
  - (c) the "**error quantity**" is the magnitude of the difference between the Error Revised UDQO and the UDQO originally determined under Section E3.
- 1.4.6 Amounts paid by National Gas Transmission pursuant to paragraph 1.4.2(a) or paid to National Gas Transmission pursuant to paragraphs 1.4.2(b) and 1.4.3 will be additional Monthly Adjustment Neutrality Costs or (as the case may be) additional Monthly Adjustment Neutrality Revenues for the purposes of paragraph 4.5.3 in the month in which such amounts are paid.
- 1.4.7 It is acknowledged that the payments to be made pursuant to this paragraph 1.4 are separate additional obligations for the purposes of the Code, and nothing in Section E3.4 or M6.6 or this paragraph 1.4 shall prejudice the liability of the Transporter or any User to make payments (determined on the basis of the original UDQO) pursuant to any other provision of the Code.
- 1.5 DNO User**
- In this Section F references to Users exclude DNO Users other than a DNO User in its capacity as an LDZ Shrinkage Provider.
- 1.6 Trader User**
- In this Section F references to Users, except in paragraphs 1.1, 1.2 and 2 exclude Trader Users.
- 1.7 CSEP Supply Points**
- In the Section F, references to Supply Meter Points and Supply Points (and classes thereof) include CSEP Supply Meter Points and CSEP Supply Points (and the corresponding classes thereof).
- 1.8 CDSP Functions**
- 1.8.1 Agency Functions of the CDSP to support implementation of this Section F are:
- (a) calculating Energy Balancing Charges; and
  - (b) calculating Scheduling Charges.

## **2 DAILY IMBALANCES**

### **2.1 Introduction**

- 2.1.1 The gas representing the amount of a User's Daily Imbalance in respect of a Day shall be deemed to be sold and purchased and the imbalance cleared in accordance with this paragraph 2.
- 2.1.2 The Daily Imbalance Charge in respect of a User's Daily Imbalance shall be determined in accordance with paragraph 2.3.

### **2.2 System Clearing Contract**

- 2.2.1 The quantity of gas comprising a User's Daily Imbalance shall be deemed to have been sold and purchased pursuant to a System Clearing Contract.
- 2.2.2 For the purposes of such System Clearing Contract:
- (a) where the Daily Imbalance is positive, the seller is the User and the buyer is National Gas Transmission;
  - (b) where the Daily Imbalance is negative, the seller is National Gas Transmission and the buyer is the User.
- 2.2.3 The System Clearing Contract shall be deemed to have been performed fully except as to payment.
- 2.2.4 The Daily Imbalance shall be extinguished by the System Clearing Contract.

### **2.3 Clearing Charge**

- 2.3.1 The Daily Imbalance Charge shall be the Clearing Charge in respect of the System Clearing Contract under this paragraph 2 and shall be calculated by multiplying the Daily Imbalance of the User as follows:
- (a) where the Daily Imbalance is positive, the System Marginal Sell Price for the Gas Flow Day; and
  - (b) where the Daily Imbalance is negative, the System Marginal Buy Price for the Gas Flow Day.
- 2.3.2 In the event of a Class A Contingency (in accordance with GT Section D5.9) occurring on the Gas Flow Day the references in paragraph 2.3.1(b) to System Marginal Sell Price and System Marginal Buy Price shall be to the System Average Price.
- 2.3.3 The buyer shall pay the Daily Imbalance Charge in respect of the Daily Imbalance to the seller.
- 2.3.4 The Daily Imbalance Charge shall be invoiced and payable in accordance with Section S.

## **3 SCHEDULING CHARGES**

### 3.1 Introduction

- 3.1.1 Where on a Day the quantity of gas delivered to or offtaken from the Total System by a User at a System Point or group of System Points differs (by more than an allowed tolerance) from the quantities nominated by the User in respect of that System Point or group, the User shall pay a Scheduling Charge in accordance with this paragraph 3.
- 3.1.2 Scheduling Charges incurred under this paragraph 3 will be invoiced and are payable in accordance with Section S.
- 3.1.3 No account shall be taken of gas flows at Inter-System Offtakes for the purposes of calculating Scheduling Charges.

### 3.2 Input Scheduling Charges

- 3.2.1 For the purposes of the Code, for each User in respect of each Aggregate System Entry Point on each Day:
- (a) the "**Scheduling Input Nominated Quantity**" is the sum of the Nominated Quantities under its Input Nominations for each System Entry Point comprised in that Aggregate System Entry Point;
  - (b) the "**Input Scheduling Quantity**" is the amount by which the sum of the UDQIs (in accordance with Section E2.1) for each System Entry Point comprised in that Aggregate System Entry Point was greater than or (as the case may be) less than the Scheduling Input Nominated Quantity;
  - (c) the "**Inner Input Tolerance Quantity**" is 3% of the Scheduling Input Nominated Quantity;
  - (d) the "**Outer Input Tolerance Quantity**" is 5% of the Scheduling Input Nominated Quantity;
  - (e) the "**First Chargeable Input Scheduling Quantity**" is:
    - (i) where the magnitude of the Input Scheduling Quantity exceeds the Outer Input Tolerance Quantity, the amount of the difference between the Outer Input Tolerance Quantity and the Inner Input Tolerance Quantity;
    - (ii) where the magnitude of the Input Scheduling Quantity does not exceed the Outer Input Tolerance Quantity, the amount (if any) by which the magnitude of the Input Scheduling Quantity exceeds the Inner Input Tolerance Quantity;
  - (f) the "**Second Chargeable Input Scheduling Quantity**" is the amount (if any) by which the magnitude of the Input Scheduling Quantity exceeds the Outer Input Tolerance Quantity.
- 3.2.2 Where the magnitude of the Input Scheduling Quantity exceeds the Inner Input Tolerance Quantity (but not otherwise), the User shall pay a Scheduling Charge determined as the sum of:
- (a) the amount of the First Chargeable Input Scheduling Quantity multiplied by 2%

of the System Average Price for the Gas Flow Day; and

- (b) the amount of the Second Chargeable Input Scheduling Quantity (if any) multiplied by 5% of the System Average Price for the Gas Flow Day.

### 3.3 Output Scheduling Charges

3.3.1 Subject to paragraph 3.3.4, for the purposes of this Section F, for each User:

- (a) an "**Output Scheduling Point or Group**" is:
  - (i) a Registered DMC Supply Point; or
  - (ii) a relevant Metered Connected System Exit Point; or
  - (iii) the Scheduling Firm Supply Point Group for any LDZ.
- (b) for each LDZ the "**Scheduling Firm Supply Point Group**" is all of the User's DMA Supply Point Groups for each Exit Zone in that LDZ.

3.3.2 Subject to paragraph 3.3.4, for the purposes of the Code, for each User in respect of each Output Scheduling Point or Group:

- (a) the "**Scheduling Output Nominated Quantity**" is:
  - (i) in the case of a Registered DMC Supply Point the Nominated Quantity under its Output Nomination for the relevant System Exit Point;
  - (ii) in the case of a relevant Metered Connected System Exit Point, the Nominated Quantity under its Output Nomination for the relevant System Exit Point; and
  - (iii) in the case of a Scheduling Firm Supply Point Group, the sum of the Nominated Quantities under its Output Nominations for all DMA Supply Point Groups for Exit Zones in the relevant LDZ.
- (b) the "**Scheduling UDQO**" is:
  - (i) in respect of a Scheduling Firm Supply Point Group, the aggregate of the User's UDQOs for all of the Registered Firm DMA Supply Points in the relevant LDZ; and
  - (ii) in respect of any other System Exit Point (other than an NDM Supply Point), the User's UDQO for that System Exit Point;
- (c) the "**Output Scheduling Quantity**" is the amount by which the Scheduling UDQO was greater than or (as the case may be) less than the Scheduling Output Nominated Quantity;
- (d) the "**Output Tolerance Quantity**" is:
  - (i) in respect of a DMC Supply Point other than a VLDMC Supply Point or a relevant Metered Connected System Exit Point, the quantity which is 25% of the Scheduling Output Nominated Quantity;

- (ii) in respect of a VLDMC Supply Point or relevant Metered Connected System Exit Point, the quantity which is 3% of the Scheduling Output Nominated Quantity;
  - (iii) in respect of a Scheduling Firm Supply Point Group, the quantity which is 20% of the Scheduling Output Nominated Quantity;
  - (e) the "**Chargeable Output Scheduling Quantity**" is the amount (if any) by which the magnitude of the Output Scheduling Quantity exceeds the Output Tolerance Quantity.
- 3.3.3 Where the magnitude of the Output Scheduling Quantity exceeds the Output Tolerance Quantity (but not otherwise), the User shall pay a Scheduling Charge determined as the Chargeable Output Scheduling Quantity multiplied by 1% of the System Average Price for the Gas Flow Day.
- 3.3.4 A DMC Supply Point will not be an Output Scheduling Point or Group where:
- (a) in respect of a Class 1 or Class 2 Supply Meter Point (other than a Telemetered Supply Meter Point), the Gas Flow Day was a Failed Daily Read Day; or
  - (b) the Transporter did not make gas available for offtake from the Total System at the Supply Point.

## 4 BALANCING NEUTRALITY CHARGES

### 4.1 Introduction

- 4.1.1 The difference between the amounts received or receivable and the amounts paid or payable by National Gas Transmission in respect of Balancing Charges and certain other amounts in each month is payable to or recoverable from relevant Users in accordance with this paragraph 4.
- 4.1.2 For the purposes of this paragraph 4:
- (a) "**relevant User**" means subject to paragraph 4.1.2(e) below, any User other than a Shrinkage Provider, and National Gas Transmission when acting for Operating Margins Purposes;
  - (b) "**relevant UDQI**" means a UDQI of a relevant User;
  - (c) "**relevant UDQO**" means a UDQO of a relevant User;
  - (d) "**relevant Adjustment Day**" is the Day that any of the charges or amounts set out in paragraphs 4.5.2 and 4.5.3 relate to; and
  - (e) for the purposes of paragraph 4.5 references to relevant User shall mean Users that were a User on the relevant Adjustment Day and on the relevant Day.

### 4.2 Payment of charge

- 4.2.1 Each relevant User shall pay to National Gas Transmission, or (as the case may be) National Gas Transmission shall pay to each relevant User, in respect of each Day ("**relevant Day**") a Balancing Neutrality Charge.

4.2.2 For each relevant User the Balancing Neutrality Charge shall be calculated as the sum of:

- (a) the Unit Daily Neutrality Amount multiplied by the sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Day;
- (b) the Adjustment Neutrality Amount for the relevant Day.

4.2.3 The Balancing Neutrality Charge is payable by National Gas Transmission to the User where it is negative and by the User to National Gas Transmission where it is positive.

4.2.4 Balancing Neutrality Charges shall be invoiced and are payable in accordance with Section S.

#### **4.3 Unit Daily Neutrality Amount**

The "**Unit Daily Neutrality Amount**" for a relevant Day is the Basic Net Neutrality Amount (under paragraph 4.4) for the relevant Day, divided by the sum of all relevant UDQIs and relevant UDQOs for all relevant Users.

#### **4.4 Basic Net Neutrality Amount**

4.4.1 For each relevant Day the "**Basic Net Neutrality Amount**" is Aggregate System Payments (in accordance with paragraph 4.4.3) less Aggregate System Receipts (in accordance with paragraph 4.4.2).

4.4.2 "**Aggregate System Receipts**" for a Day are the aggregate, for all Users, of the following:

- (a) the Market Balancing Action Charges payable to National Gas Transmission in respect of each Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day (other than any Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint) and any other amounts payable to National Gas Transmission in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint) in respect of such Day;
- (b) the Daily Imbalance Charges payable to National Gas Transmission in respect of each negative Daily Imbalance on that Day; and
- (c) the Scheduling Charges payable to National Gas Transmission in relation to Input Scheduling Quantities and Output Scheduling Quantities in respect of that Day;
- (d) the Physical Renomination Incentive Charges payable to National Gas Transmission in respect of that Day;
- (e) Total Incentivised Nomination Charges payable to National Gas Transmission in respect of that Day;
- (f) the amounts received by National Gas Transmission from Users pursuant to Section Q6.2 or Section Q6.3 in respect of Users' Emergency Curtailment

Quantity relating to that Day or any revisions thereto;

- (g) the amounts received by National Gas Transmission from Users pursuant to Section Q7.2 relating to that Day; and
- (h) the amount (if any) by which the aggregate amount of all Post-Emergency Claims Charges received by National Gas Transmission in respect of a Day exceeds the aggregate amount of all Post-Emergency Claims Payments paid by National Gas Transmission in respect of that Day, in each case pursuant to Section Q4.5.
- (i) the amount determined as being receivable by National Gas Transmission in the event of a claim by a User in accordance with Section E paragraph 1.3.10 above.

4.4.3 "**Aggregate System Payments**" for a Day are the aggregate, for all Users, of the following:

- (a) the Market Balancing Action Charges payable by National Gas Transmission in respect of each Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) taken for that Day (other than any Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint) and any other amounts payable by National Gas Transmission in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint) in respect of such Day;
- (b) the Daily Imbalance Charges payable by National Gas Transmission under paragraph 2.2.1 in respect of each positive Daily Imbalance on that Day;
- (c) the amounts payable by National Gas Transmission to Users pursuant to Section Q6.2 or Section Q6.3 in respect of Users' Emergency Curtailment Quantity relating to that Day or any revisions thereto;
- (d) the amounts payable by National Gas Transmission to Users pursuant to Section Q7.2 relating to that Day; and
- (e) the amount (if any) by which the aggregate amount of all Post-Emergency Claims Payments paid by National Gas Transmission in respect of a Day exceeds the aggregate amount of all Post-Emergency Claims Charges received by National Gas Transmission in respect of that Day, in each case pursuant to Section Q4.5.
- (f) the amount determined as being payable by National Gas Transmission in the event of a claim by a User in accordance with Section E paragraph 1.3.10 above.

## 4.5 Adjustment Neutrality Amount

4.5.1 The "**Adjustment Neutrality Amount**" for a relevant User for a Day is the sum of:

- (a) the "**Daily Adjustment Neutrality Amount**" for the relevant Day in accordance with paragraph 4.5.2;

- (b) the amount of the "**Monthly Adjustment Neutrality Amount**" determined under paragraph 4.5.3 for the calendar month (the "**relevant month**") in which the relevant Day falls, divided by the number of Days in the relevant month; and
- (c) the amount of the rounding adjustment in respect of the preceding Day in accordance with paragraph 4.5.5 divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day.

4.5.2 The "**Daily Adjustment Neutrality Amount**" for a relevant Day is the sum of:

- (a) the Daily Margins Recovery Amount in accordance with Section K4.3.1; and
- (b) the Clearing Charges payable by National Gas Transmission in respect of Unauthorised Gas Flows (in accordance with Section E4.2.2(a)) at System Entry Points; less
- (c) the Clearing Charges payable to National Gas Transmission in respect of Unauthorised Gas Flows (in accordance with Section E4.2.2(b)) at System Exit Points.

divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day.

4.5.3 The "**Monthly Adjustment Neutrality Amount**" for the relevant calendar month (month 'm') is:

- (a) the sum of the following amounts:
  - (i) the magnitude of the Balancing Neutrality Financing Adjustment for each Day in month m for which it is positive divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;
  - (ii) the amount of any Market Balancing Action Charges (other than Market Balancing Action Charges in relation to any Market Balancing Action taken as a result of a Localised Transportation Deficit and/or a Transportation Constraint), other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint), Physical Renomination Incentive Charges, Total Incentivised Nomination Charges, Balancing Charges, Balancing Neutrality Charges, Reconciliation Clearing Charges (payable to National Gas Transmission), User Unidentified Gas Amounts (payable to National Gas Transmission) or Clearing Charges in respect of Unauthorised Gas Flows at System Entry Points which were due for payment to National Gas Transmission in respect of each Day in month m-2 but were unpaid to National Gas Transmission as at the last Day of month m divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day

multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;

- (iii) the amount of any costs, expenses, payment or other amount incurred by National Gas Transmission as referred to in Section E2.3.7(c) in connection with any claim by a third party in respect of gas subject to an Unclaimed Entry Allocation Statement and paid in month m divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;
- (iv) the amount of any interest paid (in accordance with Section S4.3.2) by National Gas Transmission to any User on any Day in month m by virtue of the User having made an over-payment in respect of any of such amount as is referred to in paragraph (ii) divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day; and
- (v) any other amount (an "**additional Monthly Adjustment Neutrality Cost**"):
  - (1) provided to be included in this paragraph (a) in relation to month m under any provision of the Code; or
  - (2) incurred by National Gas Transmission in month m where the Authority has, upon National Gas Transmission's application, given Condition A11(18) Approval to National Gas Transmission recovering such amount, or amounts of such kind, by inclusion in this paragraph (a)

divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day

- (vi) the amount of the Reconciliation Clearing Charges, relating to Offtake Reconciliation in respect of NTS Supply Points or NTS Connected System Exit Points, payable by National Gas Transmission in respect of Days in month m divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;
- (vii) the amount of any costs, expenses or other amount incurred by National Gas Transmission in providing security and/or collateral to the Trading System Operator (pursuant to the Trading System Arrangements) in respect of Market Balancing Actions taken or to be taken by National Gas Transmission and paid in month m and
- (viii) the amount of any costs, expenses or other amounts payable by National Gas Transmission for the provision of Credit Rating Analytic Services procured from third parties in accordance with Section X2.2.6(c).

less:

- (b) the sum of the following amounts:
- (i) the magnitude of the Balancing Neutrality Financing Adjustment for each Day in month m for which it is negative divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;
  - (ii) the amount of any Market Balancing Action Charges (other than Market Balancing Action Charges in relation to any Market Balancing Action taken as a result of a Localised Transportation Deficit and/or a Transportation Constraint), other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint), Physical Renomination Incentive Charges, Total Incentivised Nomination Charges, Balancing Charges, Balancing Neutrality Charges, Reconciliation Clearing Charges (payable to National Gas Transmission), User Unidentified Gas Amounts payable to National Gas Transmission or Clearing Charges in respect of Unauthorised Gas Flows at System Entry Points which:
    - (1) was unpaid as at the last Day of month m-3 and were taken into account (under paragraph (a)(ii) above) in calculating the Monthly Adjustment Neutrality Amount for month m-1; but
    - (2) has been paid to National Gas Transmission since the last Day of month m-1
 divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day
  - (iii) the amount of any interest paid (in accordance with Section S4.3.2) by any User to National Gas Transmission on any Day in month m by virtue of the late payment of Market Balancing Action Charges (other than Market Balancing Action Charges in relation to any Market Balancing Action taken as a result of a Localised Transportation Deficit and/or a Transportation Constraint), other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint), Physical Renomination Incentive Charges, Total Incentivised Nomination Charges, Balancing Charges, Balancing Neutrality Charges, Reconciliation Clearing Charges or Clearing Charges in respect of Unauthorised Gas Flows at System Entry Points divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day; and
  - (iv) any other amount (an "**additional Monthly Adjustment Neutrality Revenue**") provided to be included in this paragraph (b) in relation to

month m under any provision of the Code divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day.

- 4.5.4 For the purposes of paragraphs 4.5.3(a)(v) and 4.5.3(b)(iv) any amount therein referred to shall be included in the month in which National Gas Transmission makes or receives payment of such amount, failing which in the month in which invoiced Balancing Charges in respect of the Day on which such amount accrued become due for payment pursuant to Section S.
- 4.5.5 The rounding adjustment for a Day is the amount by which, as a result of the rounding (to any given number of decimal places) of the Unit Daily Neutrality Amount for the Day, the sum of all Balancing Neutrality Charges for the Day is less (in which case the rounding adjustment is positive) or more (in which case the rounding adjustment is negative) than the sum of the Basic Net Neutrality Amount and the Adjustment Neutrality Amount.
- 4.5.6 For the purposes of paragraph 4.5.3(b), so much of any amounts received by National Gas Transmission:
- (a) from any gas supplier pursuant to the undertaking required to be entered into by the supplier pursuant to Condition 18 of the Supplier's Licence; or
  - (b) from any consumer, pursuant to an arrangement which is exempt pursuant to the Gas Act 1986 Exemptions (No. 2) Order 1996,
- as are calculated in like manner to, or may be considered to be equivalent to, Energy Balancing Charges, will be Additional Neutrality Adjustment Costs.
- 4.5.7 Where, pursuant to Section D6, any TSMP Demand Procurement Amounts (**TDP Amounts**) are payable by National Gas Transmission in respect of any relevant Day (as defined in Section D6.2.3):
- (a) for the purposes of paragraph 4.5.3(a), such TDP Amounts are additional Monthly Adjustment Neutrality Costs in respect of the month M in which the relevant Day falls, subject to paragraph (b) below;
  - (b) the Monthly Neutrality Adjustment Amount for a User in respect of month M is calculated to include:
    - (i) as additional Monthly Adjustment Neutrality Costs, the TDP Amounts in respect of relevant Days in month M from and including Day 23 of that month;
    - (ii) an amount calculated as the aggregate TDP Amounts in respect of relevant Days in month M+1 up to and including Day 22 of that month, divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for all Days in month M, multiplied by the sum of the relevant User's relevant UDQIs and relevant UDQOs for all Days in month M;
    - (iii) in respect of relevant Days in month M up to and including Day 22 of that month, a reconciliation amount (added under paragraph 3.5.4(a) or deducted under paragraph 3.5.4(b), as appropriate) calculated as the

difference between:

- (1) the aggregate amount of the additional Monthly Adjustment Neutrality Costs for those relevant Days, as determined in accordance with paragraph (a); and
- (2) the aggregate amount counted in the Monthly Neutrality Adjustment Amount for the User in Month M-1 pursuant to paragraph (ii).

#### **4.6 Balancing Neutrality Financing Adjustment**

4.6.1 For the purposes of this paragraph 4, "**Balancing Neutrality Financing Adjustment**" for a Day is the amount calculated as the Neutrality Interest Rate for the Day multiplied by the closing cash balance for that Day.

4.6.2 For the purposes of this paragraph 4:

- (a) the "**closing cash balance**" for a Day is the amount of the opening cash balance, plus the amount (if any) of all payments received by National Gas Transmission from Users on that Day, less the amount of all payments made by National Gas Transmission for Users on that Day, in each case in respect of:
  - (i) any of the amounts taken into account (in accordance with paragraphs 4.4 and 4.5) in determining Balancing Neutrality Charges;
  - (ii) Balancing Neutrality Charges;
  - (iii) Reconciliation Clearing Charges;
- (b) the "**opening cash balance**" for a Day is:
  - (i) for 1 March 1996, zero;
  - (ii) for each subsequent Day, the amount of the closing cash balance for the preceding Day.

4.6.3 For the purposes of paragraph 4.6.2(a)(i):

- (a) the amount of the Balancing Neutrality Financing Adjustment for a Day shall be treated as a payment made or received (pursuant to paragraph 4.5.3) by National Gas Transmission;
- (b) the amount of the Daily Margins Recovery Amount for a Day in any month shall be treated as a payment made or received (pursuant to paragraph 4.5.3) by National Gas Transmission,

in each case on the date on which invoiced Balancing Charges in respect of that Day become due for payment pursuant to Section S.

4.6.4 The Balancing Neutrality Financing Adjustment for a Day is positive where the closing cash balance represents (on a cumulative basis) payments made by National Gas Transmission exceeding payments made to it, and negative where the closing cash balance represents (on a cumulative basis) payments made to National Gas

Transmission exceeding payments made by it.

## **5 RECONCILIATION CLEARING**

### **5.1 System Clearing Contract**

5.1.1 Upon each:

- (a) Offtake Reconciliation, the quantity of gas comprising the Reconciliation Quantity;
- (b) Unidentified Gas Reconciliation, the quantity of gas comprising the User UGR Quantity

shall be deemed to have been sold and purchased pursuant to a System Clearing Contract.

5.1.2 For the purposes of a System Clearing Contract:

- (a) under paragraph 5.1.1(a), and without prejudice to Section N4.5:
  - (i) where the Reconciliation Quantity is positive, the seller is the User and the buyer is National Gas Transmission;
  - (ii) where the Reconciliation Quantity is negative, the seller is National Gas Transmission and the buyer is the User;
- (b) under paragraph 5.1.1(b):
  - (i) where the User UGR Quantity is positive, the seller is the User and the buyer is National Gas Transmission;
  - (ii) where the User UGR Quantity is negative, the seller is National Gas Transmission and the buyer is the User.

5.1.3 The System Clearing Contract shall be deemed to have been performed fully except as to payment.

5.1.4 The amount of the Reconciliation Quantity or the User UGR Quantity shall be extinguished by the System Clearing Contract.

### **5.2 Clearing Charge**

5.2.1 The Clearing Charge ("**Reconciliation Clearing Charge**") in respect of the System Clearing Contract under:

- (a) paragraph 5.1.1(a) shall be the Reconciliation Clearing Value determined in accordance with Section E6.2.5;
- (b) paragraph 5.1.1(b) shall be the UGR Clearing Value determined in accordance with Section E7.1.3.

5.2.2 The buyer shall pay the Reconciliation Clearing Charge to the seller.

- 5.2.3 Reconciliation Clearing Charges shall be invoiced and are payable in accordance with Section S.
- 5.2.4 The Reconciliation Clearing Charge under paragraph 5.2.1(a) shall be treated as payable in respect of the Day on which there was provided to or obtained by the Transporter the Reconciliation Meter Reading on the basis of which the Offtake Reconciliation was carried out, or if later the 5th Day following the Read Date in respect of such Meter Reading.
- 5.2.5 The Reconciliation Clearing Charge under paragraph 5.2.1(b) shall be treated as payable for the purposes of Unidentified Gas Reconciliation on the last Day in the relevant Reconciliation Billing Period.

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION G – SUPPLY POINTS<sup>12</sup>****1 INTRODUCTION AND STRUCTURAL RULES****1.1 General**

## 1.1.1 For the purposes of the Code:

- (a) a **“Supply Point”** is a System Exit Point comprising the Supply Meter Point for the time being registered in the name of a User pursuant to a Supply Point Registration, or (for the purposes of this Section G only) the subject of a Proposed Supply Point Registration;
- (b) the **“Registered User”** of a Supply Point is the User in whose name such Supply Meter Point is so registered;
- (c) a **“Supply Point Registration”** is the registration of a Supply Meter Point in the name of a User in accordance with, in the case of a CSS Supply Point paragraph 5, or in the case of a Non-CSS Supply Point paragraph 6;
- (d) the **“Supply Point Registration Date”** is the date of the Supply Point Registration in the case of a CSS Supply Point in accordance with paragraph 5 and in the case of a Non-CSS Supply Point in accordance with paragraph 6;
- (e) a reference in the Code in the context of a User to a **“Registered”** Supply Point or Supply Meter Point is to a Supply Point, or (as the case may be) the Supply Meter Point comprised in a Supply Point, of which the User is the Registered User;
- (f) the premises to which gas offtaken from the Total System at a Supply Point is or is to be supplied are the **“Supply Point Premises”**.

## 1.1.2 This Section G sets out the basis on which:

- (a) a User may become the Registered User of a Supply Point;
- (b) details may be proposed by a User, or otherwise determined, of a Supply Point Registration (**“Proposed Supply Point Registration”**) which would come into effect if the User becomes the Registered User of a Supply Point; and
- (c) a User may cease to be a Registered User of a Supply Point.

## 1.1.3 Without prejudice to paragraph 9, only one User may be the Registered User in respect of a Supply Point.

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<sup>1</sup> Implementation of modification 0816S effective 05:00hrs on a date to be confirmed will amend this list in whole or in part.

<sup>2</sup> Implementation of modification 0836S effective 05:00hrs on a date to be confirmed will amend this list in whole or in part.

- 1.1.4 A reference in the Code to the Registered User of a Supply Meter Point is to the Registered User of the Supply Point (or in the case of a Shared Supply Meter Point any of the Supply Points) in which such Supply Meter Point is comprised.
- 1.1.5 Subject to and in accordance with paragraph 9.1, a Class 1 Supply Meter Point may be comprised in more than one Supply Point if the Registered Users in respect of such Supply Points have confirmed to the CDSP that they wish to be sharing Registered Users (in accordance with paragraph 9.1) and specified (in accordance with paragraph 9.3.2) the basis on which the quantity of gas offtaken each Day from the Supply Meter Point comprised in such Supply Points is to be apportioned between such Users.
- 1.1.6 Paragraphs 2 to 8 are subject to paragraph 9 in respect of a Shared Supply Meter Point; and in the case of any conflict (including in respect of any CSS Process) the provisions of paragraph 9 shall prevail.
- 1.1.7 A reference in the Code to the Registered User of a CSEP Supply Point is to the User (as IGTS User) which is the Registered IGTS User of the corresponding IGTS Supply Point in accordance with IGTAD Section A2.1), and references:
- (a) to the Registered User of a CSEP Supply Meter Point, or
  - (b) in the context of a User, to a Registered CSEP Supply Point or CSEP Supply Meter Point,
- shall be construed accordingly.
- 1.1.8 In this Section G, unless otherwise expressly provided, references to Supply Meter Points and Supply Points do not include CSEP Supply Meter Points or CSEP Supply Points.
- 1.1.9 In this Section G **“Supply Point Transportation Charges”** means Customer Charges, LDZ Capacity Charges, LDZ Commodity Charges, NTS Commodity Charges; and in the context of a Supply Point or Proposed Supply Point a reference to details of Supply Point Transportation Charges is to the applicable rate or amount thereof in accordance with Section B1.8.
- 1.1.10 The CDSP will maintain and not later than 30 September in each year provide to each Party a separate list of Days in the following calendar year (other than Saturdays and Sundays) which are not Business Days or Supply Point Systems Business Days.

## **1.2 The REC, and CSS and Non-CSS Supply Points**

- 1.2.1 For the purposes of the Code:
- (a) **“REC”** means the Retail Energy Code (as defined in GT Section D) which provides (among other things) for the Central Switching System (**“CSS”**) comprising the systems and processes to be provided or procured by the CSS Provider (and as more fully described in the REC);
  - (b) **“CSS Provider”** means the person which is 'CSS Provider' under (and as defined in) the REC), being the provider of the Central Switching Service;
  - (c) a **“CSS Supply Meter Point”** is a Supply Meter Point which is, or is to be, a Registrable Measurement Point as defined in the REC

- (d) a **“CSS Supply Point”** is a Supply Point which comprises a CSS Supply Meter Point;
- (e) a **“Non-CSS Supply Meter Point”** is a Supply Meter Point which is not a CSS Supply Meter Point;
- (f) a **“Non-CSS Supply Point”** is a Supply Point which comprises a Non-CSS Supply Meter Point;
- (g) a Supply Meter Point is **“Unlicensed”** where and for so long as:
  - (i) the person who is the Supplier does not hold a gas supplier's licence; and
  - (ii) (pursuant to Schedule 2A of the Gas Act 1986 or an exemption under Section 6A(1) of that Act) the supply of gas to the Supply Point Premises by that person does not contravene section 5(1)(b) of that Act;
- (h) in the context of a reference to a Supply Meter Point or Supply Point **“CSS”** shall mean a CSS Supply Meter Point or CSS Supply Point and **“Non-CSS”** shall mean a Non-CSS Supply Meter Point or Non-CSS Supply Point.

- 1.2.2 All LDZ Supply Meter Points, except for LDZ Shared Supply Meter Points and Unlicensed Supply Meter Points are CSS Supply Meter Points; and all NTS Supply Meter Points, LDZ Shared Supply Meter Points and Unlicensed Supply Meter Points are Non-CSS Supply Meter Points.
- 1.2.3 The processes by which a User becomes and ceases to be the Registered User of a Supply Point depend on whether the Supply Point is a CSS Supply Point or a Non-CSS Supply Point as further provided in this Section G.
- 1.2.4 In this Section G **“CSS Process”** means any registration, data transfer or other process under the REC which is implemented by the CSS Provider and which relates to CSS Supply Meter Points.
- 1.2.5 This Section G includes summary descriptions of certain CSS Processes (and any provision of this Section G which begins 'pursuant to the REC' is such a description), but:
  - (a) these descriptions are limited to CSS Processes (or parts of those processes) which are relevant to the operation of this Section G;
  - (b) these descriptions are for explanation only and do not give force to those processes, and the determinative provisions are those of the REC.
- 1.2.6 References in the Code to the REC do not incorporate provisions of the REC into the Code, nor entitle any Party to dispute under the Code any matter relating to or arising under the REC.
- 1.2.7 Where used in this Section G in the context of the CSS Processes, the following terms defined in the REC have the meanings given to them in the REC: Change of Shipper Request, Registration Deactivation Request, Dormant, Energy Supplier, Gaining Supplier, Initial Registration Request, Notification, , Registered Supplier, Registrable

Measurement Point, RMP Status, Secured Active, Switch Request, Synchronisation Message, Terminated and Transporter Initiated Registration.

- 1.2.8 Where this Section G provides for, or describes a provision of the REC which provides for, a data flow between the CSS Provider and the CDSP:
- (a) references to the CDSP (as sending or receiving such data) includes the CDSP in the capacity of GRDA under the REC;
  - (b) a further flow of the data is treated as occurring between the CDSP (in its capacity of performing Direct Functions under the Code) and the GRDA.

### **1.3 Offtake responsibility for Supply Points**

Subject to paragraph 7.2.2 the gas offtaken from the Total System at a Supply Point will (in accordance with Section E3 and where applicable paragraph 9.) be attributed for the purposes of the Code to the Registered User; and the Registered User accepts (for the purposes of the Code) responsibility for such offtake of gas by itself or any other person whether or not authorised by the Registered User.

### **1.4 Supply Meter Points**

- 1.4.1 In accordance with Section A4.1 a Supply Meter Point is an Individual System Exit Point at which gas may (in accordance with the Code) be offtaken from the Total System for the purposes of supply directly to particular premises.
- 1.4.2 In accordance with Section M2 a Supply Meter Installation is required to be installed at each Supply Meter Point; but a point may be a Supply Meter Point in accordance with paragraph 1.4.1 notwithstanding that no such installation is installed at such point.
- 1.4.3 Pursuant to this Section G, a Supply Meter Point which has not been Isolated will at all times be included in at least one Supply Point.
- 1.4.4 Paragraph 3.4 sets out the basis on which a New Supply Meter Point may be established.

### **1.5 Siteworks**

- 1.5.1 Certain provisions of this Section G and Annex B-3 apply on the basis of Siteworks carried out by a Transporter, or make reference to a Transporter's Siteworks Terms and Conditions.
- 1.5.2 Annex G-3 sets out provisions relating to Siteworks, which are included in the Code for the purposes of the provisions referred to in paragraph 1.5.1.

### **1.6 DNO Users**

In this Section G references to Users exclude DNO Users.

### **1.7 Trader User**

In this Section G references to Users exclude Trader Users.

## **1.8 Communications**

1.8.1 Unless otherwise stated, any TPD Communication to be given by or to a Party under this Section G shall be given to or by the CDSP.

## **1.9 CDSP Functions**

1.9.1 Direct Functions of the CDSP to support implementation of this Section G are:

- (a) determining Annual Quantities;
- (b) managing Shared Supply Meter Point Notifications;
- (c) maintaining the Supply Point Register and providing to Users access to Supply Point Registration Details in accordance with Table B in Annex G-1;
- (d) responding to Supply Point Enquiries;
- (e) implementing Supply Point registration processes in accordance with paragraphs 4, 5, 6, 7 and 8 and Annex B-3; and
- (f) maintaining the Shipper-Supplier Association Data and Shipper-Transporter Association Data; and
- (g) undertaking query management in respect of the Supply Point Register.

1.9.2 Agency Functions of the CDSP to support implementation of this Section G are:

- (a) apportioning liability as between Sharing Registered Users for the purposes of paragraph 9.6;
- (b) notifying consumers of the requirement for a Supply Contract for the purposes of paragraph 4.4.10;
- (c) calculating re-establishment charges for the purposes of paragraph 8.2.1; and
- (d) administering Interruption Invitations.

## **2 SUPPLY POINT AND SUPPLY METER POINT CHARACTERISTICS**

### **2.1 Classes of Supply Point**

2.1.1 Each Supply Meter Point shall be classified as a “**Class 1**”, “**Class 2**”, “**Class 3**” or “**Class 4**” Supply Meter Point and references to a Class 1, 2, 3 or 4 Supply Point shall be construed according to the Class of the Supply Meter Point comprised in the Supply Point.

2.1.2 Subject to the further provisions of this paragraph 2.1 and paragraph 2.2, a Supply Meter Point shall be:

- (a) in Class 1 where:
  - (i) the Class 1 Requirement applies, and

- (ii) the Class 1 Meter Read Requirements are satisfied.
  - (b) in Class 2, Class 3 or Class 4 where:
    - (i) the Registered User has elected that it should be in such Class, and
    - (ii) the Class 1 Requirement does not apply.
- 2.1.3 The Class 1 Requirement applies in relation to a Supply Meter Point if:
- (a) the Supply Meter Point is a NTS Supply Meter Point, or
  - (b) the Annual Quantity of the Supply Meter Point is not less than 58,600,000 kWh (2,000,000 therms), or
  - (c) the Supply Meter Point is Interruptible; or
  - (d) the Supply Meter Point is comprised in a Seasonal Large Supply Point;
  - (e) the Supply Meter Point is comprised in a Supply Point in respect of which the circumstances set out in the Distribution Network Operator Designated Class 1 Guidance Document apply;
  - (f) the Supply Meter Point is an LDZ Supply Meter Point where telemetry equipment has been installed in accordance with Section M7.2.1.
- 2.1.4 If the Transporter determines and notifies the Registered User that it would not be practicable or economic for the Class 1 Meter Read Requirements to be satisfied in respect of a particular Supply Meter Point, the Class 1 Requirement shall not apply (and for the avoidance of doubt the relevant Supply Meter Point shall not be in Class 1).
- 2.1.5 Where, as a result of a change in status of a Supply Meter Point which is not in Class 1, the Class 1 Requirement applies:
- (a) save where Section M7.2.1 applies, the CDSP will arrange for the satisfaction of the Class 1 Meter Read Requirements as soon as reasonably practicable, and will inform the Registered User when the Class 1 Meter Read Requirements are satisfied, in accordance with Section M6.2;
  - (b) where Section M7.2.1 applies, the Transporter will arrange for the satisfaction of the Class 1 Meter Read Requirements as soon as reasonably practicable, and will inform the Registered User when the Class 1 Meter Read Requirements are satisfied, in accordance with Section M7.2,
- and the date from which the Supply Meter Point shall be in Class 1 shall be determined in accordance with paragraph 1.11.
- 2.1.6 Where, as a result of a change in status of a Supply Meter Point which is in Class 1, the Class 1 Requirement ceases to apply:
- (a) the Registered User shall elect whether the Supply Meter Point shall be in Class 2, Class 3 or Class 4;
  - (b) the date from which the Supply Meter Point shall be in the Class elected (and cease to be in Class 1) shall be determined in accordance with paragraph 2.2;

- (c) when the Supply Meter Point ceases to be in Class 1, the CDSP or Transporter as appropriate may (in accordance with Section M6.2.6 or M7.2.4) remove any equipment provided for the purposes of satisfying the Class 1 Meter Read Requirements.
- 2.1.7 In relation to a Supply Meter Point in Class 2, 3 or 4, to which the Class 1 Requirement does not apply, the Registered User or Proposing User may elect to change the Class of such Supply Meter Point, subject to and in accordance with paragraph 2.2.
- 2.1.8 Without prejudice to the other provisions of this paragraph 2.1, if the Class 1 Requirement applies to a New Supply Meter Point which (pursuant to paragraph 3.4.6) is included in a Supply Point, but for any reason (other than due to an act or omission of the Registered User) the Class 1 Meter Read Requirements are not satisfied, the Supply Meter Point shall be a Class 1 Supply Meter Point even though the Class 1 Meter Read Requirements are not satisfied.

## **2.2 Changes in Supply Point Classification, etc.**

- 2.2.1 Any change in the relevant classification of a Supply Meter Point or Supply Point or a meter reading election in relation to a Supply Meter, shall be given effect only upon and by way of:
- (a) in the case of a CSS Supply Meter Point or CSS Supply Point, a Supply Point Registration effected pursuant to a Relevant CSS Request in accordance with paragraph 5.2;
  - (b) in the case of a Non-CSS Supply Meter Point or Non-CSS Supply Point, by way of a Supply Point Confirmation or Supply Point Reconfirmation;
  - (c) a Supply Point Amendment; or
  - (d) as regards the classification of a Supply Meter Point or Supply Point only, by the CDSP pursuant to paragraph 2.2.9;

and the provisions of paragraph 2.1 and Section A4 as to the relevant classification shall be construed accordingly.

- 2.2.2 Where, by virtue of a change in the Annual Quantity or other status as provided in paragraph 2.1.3, a Supply Meter Point or Supply Point is required (in accordance with any provision of the Code) to be classified differently from the prevailing relevant classification, the Registered User shall make a Supply Point Amendment (or in the case of a Non-CSS Supply Meter Point or Non-CSS Supply Point the Registered User may also make a Supply Point Reconfirmation) to give effect to such revised classification for an amendment date (or where the Registered User makes a Supply Point Reconfirmation a Supply Point Registration Date) not more than 2 months after:
- (a) subject to paragraph (b), the relevant date (as provided in paragraph 2.2.6(b));
  - (b) in the case of a change within paragraph 2.1.5, the date when the Class 1 Meter Read Requirements are satisfied.
- 2.2.3 Where pursuant to any provision of the Code (and other than upon a change in the Annual Quantity or other status as provided in paragraph 2.1.3) the Registered User is entitled to elect for a change in Class of a Supply Meter Point:

- (a) subject to paragraph (b), the Registered User may not make such an election with effect from a date less than 2 months after the effective date of the last change in Class of the Supply Meter Point;
  - (b) paragraph (a) does not apply in respect of a change of Class of a CSS Supply Meter Point pursuant to a Supply Point Registration effected pursuant to a Relevant CSS Request in accordance with paragraph 5.2:
    - (i) which resulted in a change to the Registered User or the Relevant Supplier;
    - (ii) which follows the Supply Point Registration which resulted in the initial association of the Registered User and then Relevant Supplier in respect of the Supply Point in which the CSS Supply Point is comprised (and in relation to which Supply Meter there has been no intervening Supply Point Registration for a different Registered User or Relevant Supplier); or
    - (iii) which would have applied (in the absence of the Registered User requesting the change in Class) pursuant to paragraph 4.7 of Annex G-1;
  - (c) paragraph (a) does not apply in respect of a change of Class of a Non-CSS Supply Point under a Supply Point Confirmation under which the Proposing User is not an Existing User or which is made for the purposes of recording a change of Supplier.
- 2.2.4 A Supply Point Amendment changing the Class of a Supply Meter Point from a Class 3 or 4 Supply Meter Point to a Class 1 or 2 Supply Meter Point shall:
- (a) confirm that the Prevailing Supply Point Capacity will apply at the Supply Meter Point; and
  - (b) specify a Supply Point Offtake Rate (consistent with Section B, Annex B-3 paragraph 4.3).
- 2.2.5 If the Class of a Supply Meter Point is changed by way of a Supply Point Amendment, a Meter Reading shall be obtained in accordance with Section M5.14.1 and, where not the responsibility of the CDSP itself, submitted to the CDSP.
- 2.2.6 For the purposes of this paragraph 2.2:
- (a) **“relevant classification”** means the Class of a Supply Meter Point or the classification of a Supply Point as Smaller or Larger;
  - (b) the relevant date is the date of the change in status of the Supply Meter Point or Supply Point in question, or other date with effect from which the requirement for reclassification first arises;
  - (c) a **“meter reading election”** is an election in relation to a Class 3 Supply Meter of the Batch duration (in accordance with Section M5.8.1) or in relation to a Class 4 Supply Meter of the Meter Read Frequency (in accordance with Section M5.9.1).

- 2.2.7 The CDSP shall monitor each Supply Meter Point in Class 2, Class 3 or Class 4 and, where the Annual Quantity at any such Supply Meter Point becomes equal to or greater than the Annual Quantity specified in paragraph 2.1.3(b) (calculated by reference to paragraph 2.3.15), notify:
- (a) the Registered User pursuant to paragraph 2.3.6; and
  - (b) the relevant Transporter and any DM Service Provider appointed by the relevant Transporter that the Annual Quantity has crossed a threshold requirement for the purposes of paragraph 2.3.15, not later than 5 Business Days before the end of the AQ Calculation Month.
- 2.2.8 Where the CDSP identifies that a Registered User is in breach of its obligation in paragraph 2.2.2(b) to reclassify a Class 2, 3 or 4 Supply Meter Point to a Class 1 Supply Meter Point arising solely from a failure to reclassify on the basis of the Annual Quantity at that Supply Meter Point having become equal to or greater than the Annual Quantity specified in paragraph 2.1.3(b) (calculated by reference to paragraph 2.3.15) it shall, as soon as reasonably practicable give notice to the Registered User of the same and:
- (a) notify such Registered User that, if it does not remedy such breach within 20 Supply Point System Business Days of the date on which the CDSP's notice was issued, the CDSP shall change the classification of a Supply Meter Point on the Registered User's behalf; and
  - (b) require such Registered User to provide, in the event that such breach is not remedied, details of the Supply Point Capacity and the Supply Point Offtake Rate applicable (in each case) to the Supply Meter Point within 20 Supply Point System Business Days of the date on which the CDSP's notice was issued.
- 2.2.9 If the Registered User does not remedy its breach of the Code within the time period set out in paragraph 2.2.8(a) the CDSP shall reclassify the relevant Supply Meter Point as a Class 1 Supply Meter Point and in so doing shall:
- (a) if and to the extent the Registered User has provided either or both of the details requested pursuant to paragraph 2.2.8(b), and to the extent such detail(s) do not fail validation by the CDSP, utilise such detail(s) in undertaking the reclassification;
  - (b) if and to the extent the Registered User has not provided one or both of the details requested pursuant to paragraph 2.2.8(b), or if one or both of the values supplied by a Registered User in response to such request fails validation by the CDSP, the CDSP shall, in the case of the detail(s) not provided or in respect of which validation has been failed (as applicable):
    - (i) where the Supply Meter Point is, prior to reclassification, a Class 2 Supply Meter Point, use the Prevailing Supply Point Capacity and/or Supply Point Offtake Rate for the Supply Meter Point; or
    - (ii) where the Supply Meter Point is a Class 3 or 4 Supply Meter Point, adopt the existing NDM Supply Point Capacity derived from the AQ applicable to the Supply Meter Point as the Supply Point Capacity, and/or adopt a value equivalent to 1/12<sup>th</sup> (one twelfth) of the Supply Point Capacity (or Supply Point Capacity adopted pursuant to this

paragraph as appropriate) as the Supply Point Offtake Rate for the Supply Meter Point;

2.2.10 Each Registered User shall, in respect of each Supply Meter Point registered in its name use all reasonable endeavours to:

- (a) assist the relevant Transporter in the discharge of that Transporter's obligations pursuant to paragraph 2.1.5; and
- (b) to facilitate the discharge of the measures described in paragraph 2.2.9 as may be required by any Party or the CDSP.

2.2.11 Breaches of the Code by a Registered User shall not be waived or remedied in circumstances where the CDSP discharges its obligations pursuant to paragraph 2.2.9, and the Registered User shall be liable for all information deemed or adopted on its behalf by the CDSP as if such information had been provided by the Registered User.

### 2.3 Annual Quantity

2.3.1 The “**Annual Quantity**” in respect of a Supply Meter Point or Supply Point is an estimate (determined by the CDSP in accordance with the further provisions of the Code) of the quantity of gas which would (on a seasonal normal basis, in the case of a Class 3 or 4 Supply Meter Point) be offtaken from the Total System at that Supply Meter Point in a period of 12 months.

2.3.2 The Annual Quantity of a Supply Meter Point and the Supply Point(s) in which it is comprised shall be determined in accordance with the further provisions of this paragraph 2.3.

2.3.3 For the purposes of this Section G:

- (a) “**AQ Close-Out**” in any month is the 10th Day of that month;
- (b) the “**AQ Read Submission Period**” in relation to a month (M) is the period from (but not including) AQ Close-Out for month M-1 to (and including) AQ Close-Out for month M;
- (c) in relation to a Supply Meter Point, a month is an “**AQ Calculation Month**” where a Qualifying Meter Reading in respect of such Supply Meter Point is submitted in the AQ Read Submission Period in relation to that month;
- (d) a “**Qualifying Meter Reading**” is any Valid Meter Reading (other than a Meter Reading which is replaced pursuant to Section M5.16), provided that in the case of a Class 1 or 2 Supply Meter Point the Exit Close-out Date in respect of the Read Date is not later than AQ Close-Out.

2.3.4 The Annual Quantity in respect of each Supply Meter Point shall be calculated in each AQ Calculation Month.

2.3.5 The Annual Quantity calculated in respect of the Supply Meter Point in an AQ Calculation Month (month M) shall apply:

- (a) with effect from and including the first Day of the month (month M+1) following the AQ Calculation Month; and

- (b) until and including the last Day of the next AQ Calculation Month (which for the avoidance of doubt may be month M+1).
- 2.3.6 The CDSP will notify the Annual Quantity, and if relevant that the Annual Quantity has crossed a threshold requirement for the purposes of paragraph 2.3.15, to the Registered User not later than 5 Business Days before the end of the AQ Calculation Month.
- 2.3.7 For the purposes of calculating the Annual Quantity in respect of a Supply Meter Point in an AQ Calculation Month:
- (a) the **“AQ Closing Reading”** is the Qualifying Meter Reading which was submitted in the AQ Read Submission Period, or if more than one Valid Meter Reading was so submitted, the Qualifying Meter Reading with the latest Read Date;
- (b) the **“AQ Opening Reading”** is:
- (i) in relation to a Class 1 or 2 Supply Meter Point, the Valid Daily Meter Reading or (in the circumstances in Section M5.6.2 or M5.7.2) estimated Meter Reading for which the Read Date is the target date, subject to paragraph 2.3.14(c);
- (ii) in relation to a Class 3 or 4 Supply Meter Point:
- (1) the Valid Meter Reading for which the Read Date is nearest to the target date; or
- (2) in the case where the Read Dates of two Valid Meter Readings are an equal number of Days respectively before and after the target date, the Valid Meter Reading with the later Read Date;
- (3) but excluding any Meter Reading for which the Read Date is less than 9 months or more than 36 months before the Read Date of the AQ Closing Read;
- (c) the **“target date”** for the purposes of paragraph (b) is the date which is 365 Days before the Read Date of the AQ Closing Reading;
- (d) the **“AQ Metered Period”** is the period from the Read Date of the AQ Opening Reading to the Read Date of the AQ Closing Reading;
- (e) in relation to a Class 3 or 4 Supply Meter Point, the **“AQ Metered Quantity”** is the Metered Quantity (as provided in Section M1.5.3(e)) for the AQ Metered Period.
- 2.3.8 If, in relation to a Supply Meter Point and an AQ Closing Read in a month, there is no Valid Meter Reading which qualifies as an AQ Opening Reading under the requirements in paragraph 2.3.7(b), an Annual Quantity shall not be calculated and that month shall not be an AQ Calculation Month and the prevailing Annual Quantity of the Supply Meter Point shall be unchanged.
- 2.3.9 Subject to the further provisions of this paragraph 2.3, the Annual Quantity of a Supply Meter Point shall be determined:

- (a) in the case of a Class 1 or 2 Supply Meter Point, as the sum of the Supply Meter Point Daily Quantities for all Days in the AQ Metered Period;
  - (b) in the case of a Class 3 or 4 Supply Meter Point, by reference to the AQ Metered Quantity and AQ Metered Period, in accordance with Section H3.2.
- 2.3.10 Where a Class 3 or 4 Supply Meter Point becomes a Class 1 or 2 Supply Meter Point, the Annual Quantity shall continue to be calculated pursuant to paragraphs 2.3.7(b)(ii) and 2.3.9(b) until the first AQ Calculation Month in which there is an AQ Closing Read for which the target date is not earlier than the date of the change in Class of the Supply Meter Point.
- 2.3.11 Where, following an AQ Calculation Month a Supply Meter Point changes Class, and as a result the method (under the applicable provisions of this paragraph 2.3) of calculating the Annual Quantity changes, the Annual Quantity shall not be revised by reason of such change until the next following AQ Calculation Month.
- 2.3.12 Where a Supply Meter Point is Isolated the value of the Annual Quantity for that Supply Meter Point shall continue to be the value as determined at the date of Isolation, until and unless the Supply Meter Point is Re-established.
- 2.3.13 Where an Isolated Supply Meter Point is Re-established, for the purposes of calculating the Annual Quantity in each subsequent AQ Calculation Month, Days on which the Supply Meter Point was Isolated:
- (a) shall be disregarded in determining the target date under paragraph 2.3.7(b);
  - (b) shall be excluded from the AQ Metered Period for the purposes of the calculation under Section H3.2.
- 2.3.14 In the case of a New Supply Meter Point:
- (a) until the first AQ Calculation Month in accordance with paragraph (b), the Annual Quantity shall be the quantity notified to the CDSP as provided in paragraph 3.4.2(c);
  - (b) the first AQ Calculation Month shall be the first month in relation to which a Qualifying Meter Reading, with a Read Date not less than 9 months after the Supply Point Registration Date of the first Supply Point which includes such new Supply Meter Point, is submitted in the AQ Read Submission Period;
  - (c) subject to paragraph (b), in the case of a Class 1 or 2 Supply Meter Point, in each AQ Calculation Month until the first such month for which the Read Date of the AQ Closing Reading is not less than 365 Days after such Supply Point Registration Date:
    - (i) the AQ Opening Reading shall be the Daily Meter Reading for the Supply Point Registration Date;
    - (ii) the Annual Quantity (AQ) shall be calculated as follows:

$$AQ = AQ' * 365 / D$$

where:

AQ' is the quantity calculated under paragraph 2.3.9(a);

D is the number of Days in the AQ Metered Period;

(d) in the case of a Class 3 or 4 Supply Meter Point, in each AQ Calculation Month where the Read Date of the AQ Closing Read is less than 365 Days after such Supply Point Registration Date:

(i) the AQ Opening Read shall be in accordance with paragraph (c)(i);

(ii) the Annual Quantity (AQ) shall be calculated as follows:

$$AQ = AQ' / D * 365$$

where AQ and D have the meaning in paragraph (c).

2.3.15 Where it is a condition of a change in classification (under any provision of the Code) of a Supply Point or Supply Meter Point that the Annual Quantity of such System Exit Point is or has become greater than, not less than, less than or not greater than a specified quantity (the “**threshold requirement**”), the condition shall be treated as satisfied, with effect from the first Day of the month following a relevant month (‘M’), if and only if:

(a) except where paragraph (b) applies:

(i) each AQ Calculation Month in the preceding period of 6 months is a qualifying AQ Calculation Month; and

(ii) there are at least 3 consecutive qualifying AQ Calculation Months (including month M), or if there are fewer than 3 AQ Calculation Months in the preceding period of 18 months, each AQ Calculation Month in that 18 month period is a qualifying AQ Calculation Month;

(b) in the case of a requirement for a change in classification to Class 1 by reason of the Annual Quantity of the Supply Meter Point being not less than the threshold requirement, if:

(i) the last 3 AQ Calculation Months were qualifying AQ Calculation Months (including Month M); or

(ii) the last AQ Calculation Month prior to the commencement of the preceding period of 12 months was a qualifying AQ Calculation Month, and any AQ Calculation Month in that period is a qualifying AQ Calculation Month.

2.3.16 For the purposes of paragraph 2.3:

(a) an AQ Calculation Month is a qualifying AQ Calculation Month if the Annual Quantity calculated in such month satisfies the relevant threshold requirement;

(b) a preceding period is a period ending with and including month M.

(c) a relevant month is:

(i) in relation to paragraph 2.3.15(a) and (b)(i), an AQ calculation month;

- (ii) in relation to paragraph 2.3.15(b)(ii), the last month in the preceding period.
- 2.3.17 For the purposes of the Code, subject to paragraph 2.3.18, the “**Formula Year Annual Quantity**” for a Class 3 or 4 Supply Meter Point and the Supply Point(s) in which it is comprised for a Formula Year is the Annual Quantity determined in the most recent AQ Calculation Month falling not later than the December prior to that Formula Year, notwithstanding any subsequent change in the basis of determination of such Annual Quantity as a result of a change in Class of the Supply Meter Point.
- 2.3.18 Where the Annual Quantity of a Supply Meter Point is revised pursuant to paragraph 2.3.20 with effect from any month in a Formula Year (FY), the Formula Year Annual Quantity:
- (a) for Formula Year FY; and
- (b) (where such revision is made after the Formula Year Annual Quantity for Formula Year FY+1 has been determined) for Formula Year FY+1
- shall be revised, with effect from that month or (if later) the start of the relevant Formula Year, so as to be equal to such revised Annual Quantity.
- 2.3.19 For the purposes of determining the rate of any Transportation Charge, references in the Transportation Statement to the Annual Quantity of a Supply Point are to the Formula Year Annual Quantity for the Formula Year in question.
- 2.3.20 The Registered User may request a change in the Annual Quantity of a Supply Meter Point on the grounds that the most recently calculated Annual Quantity does not reflect the expected (seasonally adjusted where relevant) consumption of gas over the 12 months following the date of the request due to an eligible cause which occurred after the Read Date of the AQ Opening Reading used in the most recent calculation of the Annual Quantity.
- 2.3.21 For the purpose of paragraph 2.3.20 “**eligible cause**” means:
- (a) the confirmed theft of gas (which resulted in the metered consumption in the AQ Metered Period at the Supply Meter Point being less than the actual consumption);
- (b) the installation, replacement or removal of Consumer's Plant which results in a material change in the basis on which gas is consumed; or
- (c) the commencement of a new business activity or discontinuance of an existing business activity at the consumer's premises.
- 2.3.22 A Registered User may also request a change to the Annual Quantity of a Supply Meter Point where the Uniform Network Code Validation Rules prescribe the wider tolerance band referred to in Section M5.3.4(b) by reference to the Annual Quantity of the Supply Meter Point and;
- (a) the User submits a Meter Reading (“**Rejected Meter Reading**”) for such Supply Meter Point which fails validation because it falls outside the wider tolerance band, but which all other respects is Valid; and

- (b) the User is satisfied that the Meter Reading is valid (and would not fail validation if the Annual Quantity were so changed).

2.3.23 Where a Registered User requests a change in the Annual Quantity:

- (a) it shall give notice to the CDSP specifying:
  - (i) the Supply Meter Point in respect of which the request is made;
  - (ii) in the case of a request under:
    - (1) paragraph 2.3.20, which eligible cause applies and evidence of its application in relation to the Supply Meter Point;
    - (2) paragraph 2.3.22, the Rejected Meter Reading and evidence that it is valid;
  - (iii) the User's estimate of the Annual Quantity which shall be made in good faith and after all appropriate enquiries of the consumer and on the basis of reasonable skill and care and where applicable taking into account (in a case within paragraph 2.3.20, where applicable) the metered consumption between the Read Dates of the Valid Meter Reads referred to in paragraph (b), or (in a case within paragraph 2.3.22) the Rejected Meter Reading;
- (b) in the case of a request under paragraph 2.3.20:
  - (i) it shall submit a Valid Meter Reading with a Read Date which is no earlier than the date on which the eligible cause occurred; and
  - (ii) it may in addition submit a Valid Meter Reading with a Read Date later than the Read Date of the Meter Reading under paragraph (i).

2.3.24 A User may only give notice requesting a change in the Annual Quantity of a Supply Meter Point under paragraph 2.3.20 for an eligible cause under paragraph 2.3.21(c) where the following conditions are satisfied:

- (a) the notice is submitted no later than three (3) months after the Supply Point Registration Date;
- (b) the User has submitted a notification under paragraph 2.3.30;
- (c) prior to the Supply Point Registration Date the Existing Registered User of the Supply Point in which the Supply Meter Point is comprised is neither
  - (i) the User submitting the request for a change in the Annual Quantity; or
  - (ii) a 25% Affiliate of such User.

2.3.25 The CDSP will reject a request for a change in the Annual Quantity where:

- (a) either:
  - (i) the eligible cause specified in the Registered User's notice has not occurred or (as the case may be) the Rejected Meter Reading was not

Valid;

- (ii) the Registered User's estimate of the Annual Quantity is not made in good faith and after all appropriate enquiries of the consumer and on the basis of reasonable skill and care;
  - (b) in a case within paragraph 2.3.22, the User does not submit a Rejected Meter Reading.
  - (c) in a case within paragraph 2.3.24, any of the conditions are not satisfied.
- 2.3.26 Within 2 Business Days of receipt of a request under paragraph 2.3.20 or 2.3.22 the CDSP will notify the User if the request is accepted or rejected (in which case the CDSP will notify the User of the reasons for the rejection).
- 2.3.27 Subject to paragraphs 2.3.28 and 2.3.31, where the CDSP accepts a request for a change in Annual Quantity of a Supply Meter Point:
- (a) with effect from and including the first Day of the first month which begins at least 15 Supply Point Systems Business Days after the date on which the User gave notice pursuant to paragraph 2.3.23(a), and until the next AQ Calculation Month under paragraph (c) the Annual Quantity for the Supply Meter Point shall be the estimate specified in the User's notice under paragraph 2.3.23(a);
  - (b) in a case within paragraph 2.3.22, the Rejected Meter Reading (as resubmitted at the User's request) will be accepted;
  - (c) the next AQ Calculation Month shall be the first month in relation to which a Qualifying Meter Reading, with a Read Date not less than 9 months after the Read Date of the Meter Reading referred to in paragraph 2.3.22(b) or (as the case may be) the Rejected Meter Reading, is submitted in the AQ Read Submission Period; and
  - (d) the CDSP shall notify the User five (5) Supply Point Systems Business Days prior to the date the change in Annual Quantity is given effect in accordance with paragraph (a) of the new Annual Quantity for the Supply Meter Point.
- 2.3.28 A User may cancel a request for a change in the Annual Quantity of a Supply Meter Point by giving the CDSP at least 8 Supply Point Systems Business Days' notice prior to the date the change would be given effect in accordance with paragraph 2.3.27(a) and if the CDSP receives such notice, the previously accepted request shall not take effect, and the Annual Quantity of the Supply Meter Point shall be unchanged.
- 2.3.29 Where at any time prior to the Supply Point Registration Date the User considers that any Annual Quantity of a Supply Point comprising a New Supply Meter Point which has been recorded on the Supply Point Register does not reflect the User's estimate of the correct quantity then the User shall promptly (and in any event before the Supply Point Registration Date) notify the CDSP of the same together with its estimate of the correct Annual Quantity.
- 2.3.30 For the purposes of paragraph 2.3.24 a User may submit to the CDSP a notification to confirm in respect of the User:
- (a) that no other Shipper User qualifies as a 25% Affiliate; or

- (b) the identity of each other Shipper User who qualifies as a 25% Affiliate

and the User shall promptly submit a further notification to the CDSP in the event the details in an earlier notification cease to be correct.

- 2.3.31 Where following the acceptance of a request for a change in the Annual Quantity under paragraph 2.3.24 it is determined the condition in paragraph 2.3.24(c)(ii) was not satisfied paragraph 2.3.27 shall be deemed not to have applied in respect of the request (notwithstanding the CDSP's acceptance of the request at the time it was submitted).

## 2.4 Sub-deduct Arrangements

- 2.4.1 For the purposes of the Code:

- (a) a **“Sub-deduct Arrangement”** is an arrangement of pipes and meters, installed before 1 March 1996, which National Gas Transmission recognised on such date as being such an arrangement, by which a part of the gas which is conveyed by a System to premises for the purposes of supply to those premises, is further conveyed to other premises for the purposes of supply to those other premises;
- (b) the System Point at which a meter comprised in the Sub-deduct Arrangement is installed, and upstream of which no other meter comprised in such arrangement is installed, shall be a Supply Meter Point (the **“Primary Supply Meter Point”**);
- (c) the Primary Supply Meter Point is not a Connected System Exit Point;
- (d) the gas conveyed in a Sub-deduct Arrangement may be conveyed:
- (i) by a person (other than the Transporter) exempted pursuant to but subject to the conditions of any order under Section 6A of the Act granting exemption from paragraph (a) of Section 5(1) of the Act, in which case (irrespective of whether such conditions are complied with) the Sub-deduct Arrangement does not form part of a System;
- (ii) by the Transporter, in which case the Sub-deduct Arrangement forms a part of a System; and
- (e) in a Sub-deduct Arrangement:
- (i) each of the meters referred to in paragraph (a) (other than a check meter in accordance with paragraph (iii)) and the Supply Meter installed at the Primary Supply Meter Point, is a **“relevant meter”**;
- (ii) a relevant meter (meter 'B') is **“dependent”** on another (meter 'A') where meter B is downstream of meter A and there is no relevant meter between meter A and meter B;
- (iii) a meter is a check meter where all gas which flows through the meter also flows through one or more meters (in such arrangement) downstream of that meter.

- 2.4.2 Where a Sub-deduct Arrangement forms part of a System:

- (a) each of the points in the Sub-deduct Arrangement at which gas is offtaken from the Total System for the purposes of supply to premises is a Supply Meter Point; and
- (b) the point of offtake for each such Supply Meter Point shall be the point determined as the point of offtake in accordance with Section J3.7.1, and title and risk in gas offtaken from the Total System shall pass accordingly.

2.4.3 Where a Sub-deduct Arrangement does not form part of a System:

- (a) for the further purposes of this paragraph 2.4, the Primary Supply Meter Point shall be treated (for the purposes of the Code, but subject to paragraphs (b) and (d)) as being a number of Supply Meter Points each of which shall be associated with one relevant meter and so identified (by a unique reference) in the Supply Point Register;
- (b) the point of offtake in respect of each such Supply Meter Point shall be the point of offtake in accordance with Section J3.7.1 in respect of the Primary Supply Meter Point, and title and risk in gas offtaken from the Total System shall pass accordingly; and (for the purposes of Section J) the provisions of paragraph 2.4.5 and of Section G shall have effect for the purposes of determining which Users are offtaking gas from the Total System at that point, and in what proportions;
- (c) none of such Supply Meter Points shall be treated as being a Shared Supply Meter Point; and
- (d) no provision of this paragraph 2.4, nor the fact that the Supply Point Register records details in respect of the Supply Meter Points which are (pursuant to paragraph (a)) treated as existing at the Primary Supply Meter Point, shall be taken to imply that any User has arranged with the Transporter for the conveyance of gas beyond the Primary Supply Meter Point.

2.4.4 Where there is a Sub-deduct Arrangement:

- (a) each of the Supply Meter Points (including the Primary Supply Meter Point) referred to in paragraph 2.4.2(a), or (as the case may be) treated as existing in accordance with paragraph 2.4.3(a), is a **“Sub-deduct Supply Meter Point”**;
- (b) each relevant meter shall for the purposes of Section M2 be treated as a Supply Meter (a **“Sub-deduct Supply Meter”**) provided by the Transporter; provided that:
  - (i) the same person must be appointed as Meter Reader in respect of all Non-Daily Read Sub-deduct Supply Meters in a particular Sub-deduct Arrangement;
  - (ii) the Meter Reading Frequency in respect of each Non-Daily Read Sub-deduct Supply Meter shall be the Meter Reading Frequency of the primary Non-Daily Read NDM Sub-deduct Supply Meter;
  - (iii) where reasonably practicable, the Meter Reads for all Non-Daily Read Sub-deduct Supply Meters shall be undertaken on the same Day as a Meter Read in relation to the primary Non-Daily Read Sub-deduct

Supply Meter; and a Meter Reading in respect of any Non-Daily Read Sub-deduct Supply Meter shall not be a Valid Meter Reading unless Meter Reads were undertaken for all Non-Daily Read Sub-deduct Supply Meters within a period of 5 Supply Point Systems Business Days commencing on the Day 2 Supply Point Systems Business Days before the Day of a Meter Read in relation to the primary Non-Daily Read Sub-deduct Supply Meter;

- (iv) where the Transporter is the person appointed (pursuant to paragraph (i)) as Meter Reader, the Transporter agrees that its charges to Registered Users for Meter Reads at Non-Daily Read Sub-deduct Supply Meters (other than the primary such meter) will not be increased if the Meter Reading Frequency under paragraph (ii) is greater than that which would otherwise be required under Section M5;
- (c) for the purposes of paragraph (b) the primary Non-Daily Read Sub-deduct Supply Meter is the Non-daily Read Sub-deduct Supply Meter which is furthest upstream in the Sub-deduct Arrangement (and for the avoidance of doubt may be the relevant meter at the Primary Supply Meter Point);
- (d) each Sub-deduct Supply Meter Point shall have a separate Annual Quantity, and may be the subject of separate Supply Point Nominations and/or Supply Point Confirmations and may be comprised in a separate Supply Point;
- (e) the details in the Supply Point Register will reflect the premises at which each Sub-deduct Supply Meter is actually located; and
- (f) the Registered User of a Supply Point which includes a Sub-deduct Supply Meter Point is a **“Sub-deduct Registered User”**.

2.4.5 Upon any Meter Reads in respect of the relevant meters in a Sub-deduct Arrangement:

- (a) in respect of each Sub-deduct Supply Meter there shall be attributed to the Sub-deduct Registered User a volume (the **“Sub-deduct Volume”**) determined as the Metered Volume in respect of the associated relevant meter less the sum of the Metered Volumes for all dependent relevant meters;
- (b) the Metered Quantity determined in respect of each Sub-deduct Supply Meter in accordance with Section M1.5.3 will be determined on the basis of the Sub-deduct Volume.

2.4.6 In the case of a Sub-deduct Arrangement which forms part of a System, the Transporter reserves the right at its cost to undertake works to extend the relevant System by laying additional pipes so as to cause any Sub-deduct Supply Meter Point to cease to be comprised in the relevant Sub-deduct Arrangement; provided that the Transporter will not undertake such works without first obtaining the consent (not to be unreasonably withheld) of the Registered User of each Supply Point affected thereby and in undertaking such works will endeavour to minimise the disruption to the offtake of gas from the relevant System at such Supply Points (but subject thereto will not be in breach of its obligation to make gas available for offtake from the Total System by reason of the carrying out of such works).

2.4.7 Where, in relation to any relevant meter at which the Class 1 Requirement applies, there is any dependent meter which is not a Class 1 or Class 2 Supply Meter, the Supply

Meter Point at which the relevant meter is installed shall (notwithstanding that the Class 1 Requirement applies and the Class 1 Meter Read Requirements are satisfied, and notwithstanding any other provision of the Code), unless otherwise agreed between the Transporter and the Registered User, be a Class 3 or Class 4 Supply Point.

2.4.8 For the purposes of this paragraph 2.4:

- (a) the CDSP will, after consultation with Users, prepare and from time to time revise (subject to prior approval by Panel Majority of the Uniform Network Code Committee) and publish the “Guidelines for Sub-Deduct Arrangements (Prime and Sub-Deduct Meter Points)” to apply in respect of Sub-deduct Arrangements; and
- (b) Sub-deduct Registered Users shall comply with such procedures referenced in paragraph (a).

### **3 SUPPLY POINT REGISTER**

#### **3.1 Supply Point Register**

3.1.1 Subject to GT Section D2.4.2, the CDSP has established and (without prejudice to paragraph 3.1.3) will maintain a register (“**Supply Point Register**”) of all Supply Meter Points, Supply Points and Supply Point Premises located on a System(s) operated by the Transporter.

3.1.2 In the Supply Point Register:

- (a) each Supply Meter Point will be identified by a unique number (the “**Supply Meter Point Reference Number**”) assigned with effect from 1 March 1996 or in the case of a new Supply Meter Point the date on which the Supply Meter Point is entered in the register in accordance with paragraph 3.4.2;
- (b) each Supply Point will be identified by a unique number (the “**Supply Point Registration Number**”) assigned with effect from the Supply Point Registration Date; and
- (c) Registration Details will be recorded in respect of each Supply Point Registration.

3.1.3 For the purposes of this Section G:

- (a) “**Registration Details**” are details of a Supply Point Registration (including where applicable a Proposed Supply Point Registration) as specified in Table A in Annex G-1;
- (b) Registration Details include:
  - (i) details which identify the Supply Meter Point, Supply Point or User;
  - (ii) values of parameters, elected by the User or otherwise determined pursuant to the Code, applying in relation to the Supply Meter Point or Supply Point for the purposes of the Code, and which may be standing or variable;

- (iii) information provided by the User, including information in respect of itself, the Supply Meter Point, the Supply Point Premises or the consumer;
- (iv) other information maintained by the CDSP in respect of the Supply Meter Point, Supply Point or Supply Meter;

(for which purposes a reference to the User is to the Registered User or the Proposing User as applicable).

3.1.4 Without prejudice to any other provision of the Code, the Parties and the CDSP shall:

- (a) cooperate with a view to ensuring (in the case of a User, by a Supply Point Amendment where applicable) that the information contained in the Supply Point Register is at all times as accurate as is possible; and
- (b) each use reasonable endeavours to secure that it becomes aware, insofar as it might reasonably be expected to become aware, of any inaccuracy in the information contained in the Supply Point Register, and to inform (in the case of a Party) the CDSP or (in the case of the CDSP) either one or both of the Registered User and the Transporter of such inaccuracy,

but nothing in this paragraph 3.1.4 shall imply that the Supply Point Register is capable of being amended other than as provided in this Section G or Section M.

3.1.5 The Supply Meter Point Reference Number will continue to be assigned to a Supply Meter Point which has been Isolated.

3.1.6 The Supply Point Registration Number of a Supply Point and the Supply Meter Point Reference Number of the Supply Meter Point comprised therein will not be changed during the relevant Supply Point Registration.

3.1.7 The CDSP may, and where this is a requirement under the condition of the Transporter’s Licence the CDSP will, maintain in relation to a Supply Meter Point historic Registration Details, relating to previous Supply Point Registrations, for such period as it decides or may be so required, but such historic Registration Details:

- (a) do not form part of the current Supply Point Registration; and
- (b) are not (unless expressly provided in the Code) accessible by the current Registered User.

### **3.2 Access to Registration Details**

3.2.1 A User will have access (including by the means set out in the UK Link Manual, and in the case of a Non-CSS Supply Meter Point, pursuant to the procedures specified in paragraph 6) to Registration Details in the Supply Point Register in relation to a given Supply Meter Point, Supply Point or Proposed Supply Point to the extent (and as to such Registration Details) provided in Table B in Annex G-1 by reference to:

- (a) whether the User is the Registered User or a Proposing User; and
- (b) in the case of a Proposing User, the stage of the relevant registration procedure.

3.2.2 A User may enquire as to the Registration Details (as specified in Table B in Annex G-1) of a Proposed LDZ Supply Point:

- (a) by sending to the CDSP an enquiry (“**Supply Point Enquiry**”):
  - (i) specifying:
    - (1) the identity of the User;
    - (2) the Supply Meter Point Reference Number;
    - (3) where applicable the details enquired for (as provided in Table B in Annex G-1); and
  - (ii) requesting the CDSP provide consumption details; or
- (b) by accessing such Registration Details in the Supply Point Register.

3.2.3 Where a User sends a Supply Point Enquiry

- (a) in the case of a CSS Supply Meter Point, the CDSP will (within the timescales specified in the UK Link Manual) provide to the User the Registration Details as specified in Table B in Annex G-1.
- (b) where the User requests consumption details, the CDSP will provide the User with consumption details in respect of a period:
  - (i) commencing no earlier than:
    - (1) the date falling twelve (12) months prior to the date on which the Supply Point Enquiry was submitted;
    - (2) if later, and in the case of a CSS Supply Point, the date of the most recent Supply Point Registration;
    - (3) if later, and in the case of a Non-CSS Supply Point, the date of notification of any change of consumer at the Supply Point,
  - (ii) ending on a date no later than five (5) days before the date on which the Supply Point Enquiry is submitted.

3.2.4 A User shall not enquire, seek or exercise access to Registration Details in relation to a Supply Meter Point except:

- (a) where the User is the Registered User of a Supply Point which comprises the Supply Meter Point; or
- (b) as to Registration Details which are available to all Users as specified in the Data Permissions Matrix in the UK Link Manual; or
- (c) where the User has first obtained written or verbal consent from the relevant consumer at the Supply Meter Point (whether directly or indirectly through the relevant Supplier) to the User having access to such Registration Details;

and in a case in paragraph (c), the User shall retain evidence of the consumer's consent and where requested by the CDSP (whether at the time of seeking such access or thereafter) provide such evidence to the CDSP.

3.2.5 Paragraph 3.4.2(c) applies to a Proposing User:

- (a) sending a Supply Point Enquiry; or
- (b) in the case of a Proposed CSS Supply Point, accessing Registration Details as provided in paragraph 3.2.2(b) or submitting a Detail Registration Nomination or Base Registration Nomination; or
- (c) in the case of a Proposed Non-CSS Supply Point, submitting a Supply Point Nomination or Supply Point Confirmation.

3.2.6 Pursuant to data protection policy, certain Registration Details (even where originally provided by the Registered User) are not accessible by the Registered User, as specified in Table B in Annex G-1, and it is the responsibility of the Registered User to maintain its own records of such details.

3.2.7 A Party shall not be entitled to have access to the information contained in the Supply Point Register except to the extent the Code provides for such information to be made available to such User.

### **3.3 CSEP Supply Points**

3.3.1 The CDSP has established and will maintain, in relation to each Unmetered Connected System Exit Point, a register (“**CSEP Supply Point Register**”) in respect of CSEP Supply Meter Points and CSEP Supply Points which reflects the details (relating to IGTS Supply Meter Points and IGTS Supply Points) provided by the Independent Gas Transporter under IGTAD Section D3.1.

3.3.2 The CDSP may maintain the CSEP Supply Point Register on a combined basis with the supply point register maintained (pursuant to the arrangements referred to in IGTAD Section A1.6) for the Independent Gas Transporter.

3.3.3 The CSEP Supply Point Register is maintained for the purposes of enabling the Transporter to implement relevant provisions of the Transportation Principal Document in relation to CSEP Supply Meter Points and CSEP Supply Points, and (except as otherwise provided in the Code) changes to the CSEP Supply Point Register will be made only to reflect changes notified to the CDSP by the Independent Gas Transporter (and Users may not directly require changes in the CSEP Supply Point Register).

3.3.4 In this Section G, references to the Supply Meter Point Reference Number or other details in relation to a CSEP Supply Meter Point or CSEP Supply Point are to the equivalent details maintained in the CSEP Supply Point Register.

### **3.4 New Supply Meter Points**

3.4.1 For the purposes of the Code:

- (a) a “**New Supply Meter Point**” is a new Supply Meter Point;
- (b) the “**First Supply Point Registration**” is the first Supply Point Registration to

be made for a Supply Point comprising a New Supply Meter Point;

- (c) the “**First Supply Point Registration Date**” is the Supply Point Registration Date of a First Supply Point Registration;
- (d) an “**Initial Registration Notification**” is:
  - (i) in the case of a CSS Supply Point, an Initial Registration Request;
  - (ii) in the case of a Non-CSS Supply Point, a Supply Point Confirmation in respect of a First Supply Point Registration;
- (e) the “**Initial Notification Date**” is, in respect of an Initial Registration Notification, the date on which the CDSP:
  - (i) in the case of a CSS Supply Point, receives notification of a valid Relevant CSS Request;
  - (ii) in the case of Non-CSS Supply Point, receives a Supply Point Confirmation which is effective in respect of a First Supply Point Registration;
- (f) “**Meter Fix Date**” is the date which has been notified to the Transporter as the date upon which a Supply Meter has been installed at a New Supply Meter Point.

3.4.2 Where the CDSP has been notified that Connections Work is to be or has been undertaken then on or as soon as reasonably practical after the relevant date (in accordance with paragraph 3.4.3) the CDSP will:

- (a) enter such New Supply Meter Point and the Supply Meter Point Reference Number for the same on to the Supply Point Register; and
- (b) for the purposes of this Section G treat the same as a Supply Meter Point; and
- (c) record as the Annual Quantity of the Supply Meter Point the estimate notified (by the person giving the notice referred to in paragraph 3.4.3) to the CDSP of the quantity expected to be offtaken from the Total System at the Supply Meter Point in a 12 month period under seasonal normal conditions.

3.4.3 For the purposes of paragraph 3.4.2 the relevant date is the date upon which the CDSP has received notice of the (i) allocation of a specific Supply Meter Point Reference Number to a New Supply Meter Point, or (ii) completion of the Connections Work, from the person who has undertaken the same, where received earlier than such allocation notice.

3.4.4 Pursuant to the REC, in the case of a New Supply Meter Point which is a CSS Supply Meter Point:

- (a) the CDSP will send a Synchronisation Message to the CSS Provider specifying the Meter Point Reference Number for the New Supply Meter Point;
- (b) the CSS Provider will create the RMP Record and record the status as Operational.

3.4.5 Subject to paragraph 3.4.8, no person shall be entitled to offtake gas from the Total System at a New Supply Meter Point at any time before the First Supply Point Registration Date.

3.4.6 At any time after the time at which a New Supply Meter Point was entered in the Supply Point Register:

- (a) in the case of a CSS Supply Meter Point:
  - (i) any User may submit a Base Registration Nomination or Detail Registration Nomination;
  - (ii) the CDSP may receive a Relevant CSS Request from the CSS Provider;
- (b) in the case of a Non-CSS Supply Meter Point, a User may submit a Supply Point Nomination in accordance with paragraph 6.4.1 and (subject to having received a Supply Point Offer) submit a Supply Point Confirmation

in respect of a Proposed Supply Point which comprises the New Supply Meter Point.

3.4.7 Where in relation to a New Supply Meter Point a Proposing User:

- (a) in the case of CSS Supply Meter Point, sends a Detail Registration Nomination for a Proposed DM Supply Point (in accordance with paragraph 5);
- (b) in the case of a Non-CSS Supply Meter Point submits a Supply Point Nomination in accordance with paragraph 6 in respect of a Larger New Supply Meter Point;

the Nominated Supply Point Capacity shall not be less than the User's estimate of the maximum quantity of gas to be offtaken on any Day in the next 12 months on the basis of reasonable assumptions as to weather conditions and the User's estimate shall be made in good faith and after all appropriate enquiries of the consumer and on the basis of reasonable skill and care.

3.4.8 Where (pursuant to an Initial Registration Notification) a User becomes the Registered User of a Supply Point which comprises a New Supply Meter Point

- (a) where the Meter Fix Date is prior to the date Initial Notification Date, the User will be treated as being the Registered User (but not an Existing Registered User) from:
  - (i) the Meter Fix Date, where such User is the person that has submitted the Meter Fix Reading as described in Section M5.13.17(a);
  - (ii) the Initial Notification Date, where such Proposing User is not the person that has submitted the Meter Fix Reading as described in Section M5.13.17(a)

until the Supply Point Registration Date;

- (b) where the Meter Fix Date is after or upon the date Initial Notification Date, the User will be treated as being the Registered User (but not an Existing Registered User) from the Meter Fix Date until the Supply Point Registration

Date;

- (c) where such User is treated (under paragraph (a) or (b) as being the Registered User, the Proposing User shall, notwithstanding that there is no Supply Point Registration in respect of the Supply Point (and irrespective of the Registration Effective Date) be permitted to offtake gas from the Total System at such New Supply Meter Point;
- (d) the quantity of gas (if any) so offtaken on any Day will be counted as an UDQO of the User for the purposes of Code (and in particular the User will be liable to pay any appropriate Transportation Charges in relation thereto);
- (e) for the purposes of the first Offtake Reconciliation the quantity of gas (if any) so offtaken will be counted as part of the Reconciliation Quantity (for which purposes a quantity of zero shall be assumed to have been offtaken); and accordingly the User will be liable to pay Reconciliation Clearing charges and Reconciliation Transportation Charge Adjustments in respect of the quantity of gas (if any) so offtaken.

3.4.9 Where an Initial Registration Notification in respect of a New Supply Meter Point is submitted to and rejected (for any reason) by the CSS Provider or the CDSP, the User which is Nominated Shipper shall promptly take steps to ensure gas is not offtaken at the New Supply Meter Point.

### **3.5 Modification of Supply Point Registration**

3.5.1 A Supply Point Registration may be modified, where the Code requires or permits such modification:

- (a) in the case of a Non-CSS Supply Point, by the CDSP, upon notice from a Proposing User, pursuant to paragraph 3.5.4 or Section M3.2.1, or
- (b) as to those Registration details specified in Annex G-1, and subject to and in accordance with Table D in Annex G-1
  - (i) by the Registered User or (in relation to a New Supply Meter Point, in certain cases as provided in Table D in Annex G-1) the Proposing User (such a modification by the Registered User or Proposing User being a **“Supply Point Amendment”**); or
  - (ii) (as the case may be) by the CDSP;
- (c) in the case of a Non-CSS Supply Point, by a Supply Point Reconfirmation.

3.5.2 Where a Registered User submits a Supply Point Amendment in respect of a change to the Meter Point Location for a Supply Meter Point, the effect of which is to change the LDZ or Exit Zone of such Supply Meter Point, the CDSP will notify the Registered User of the new Supply Point Transportation Charge which will apply at that Supply Meter Point, 2 Supply Point Systems Business Days from the date of acceptance of the Supply Point Amendment.

3.5.3 Paragraph 3.5.4 applies, in relation to a Proposed Non-CSS Supply Meter Point, where the CDSP rejects a Supply Point Nomination pursuant to paragraph 6.4.6(b) or a Supply Point Confirmation pursuant to paragraph 6.6.5.

- 3.5.4 Following a rejection as described in paragraph 3.5.3:
- (a) the Proposing User may within 10 Supply Point Systems Business Days after such rejection notify the CDSP that the User considers that any details recorded in respect of the Proposed Supply Point in the Supply Point Register are incorrect, or that details which should be so recorded are absent from the Supply Point Register; and
  - (b) where the User so notifies the CDSP:
    - (i) the User shall at the same time provide details of what it considers the relevant details should be and its reasons for so considering; and
    - (ii) the CDSP will, as soon as reasonably practicable after the User's notification, consider the details and reasons provided by the User, and where it is reasonably satisfied that any of the relevant details in the Supply Point Register are incorrect, or that details which should be so recorded are absent from the Supply Point Register, the CDSP will (within 5 Days after being so satisfied) amend the Supply Point Register in respect of such details and will not reject (on the same grounds) a further Supply Point Nomination or Supply Point Confirmation in respect of the Proposed Supply Point.

3.5.5 Where the Registered User is required under Code to modify (in accordance with paragraph 3.5.1) any Registration Details in the Supply Point Registration within a certain period or by a certain date, and fails to do so within that period or by that date, the CDSP may itself make such modification (and nothing in this Section G or Annex G-1 prevents the CDSP from doing so).

### **3.6 Failure to revise Supply Point Register**

3.6.1 If on any Day, as a result of a failure by the CDSP to revise the Supply Point Register in accordance with the provisions of the Code:

- (a) a Supply Meter Point, in respect of which:
  - (i) (in the case of a CSS Supply Meter Point) a Registration Deactivation Request has been notified to the CDSP by the CSS Provider which has become effective in accordance with paragraph 5.6;
  - (ii) (in the case of a Non-CSS Supply Meter Point) the User has submitted a Supply Point Withdrawal which has become effective in accordance with paragraph 6.12,

remains registered in the name of the User in the Supply Point Register; or

- (b) a Supply Meter Point, in respect of which:
  - (i) (in the case of a CSS Supply Meter Point) a Relevant CSS Request has been notified to the CDSP by the CSS Provider which has become effective in accordance with paragraph 5.2;
  - (ii) (in the case of a Non-CSS Supply Meter Point) the User has submitted a Supply Point Confirmation which has become effective in accordance

with paragraph 6.9.7(a) or 6.10.1,

has not become registered in the name of the User in the Supply Point Register then, in view of (and without prejudice to) Section E1.8.2, where the effect on the determination of the Energy Balancing Charges payable by the User is material, National Gas Transmission may make a payment to or require a payment from the User of an amount reasonably estimated by National Gas Transmission as required (having regard to the User's Daily Imbalance for the Day, whether such imbalance was positive or negative) to compensate the User or National Gas Transmission for the inclusion or (as the case may be) exclusion (in the determination of such Energy Balancing Charges) of the quantity of gas offtaken from the Total System on the Day in the calculation of the User's Daily Imbalance.

- 3.6.2 Amounts paid by or to National Gas Transmission pursuant to paragraph 3.6.1 will be additional Monthly Adjustment Neutrality Costs or (as the case may be) additional Monthly Adjustment Neutrality Revenues for the purposes of Section F4.5.3 in the month in which they are paid.
- 3.6.3 For the avoidance of doubt, the Supply Meter Points which are to be taken into account in determining the Transportation Charges, Scheduling Charges and other charges (other than Energy Balancing Charges other than Scheduling Charges (but without prejudice to paragraph 3.6.1) payable by a User shall be those which (but for any such failure as is referred to in paragraph 3.6.1) would be registered in the name of the User.

### 3.7 Site visit Appointments

- 3.7.1 This paragraph 3.7 applies where:
- (a) the Registered User believes that the information set out in the Supply Point Register that:
    - (i) has been provided by the Transporter pursuant to the Code; or
    - (ii) subject to paragraph (e) below, relates to Meter assets is incorrect;
  - (b) the User has so notified the CDSP, providing details of the information which the User believes to be incorrect, what the User believes to be the correct information and the contact details for the consumer at the Supply Point Premises (the “**relevant consumer**”);
  - (c) following such notification, the CDSP has been unable (after examining the details contained in the Supply Point Register) to resolve the matter notified by the User (the “**relevant matter**”) and the CDSP has notified the Transporter;
  - (d) the User has accordingly requested the Transporter and the Transporter has agreed to endeavour to contact the relevant consumer and has consequently arranged with such consumer a time and date when the Transporter may visit the Supply Point Premises to investigate the relevant matter (a “**Site Visit Appointment**”) provided that a Site Visit Appointment shall not include any visit (whether undertaken or not) to the consumer's premises which:
    - (i) is subject to the standards of performance set out in the Gas (Standards of Performance) Regulations 2002;

- (ii) after the Metering Separation Date, relates to Meter assets.
- 3.7.2 Where a Site Visit Appointment has been arranged as set out in paragraph 3.7.1, subject to paragraph 3.7.3, the Transporter will during normal business hours (08:30 hours to 17:00 hours), or on such date and time as the Transporter and the consumer may agree, visit the Supply Point Premises and (subject to being given the required access) investigate the relevant matter.
- 3.7.3 Where a Site Visit Appointment has been arranged, the Transporter may require that the User attend at the Supply Point Premises at such time and date, and where the Transporter so requires, the Transporter will not be required to investigate the relevant matter if the User does not so attend and such Site Visit Appointment shall be deemed to be a completed Site Visit Appointment for the purposes of Annex G-2.
- 3.7.4 If the Transporter is unable (upon such a visit) to obtain the access required to investigate the relevant matter, the Transporter shall not be required to revisit the Supply Point Premises; and
- (a) if the Transporter did not require (pursuant to paragraph 3.7.3) the User to attend, the Transporter will so inform the User as soon as reasonably practicable after making such visit; and
  - (b) such Site Visit Appointment shall be deemed to be a completed Site Visit Appointment for the purposes of Annex G-2.
- 3.7.5 Annex G-2 shall apply in respect of Site Visits Appointments in accordance with this paragraph 3.7.5.

## **4 SUPPLY POINT REGISTRATION – GENERIC RULES**

### **4.1 Introduction**

- 4.1.1 This paragraph 4 sets out generic provisions relating to Supply Point Registration.
- 4.1.2 Paragraph 5 sets out provisions relating to Supply Point Registration in respect of CSS Supply Points.
- 4.1.3 Paragraph 6 sets out provisions relating to Supply Point Registration in respect of Non-CSS Supply Points.

### **4.2 Defined terms**

- 4.2.1 For the purposes of this Section G:
  - (a) a **“Proposed”** Supply Point is the Supply Point which is the subject of a Proposed Supply Point Registration;
  - (b) the **“Proposing User”** is the User which would be Registered User under a Proposed Supply Point Registration;
  - (c) references to a Proposing User include:
    - (i) in the case of a CSS Supply Meter Point, the User sending a Base Registration Nomination or Detail Registration Nomination in

accordance with paragraph 5.2.7 and the Nominated Shipper specified in a Relevant CSS Request in accordance with paragraph 5.2;

- (ii) in the case of a Non-CSS Supply Meter Point, the User sending a Supply Point Nomination or Supply Point Confirmation;
- (d) references to **“Nominated”** or **“Proposed”** Registration Details are to Registration Details:
  - (i) specified in respect of a CSS Supply Point in a Base Registration Nomination or Detail Registration Nomination;
  - (ii) specified in respect of a Non-CSS Supply Point in a Supply Point Nomination or Supply Point Confirmation;
- (e) references to **“Offered”** Registration Details are to Registration Details (including details reflecting the Transporter’s response to a Transporter Referral):
  - (i) specified in respect of a CSS Supply Point in a Detail Registration Response;
  - (ii) specified in respect of a Non-CSS Supply Point in a Supply Point Offer.

#### 4.2.2 In relation to a Proposed Supply Point Registration:

- (a) an **“Existing Supply Point”** is a Supply Point which (at the relevant time):
  - (i) is the subject of an existing Supply Point Registration (which may be a registration in the name of the Proposing User); and
  - (ii) comprises the Supply Meter Point which is comprised in the Proposed Supply Point; and
- (b) an **“Existing Registered User”** is a User (who may be the Proposing User) who is the Registered User in respect of an Existing Supply Point.

#### 4.2.3 For the purposes of the Code **“Supply Point Deregistration”** occurs where a User ceases to be the Registered User of a Supply Point which comprises:

- (a) in the case of a CSS Supply Meter Point with an RMP Status which permits deregistration, pursuant to a Registration Deactivation Request as provided in 5.6; or
- (b) in the case of a Non-CSS Supply Meter Point which comprises an Isolated Supply Meter Point, pursuant to a Supply Point Withdrawal which becomes effective in accordance with 6.12.1(b).

#### 4.2.4 For the purposes of this Section G and Section M:

- (a) (prior to the Supply Point Registration Date) a Supply Point Registration is **“Confirmed”** where:
  - (i) in the case of a CSS Supply Point, a Definitive Registration

Notification has been sent to the CDSP pursuant to paragraph 5.2.4;

- (ii) in the case of the Non-CSS Supply Point, a Supply Point Confirmation has become effective pursuant to paragraphs 6.9.7 or 6.10.1;
- (b) references to a Supply Point Registration “occurring” or “taking effect” are to the registration being effected upon the Supply Point Registration Date.

### 4.3 Transporter Referral

4.3.1 In relation to a Proposed Supply Point Registration, a referral to the Transporter (a “**Transporter Referral**”) is required:

- (a) in the case of a CSS Supply Meter Point which is, or pursuant to a Detailed Registration Nomination, or a Non-CSS Supply Point under a Supply Point Nomination, would be comprised in a DM Supply Point:
  - (i) in respect of Supply Point Capacity and Supply Point Offtake Rate:
    - (1) in relation to a New Supply Meter Point; or
    - (2) where it is necessary (in accordance with Section B4, Annex B-3) for the Transporter to assess the feasibility of making gas available for offtake;
  - (ii) in respect of an application for the LDZ Optional Capacity Rate, where the CDSP does not have available to it the distance between the Notional NTS Connection Point and the Proposed Supply Point;
  - (iii) in respect of a request that the Supply Point be classified as a Large Seasonal Supply Point; or
  - (iv) in the case of a NExA Supply Meter Point, where the Network Exit Agreement is one to which the User is required to be party (in accordance with Section J1.5.2 or 1.5.3) and the CDSP is not aware whether the Proposing User has entered into or acceded to such Agreement;
- (b) in the case of a Non-CSS Supply Meter Point:
  - (i) where the User makes a CNCCD Election in accordance with paragraph 6.4.2(h) at the Supply Point and the CDSP does not have available to it the Straight Line Distance; or
  - (ii) where the CDSP does not have available to it the Maximum NTS Exit Point Offtake Rate.

4.3.2 Where a User sends a Detail Registration Nomination (in respect of a CSS Supply Meter Point) or a Supply Point Nomination ((in respect of a Non-CSS Supply Meter Point) which requires a Transporter Referral:

- (a) the CDSP shall, within 2 Supply System Point Business Days after receipt of such nomination, refer the relevant question (as described in paragraph 4.3.1(a) to 1.1.1(a)) to the Transporter;

- (b) the Transporter shall respond to the CDSP:
  - (i) in the case of a Transporter Referral relating to Supply Point Capacity or Supply Point Offtake Rate, in accordance with Section B, Annex B-3 paragraph 6;
  - (ii) in any other case, as soon as reasonably practicable;
- (c) upon receiving the Transporter's response the CDSP shall provide to the User Registration Details on the basis of the Transporter's response in accordance with the further provisions of this Section G and (where applicable) Annex B-3 paragraph .6 (and the CDSP will not do so until it has received the Transporter's response).

4.3.3 If the CDSP does not comply with paragraph 4.3.2 within the times specified, it will in any case do so as soon as reasonably practicable.

4.3.4 Annex G-2 shall apply in respect of Transporter Referrals pursuant to this paragraph 4.3.

#### **4.4 Unregistered New Supply Meter Points**

4.4.1 Each User shall not (and where the User shall not be the Supplier its Supplier will not) install or procure the installation of a Supply Meter at a New Supply Meter Point created after 1 September 2013 without first having a Supply Contract in place with the consumer.

4.4.2 Each Transporter will from time to time identify any new Supply Meter Point Reference Numbers created after 1 September 2013 and for which there has been no First Supply Point Registration Date in accordance with paragraph 3.4.1(c) for a period greater than 12 calendar months since the Supply Meter Point Reference Number was created and where the Transporter has evidence of a Supply Meter being in place for a period greater than 3 months after the creation of the New Supply Meter Point, which is capable of flowing gas, the Transporter will take steps, which may include making enquiries of the consumer to establish who requested installation of the Supply Meter and who is or is to be the Supplier and the Shipper (whether the same or separate persons).

4.4.3 Pursuant to paragraph 4.4.2 where on the basis of information obtained by the Transporter, the Transporter identifies the relevant Supplier and Shipper, and that Shipper (the User) subsequently confirms such identification, the Transporter shall notify the CDSP of the date on which it became aware that a Supply Meter had been installed and the CDSP will notify the User that no Supply Point Registration is in place for the New Supply Meter Point and:

- (a) where the User confirms that a Supply Contract is in place between the Supplier and consumer or does not respond within 1 calendar month of being notified by the CDSP, the relevant User shall either:
  - (i) in the case of a CSS Supply Meter, ensure that the Supplier registers such New Supply Meter Point (as a Registrable Measurement Point, by submitting an Initial Registration Notification as described in paragraph 5.2)

- (ii) in the case of a Non-CSS Supply Meter, register such New Supply Meter Point by submitting an Initial Registration Notification in accordance with paragraph 6,

take steps to remove the Supply Meter within 1 calendar month, failing which the provisions of paragraph 4.4.4(a)(i) shall apply; or

- (b) where the User confirms within 1 calendar month that no Supply Contract exists between the Supplier and consumer, the User shall either:
  - (i) in the case of a CSS Supply Meter, ensure the Supplier procures a Supply Contract with the consumer and then registers such New Supply Meter Point (as a Registrable Measurement Point, by submitting to an Initial Registration Notification as described in paragraph 5.2)
  - (ii) in the case of a Non-CSS Supply Meter, register such New Supply Meter Point by submitting an Initial Registration Notification in accordance with paragraph 6,

or procure removal of the Supply Meter within 1 calendar month.

4.4.4 Where paragraph 4.4.3 applies and the New Supply Meter Point has not been Registered (pursuant to an Initial Registration Notification) by the time required under that paragraph:

- (a) in the case of a CSS Supply Meter:
  - (i) the User is deemed to have granted the CDSP (on behalf of the Supplier) authority to register in CSS the New Supply Meter Point (as a Registrable Measurement Point) in the name of the Supplier, and with the User as the specified Shipper;
  - (ii) pursuant to the REC, the CDSP will submit an Initial Registration Notification (as a Transporter Initiated Registration);
  - (iii) where the CDSP is required to supply to the CSS Provider any information in the Initial Registration Notification which the CDSP does not have available to it, the CDSP will estimate or assume such information on a basis which appears reasonable to it (and is not required to communicate with the Supplier or User to seek such information);
- (b) in the case of a Non-CSS Supply Meter shall be deemed to have granted the CDSP the authority to register such New Supply Meter Point on its behalf.

4.4.5 For the purposes of a Supply Point Registration (and in the case of a CSS Supply Meter pursuant to a Transporter Initiated Registration) pursuant to paragraph 4.4.4:

- (a) the First Supply Point Registration Date shall be deemed to be the Meter Fix Date or if this is not known the date notified to the CDSP on which the Transporter first became aware that a Supply Meter had been installed;
- (b) for the purposes of calculating the Opening Meter Reading the CDSP shall use the Meter Reading taken at the time the Transporter identifies that the Supply

Meter is physically connected to a System such that gas is capable of being offtaken (without further action being taken) from the Total System;

- (c) for the avoidance of doubt, there will be:
  - (i) in the case of a CSS Supply Meter Point, no Base Registration Nomination or Detail Registration Nomination (unless submitted by the specified Shipper and which becomes Operative), and accordingly paragraph 5.5.5(b) applies
  - (ii) in the case of a Non-CSS Supply Meter Point the CDSP will register the New Supply Meter Point as a Class 4 Supply Meter Point.

4.4.6 The Registered User pursuant (being the User specified as the Shipper under paragraph to 4.4.4) shall be liable for:

- (a) all reasonable costs incurred by the relevant Transporter in accordance with the Siteworks Terms and Procedures (as defined in Annex G-3) where the relevant Transporter undertakes a visit for reasons including validating the presence of a Supply Meter or to carry out a disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 and where the Supply Meter remains connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System; and
- (b) all reasonable costs incurred by the relevant Transporter in discharging its obligations under paragraph 4.4; and
- (c) all charges (including without limitation Transportation Charges and Energy Balancing Charges) associated with such New Supply Meter Point from the Meter Fix Date or if this is not known the date the Transporter first became aware that the Supply Meter had been installed.
- (d) where the Registered User is liable for any charges in accordance with (c) above in respect of Energy Balancing Charges an Offtake Reconciliation will be carried out in accordance with Section E6.

4.4.7 In the event that the User does not comply with the obligation to ensure registration of such New Supply Meter Point in accordance with paragraph 4.4.3(b) because it is unable to ensure the Supplier procures a Supply Contract or the removal of the Supply Meter, the User shall submit a report to the CDSP detailing the circumstances in which a Supply Meter was installed without a Supply Contract being in place and any subsequent action the User has taken to try to rectify this.

4.4.8 The CDSP will keep a record of any reports it receives under paragraph 4.4.7 and submit a report twice yearly:

- (a) to the Authority giving details of the reports received from each User (on an attributable basis); and
- (b) to the Authority and all Users of the number of incidences where a User has not complied with paragraph 4.4.1 (on an attributable basis).

4.4.9 Further to paragraph 4.4.2, in the event that either:

- (a) the User confirms that the Supplier did not request installation of the Supply Meter and the relevant New Supply Meter Point has not been registered by a User within 3 calendar months of the Transporter becoming aware that a Supply Meter has been installed at a New Supply Meter Point; or
- (b) the User confirms that the Supplier did request installation of the Supply Meter and the User has taken steps in accordance with paragraph 4.4.3(b) to try and ensure the Supplier procures a Supply Contract with the consumer but no Supply Contract is in place and the User has been unable to procure removal of the Supply Meter,

then the provisions of paragraph 4.4.10 shall apply.

4.4.10 The CDSP will within 3 calendar months advise the consumer to obtain a Supply Contract and:

- (a) if the consumer confirms that a Supply Contract is already in place and the relevant User verifies this then the User shall ensure:
  - (i) in the case of a CSS Supply Meter, that the Supplier registers such New Supply Meter Point (as a Registrable Measurement Point, by submitting to an Initial Registration Notification as described in paragraph 5.2) within 1 calendar month of being notified to do so by the CDSP failing which the provisions of paragraph 4.4.4(a)(i) shall apply;
  - (ii) in the case of a Non-CSS Supply Meter, register such New Supply Meter Point in accordance with paragraph 6; or
- (b) if the consumer does not enter into a Supply Contract or the CDSP is unable to ascertain whether a Supply Contract is in place then the CDSP shall notify the Transporter and the Transporter shall seek to disconnect the supply of gas to the consumer subject to any applicable legislation, regulation or Code of Practice.

## 4.5 Supply Portfolio

- 4.5.1 The CDSP shall be entitled to request from each User a copy of the supply portfolio of each Supplier with whom the User is contracted as at the date identified in paragraph 4.5.2 (“**Supply Portfolio**”).
- 4.5.2 Subject to paragraph 4.5.3 and 4.7.1, Supply Portfolios will be extracted as of the first non Business Day of November in each Gas Year (“**Portfolio Date**”).
- 4.5.3 For the Gas Year commencing 1 October 2013 only, the Portfolio Date shall be the first non Business Day of May 2014.
- 4.5.4 The CDSP shall give the User a minimum of 60 Business Days’ notice prior to the Portfolio Date relating to which the User must provide its Supply Portfolio.
- 4.5.5 The User must comply with the CDSP's request under paragraph 4.5.1 and provide the Supply Portfolio to the CDSP within 15 business days of the Portfolio Date unless unable to do so under paragraph 4.5.2.

4.5.6 The Supply Portfolios shall include all actively supplied Supply Meter Point Reference Numbers that are currently live in each Supplier's database where a Supply Contract is in place and shall detail the following data:

- (a) Supply Meter Point Reference Number(s);
- (b) meter serial number(s) of the Supply Meter(s);
- (c) premise post code(s); and
- (d) Shipper short code(s) and Supplier short code(s)

4.5.7 On receiving the Users Supply Portfolio, the CDSP will compare the Supply Portfolio against the data held on the Supply Point Register and all other Supply Portfolios provided by other Users.

#### **4.6 User Data Reconciliation**

4.6.1 Upon completion of the comparison under paragraph 4.5.7, the CDSP shall provide a report ("**Reconciliation Report**") per Supply Portfolio to the relevant User as soon as reasonably practicable.

4.6.2 A Supply Meter Point Reference Number is "**Unregistered**" if it has not previously held a Supply Point Registration by any User on the Supply Point Register and at the time of the creation of the Reconciliation Report is not subject to a Supply Point Registration.

4.6.3 A Supply Meter Point Reference Number is "**Shipperless**" if it has previously held a Supply Point Registration by any User on the Supply Point Register and at the time of the creation of the Reconciliation Report is not subject to a Supply Point Registration.

4.6.4 The Reconciliation Report will specify to each relevant User the Supply Meter Point Reference Number(s) detailed on the User's Supplier's Supply Portfolio(s) which are at that time:

- (a) Unregistered in accordance with 4.6.2;
- (b) Shipperless in accordance with 4.6.3;
- (c) not present on the Supply Point Register;
- (d) present on any other User's Supply Portfolio
- (e) at a Status of either dead or extinct on the Supply Point Register.

4.6.5 Subject to paragraph 4.6.6, the User shall commence, or shall cause the relevant Supplier to commence, the registration of any Supply Meter Point Reference Number identified in the Reconciliation Report as being Shipperless or Unregistered within 40 Business Days of receiving the Reconciliation Report ("**Registration Period**").

4.6.6 Where the User considers it would not be appropriate for a Supply Meter Point Reference Number to be created and/or registered it will provide a reason to the CDSP for not commencing registration within the Registration Period.

- 4.6.7 For the avoidance of doubt in relation to paragraph 4.6.4(c) and subject to paragraph 4.6.6, Users will be required to rectify these issues by creating a Supply Meter Point Reference Number and causing the relevant Supplier to register (in CSS) the same.
- 4.6.8 Unless otherwise agreed by the CDSP and User under paragraphs 4.6.6 or 4.6.9 where the User fails to create a Supply Meter Point Reference Number within the Registration Period the CDSP may create a Supply Meter Point Reference Number to allow Supply Point Registration under paragraph 4.6.11.
- 4.6.9 Where the User is unable to commence the registration of the Supply Meter Point Reference Number within the provision of paragraph 4.6.7 due to further investigations being required then the User shall provide a justification for requiring additional time to the CDSP who shall, at their sole discretion, be entitled to grant the User an additional period of up to 50 Business Days beyond the Registration Period in which to commence the registration of the Supply Meter Point Reference Number (“**Extension Period**”).
- 4.6.10 Where the CDSP and the User agree that the User is unable to complete the investigation as per paragraph 4.6.9 the User shall be obligated to provide any information it has obtained in respect of the Supply Meter Point to the CDSP.
- 4.6.11 If within the Registration Period or the Extension Period the User does not obtain a Supply Point Registration, or has failed to provide a reason as per paragraph 4.6.6, the User shall be deemed to have granted (as provided in paragraph 4.4.4) the CDSP authority to register such Supply Meter Point (and in the case of a CSS Supply Meter Point as a Transporter Initiated Registration) using the information on the Supply Point Register.
- 4.6.12 Where the CDSP require additional information to create and/or register the Supply Meter Point Reference Number under paragraph 4.6.11 then an additional request for data items may be submitted to the User, but without prejudice to paragraph 4.4.4(a)(iii), and the User shall provide any requested additional information within 15 Business Days from the CDSP's request (“**Information Period**”).
- 4.6.13 Where the User fails to provide to the CDSP the additional information under paragraph 4.6.12, without prejudice to the generality of paragraph 4.4.4(c), the CDSP shall be entitled to use default values for the purposes of registering the Supply Meter Point Reference Number.
- 4.6.14 Following the provision of the Reconciliation Reports the CDSP will publish a report detailing for each User (on a non-attributable basis) and the Authority (on an attributable basis) the following:
- (a) the number of Supply Meter Point Reference Numbers which are Unregistered;
  - (b) the number of Supply Meter Point Reference Numbers which are Shipperless;
  - (c) the number of Supply Meter Point Reference Numbers not present on the Supply Point Register;
  - (d) the number of Supply Meter Point Reference Numbers with a status of either dead or extinct.

4.6.15 For the avoidance of doubt the number of Supply Meter Point Reference Numbers that are also on any other Supply Portfolio will not be included in the report published in section 4.6.14.

#### **4.7 Supplier Data**

4.7.1 Where a User is a separate legal entity to the relevant Supplier or is not the holding company or subsidiary company of the relevant Supplier or any company which is a subsidiary of such a holding company and is unable to obtain the Supply Portfolio then, the User shall confirm this to the CDSP along with justification as to why the relevant Supplier is unable to fulfill the request. Users shall provide this information to the CDSP within 15 Business Days from the Portfolio Date.

4.7.2 In the event that the User has been unsuccessful in obtaining the Supply Portfolio under paragraph 4.7.1 then the User will provide the relevant Supplier's contact details to the Transporters who shall be entitled to make a direct request to the relevant Supplier for this information.

#### **4.8 Termination and Supplier of Last Resort**

4.8.1 Where the Transporter has given a Termination Notice (under Section V4) to a User, the Transporter may decide:

- (a) to reduce any of the periods and/or curtail any of the procedures provided for in this paragraph 6 in relation to any Supply Point Nomination or Supply Point Confirmation by any other User in respect of; or
- (b) to implement any other procedure for the registration in the name of any other User (who wishes to become the Registered User) of

any Supply Meter Points of which the Discontinuing User was the Registered User.

4.8.2 For the purposes of paragraphs 4.8.3, 4.8.4, 4.8.5, 4.8.6, 4.8.7 and 4.8.8:

- (a) where a User has been given a Termination Notice by National Gas Transmission (under Section V4), all Supply Meter Points in respect of which the Discontinuing User was the Registered User immediately prior to the User Discontinuance Date shall be known as the **“Terminated Supply Meter Points”**;
- (b) a **“Supplier of Last Resort”** is a supplier whom by virtue of Standard Condition 8 of the Supplier's Licence has been directed by the Authority to supply gas in accordance with that condition in respect of any or all of the Terminated Supply Meter Points;
- (c) **“the Last Resort User”** is a User who is the first User, following the appointment of the Supplier(s) of Last Resort, to become the Registered User of all of the Terminated Supply Meter Points;
- (d) **“day of issue”** is the Day following the day of notification;
- (e) **“day of notification”** is the Day on which the Transporter receives written notice from the Authority of the appointment and identity of the Last Resort User; and

- (f) **“TSMP Information”** is relevant information (including, but not limited to, Protected Information) relating to the Terminated Supply Meter Points to which the Discontinuing User would have had access through UK Link, immediately prior to the User Discontinuance Date.
- 4.8.3 Where National Gas Transmission has given a Termination Notice (under Section V4) to a User and the Authority directs a Supplier of Last Resort in respect of a Terminated Supply Meter Point, then notwithstanding any other provision of Code, the Last Resort User shall become the Registered User of the Terminated Supply Meter Points, thereby accepting the benefit of the rights and the burden of obligations under Code, the Framework Agreement and any relevant Ancillary Agreement, in respect of the Terminated Supply Meter Points (including without limitation the payment of Transportation Charges and Energy Balancing Charges in respect thereof) with effect from and including the date of the appointment of the Supplier of Last Resort.
- 4.8.4 To assist the Last Resort User in exercising its rights and discharging its obligations in respect of the Terminated Supply Meter Points the CDSP shall use reasonable endeavours, subject to paragraphs 4.8.6, 4.8.7 and 4.8.8, to provide to the Last Resort User on the day of issue a copy of the TSMP Information which can be accessed by the Last Resort User through UK Link.
- 4.8.5 For the purposes of this paragraph 4.8:
- (a) the Transporter shall undertake a review of the Last Resort User's Code Credit Limit and (in the case of National Gas Transmission) Secured Credit Limit as soon as reasonably practicable following the day of notification, and shall advise the Last Resort User, as soon as reasonably practicable thereafter but in any event not later than 3 Days after the day of notification, of any further security that will be required to be provided by the Last Resort User in accordance with paragraph 4.2.5(b).
  - (b) in the event that following the review referred to in paragraph 4.2.5 the Transporter notifies the Last Resort User that additional security is required, then the Last Resort User shall be obliged to provide the requisite security in accordance with the Code or Energy Balancing Credit Rules (as appropriate) in favour of the Transporter (or National Gas Transmission) as soon as reasonably practicable thereafter but in any event no later than 14 Days of the day of notification and upon receipt of that security the Transporter shall revise the Last Resort User's Code Credit Limit (and/or in the case of National Gas Transmission) Secured Credit Limit (as appropriate) as soon as reasonably practicable thereafter but in any event no later than 14 Days after the date of notification to take effect from the date of that revision.
  - (c) in the event that security is required to be provided by the Last Resort User pursuant to paragraph 4.2.5 but the Last Resort User fails to provide the security in accordance with paragraph 4.2.5(b), then the Code Credit Limit and/or Secured Credit Limit (as appropriate) shall not be revised pursuant to this paragraph 4.2.5 and the Transporter shall be entitled to exercise those rights and remedies available to it pursuant to V3.3 or Section X, as appropriate.
- 4.8.6 By virtue of this paragraph 4.8.6 the Discontinuing User hereby is deemed to have given its written consent for the purposes of both paragraph V5.5.2(a) and Section 105 of the Utilities Act 2000 (as amended from time to time) to the Transporter to disclose to the Last Resort User the TSMP Information pursuant to paragraph 4.8.4 above.

4.8.7 It is acknowledged that the TSMP Information contains information which has been provided to the CDSP by the Discontinuing User and accordingly the Last Resort User hereby acknowledges and agrees that:

- (a) the TSMP Information disclosed to it pursuant to paragraph 4.8.4 above shall not have been independently verified;
- (b) it shall be solely responsible for making its own judgement and decision on the TSMP Information disclosed to it;
- (c) neither the CDSP nor any of its employees, agents, consultants, advisers or directors, accept responsibility for, or make any representation or warranty (express or implied) regarding, the accuracy or completeness of the content of the TSMP Information; and
- (d) the CDSP shall have no liability to the Last Resort User, in respect of any of the contents of the TSMP Information.

For the purposes of paragraph 4.8.4, the Last Resort User shall execute all such documents, deeds and assignments and perform such acts as the Transporter may reasonably require, including, without limitation, executing any relevant documents, deeds and assignments, or perform such acts, necessary to ensure compliance with the provisions of the Data Protection Act 2018 (as may be amended from time to time).

**4.9 Reclassification (as CSS or Non-CSS) of Supply Meter Points**

4.9.1 Where a CSS Supply Meter Point:

- (a) which is a Qualifying Supply Meter Point, is (pursuant to paragraph 9) to become a Shared Supply Meter Point; or
- (b) is or becomes Unlicensed

paragraph 4.9.4 shall apply for the purpose of ensuring that the Supply Meter Point becomes a Non-CSS Supply Meter Point.

4.9.2 Where a Non-CSS Supply Meter Point:

- (a) which is a Shared Supply Meter Point, is to cease to be a Shared Supply Meter Point (because it will longer be comprised in more than one Supply Point); or
- (b) is not or ceases to be Unlicensed (where it was or is Unlicensed)

paragraph 4.9.4 shall apply for the purpose of ensuring that the Supply Meter Point becomes a CSS Supply Meter Point.

4.9.3 For the purposes of this paragraph 4.9, a **“Relevant User”** is the Registered User or (as applicable) any of the Sharing Registered Users and (where the circumstances in paragraph 4.9.1 or 4.9.2 arise in connection with a Proposed Supply Point Registration) the Proposing User(s).

4.9.4 In the circumstances in paragraph 4.9.1 or 4.9.2:

- (a) the Registered User or (where applicable) Sharing Registered Users or

Proposing User(s) shall as soon as practicable notify the CDSP and (where applicable) the other Relevant User(s) of those circumstances (and on receipt of such notification the CDSP also may notify the other Relevant User(s));

- (b) the Relevant User(s) and the CDSP shall discuss and seek to agree a process (to include sequence, timetable and coordination of effectiveness, and consistent with the procedures referred to in paragraph 9.7.4, where applicable) for completion of the steps set out in paragraph 4.9.5 or 4.9.6 (as applicable) as soon as reasonably practicable;
- (c) where not agreed, the CDSP may decide and notify to the Relevant User(s) a reasonable process for those steps;
- (d) the Relevant User(s) and the CDSP shall take those steps in accordance with the agreed or decided process;
- (e) where any of those steps involve or depend on a CSS Process, the completion of the steps (and the reclassification of the Supply Meter Point) shall be conditional on the implementation of that CSS Process;
- (f) upon completion of those steps, the Supply Meter Point shall be reclassified as a CSS or (as the case may be) Non-CSS Supply Meter Point.

4.9.5 The steps to be taken in the circumstances in paragraph 4.9.1 are as follows:

- (a) (in a case within paragraph 4.9.1(a)), the steps set out in paragraph 9.3 (as if the Supply Meter Point were already a Non-CSS Supply Meter Point);
- (b) (in a case within paragraph 4.9.1(b)), the Relevant User(s) submit a Supply Point Nomination and Supply Point Confirmation (as if the Supply Meter Point were already a Non-CSS Supply Meter Point);
- (c) pursuant to the REC, the CDSP submits a Synchronisation Message to the CSS Provider to enable the deregistration.
- (d) pursuant to the REC, a Deregistration Request is submitted to the CSS Provider;

4.9.6 The steps to be taken in the circumstances in paragraph 4.9.2 are as follows:

- (a) the Registered User or (as applicable) Proposing User submits a Supply Point Nomination and (upon receiving a Supply Point Offer) a Supply Point Confirmation to reflect the applicable such circumstances (as if the Supply Meter Point were to remain a Non-CSS Supply Meter Point);
- (b) pursuant to the REC, the CDSP submits a Synchronisation Message to the CSS Provider (as if the Supply Meter Point were a New Supply Meter Point);
- (c) pursuant to the REC, an Initial Registration Notification (which may if the CDSP decides be a Transporter Initiated Registration) is submitted to the CSS Provider;
- (d) the Supply Point Registration (of the CSS Supply Point) will, if otherwise effective, be effective:

- (i) without the need for, and
- (ii) on the basis of the Registration Details under the Supply Point Nomination and Supply Point Confirmation (in paragraph (a)) as if they were set out in a Base Registration Nomination or (as applicable) Detail Registration Nomination.

## **5 SUPPLY POINT REGISTRATION – CSS SUPPLY POINTS**

### **5.1 General**

5.1.1 The Supplier registration processes under the REC determine when Users become and cease to be Registered Users of CSS Supply Points.

5.1.2 A User shall become the Registered User of a CSS Supply Point:

- (a) pursuant to the Switch Request or Initial Registration Request (including for Transporter Initiated Registration) process as provided in paragraph 5.2; or
- (b) pursuant to the Change of Shipper Request process as provided in paragraph 5.2.

5.1.3 A User shall cease to be the Registered User of a CSS Supply Point:

- (a) pursuant to the Switch Request or Change of Shipper Request process as provided in paragraph 5.2; or
- (b) pursuant to the Registration Deactivation Request process as provided in paragraph 5.6;
- (c) where the User becomes a Discontinuing User pursuant to a Termination Notice, with effect from the User Discontinuance Date.

5.1.4 A User shall not become, or cease to be, the Registered User of a CSS Supply Point except pursuant to the processes referred to in paragraphs 5.1.2 and 5.1.3.

5.1.5 The outcome (as to whether and when a User becomes or ceases to be the Registered User of a Supply Point, as provided in this paragraph 5) of the CSS Processes is binding on Parties for the purposes of the Code.

5.1.6 Unless and except as expressly provided in this paragraph 5:

- (a) neither the CDSP nor a Transporter is responsible for:
  - (i) verifying anything notified to it by the CSS Provider, or
  - (ii) notifying a User of any step or other event under a CSS Process;
- (b) neither the CDSP nor a Transporter is responsible for notifying the CSS Provider of any matter under the Code, other than:
  - (i) Shipper/Supplier Association Data;
  - (ii) Shipper/Transporter Association Data;

- (iii) details of a New Supply Meter Point as provided in paragraph 3.4.4;
- (iv) where a CSS Supply Meter Point becomes a Non-CSS Supply Meter Point, or a Non-CSS Supply Meter Point becomes a CSS Supply Meter Point, as provided in paragraphs 9.4.1 and 9.4.2; and
- (v) certain amendments of Registration Details in relation to a Supply Meter Point;

in each case pursuant to and in accordance with the REC;

- (c) the CDSP shall not be required to act on any communication from the CSS Provider which is not in accordance with the REC or in compliance with any CSS Process;
- (d) there is no basis under the Code by which a User may object to the outcome of any CSS Process;
- (e) there is no basis under the Code or otherwise by which a Supplier may communicate with the CDSP or a Transporter in respect of any CSS Process (but without prejudice to paragraph 4.5).

5.1.7 The operation of the Code shall not be affected in any way by any failure, error or delay in relation to any CSS Process (or any steps under the REC to correct the same), except pursuant to, and with effect from the Registration Effective Date of, a Relevant CSS Request or a further Relevant CSS Request.

5.1.8 This paragraph 5 sets out provisions for:

- (a) the Registration Request and Change of Shipper Request processes;
- (b) the basis on which a User may send proposed Registration Details in respect of a Proposed Supply Point;
- (c) the basis on which a Supply Point Registration will be effective;
- (d) the Registration Deactivation Request process;
- (e) the CDSP to maintain, and make available to the CSS Provider, Shipper/Supplier Association Data;
- (f) the CDSP to maintain, and make available to the CSS Provider, Shipper/Transporter Association Data.

## **5.2 Registration Request and Change of Shipper Request processes**

5.2.1 Pursuant to the REC, in relation to a Registrable Measurement Point which is a Supply Meter Point:

- (a) the Gaining Supplier may send a Switch Request to the CSS Provider;
- (b) an Energy Supplier may send an Initial Registration Request to the CSS Provider;

- (c) a Transporter may send an Initial Registration Request for a Transporter Initiated Registration to the CSS Provider;  
  
 (Switch Requests and Initial Registration Requests including for Transporter Initiated Registrations being collectively “**Registration Requests**”)
- (d) the Registered Supplier may send a Change of Shipper Request to the CSS Provider.

5.2.2 In this Section G:

- (a) **Relevant CSS Request** means a Registration Request or Change of Shipper Request as provided in paragraph 5.2.1;
- (b) a reference to the Supply Meter Point is to the Registrable Measurement Point for which a Relevant CSS Request is sent;
- (c) in relation to a Relevant CSS Request the **Relevant Supplier** is:
  - (i) in the case of a Switch Request, the Gaining Supplier;
  - (ii) in the case of a Initial Registration Request, except for a Transporter Initiated Registration, the Energy Supplier sending the Initial Registration Request;
  - (iii) in the case of a Initial Registration Request for a Transporter Initiated Registration, the Energy Supplier specified in the Initial Registration Request;
  - (iv) in the case of a Change of Shipper Request, the Registered Supplier sending the Change of Shipper Request;
- (d) **Definitive Registration Notification** means:
  - (i) in relation to a Registration Request, a Notification sent to the CDSP that the Registration Request is Secured Active as described in paragraphs 5.2.3(f)(i) and 5.2.3(f)(ii);
  - (ii) in relation to a Change of Shipper Request, a Synchronisation Message sent to the CDSP that the Change of Shipper Request has been accepted as described in paragraph 5.2.3(f)(ii);

in each case within the timescales in the UK Link Manual.

- (e) the **Registration Cut-off Time** in relation to a Relevant CSS Request is the time specified (whether by reference to the Registration Effective Date or the time at which a Definitive Registration Notification is to be sent) in the UK Link Manual.

5.2.3 Pursuant to the REC, where a Relevant CSS Request is sent to the CSS Provider:

- (a) the Relevant CSS Request will specify (among other things):
  - (i) the identity of the Relevant Supplier;

- (ii) the Supply Meter Point;
  - (iii) the Shipper which (if the Relevant CSS Request proceeds) is to arrange for conveyance of gas to the Supply Meter Point (**Nominated Shipper**);
  - (iv) the day with effect from which the transaction subject to the Relevant CSS Request is to be effective (the **Registration Effective Date**);
- (b) the CSS Provider validates:
- (i) that the Nominated Shipper is associated with the Relevant Supplier, on the basis of the prevailing Shipper-Supplier Association Data made available (as set out in paragraph 5.7) by the CDSP;
  - (ii) that the Nominated Shipper is a User in relation to the relevant System, and is not subject to a Registration Block Notice, on the basis of the prevailing Shipper-Transporter Association Data made available (as set out in paragraph 5.8) by the CDSP;
- (c) where the Relevant CSS Request is valid (as provided in paragraph (b) and otherwise as provided in the REC), the CSS Provider will notify the Relevant CSS Request to (among other persons) the CDSP, specifying the details (as specified in paragraph (a)) in the Relevant CSS Request and a unique reference by which the Relevant CSS Request is identified;
- (d) the Relevant CSS Request will not proceed if it is not valid, and if valid it may not proceed for other reasons, for example objection of the Losing Supplier to a Switch Request, or the Relevant Supplier withdrawing the Relevant CSS Request, as provided in the REC;
- (e) the CSS Provider will determine, at the time specified in the REC before the Registration Effective Date whether (pursuant to the provisions of the REC) the Relevant CSS Request will proceed;
- (f) if the CSS Provider determines that the Relevant CSS Request will proceed:
- (i) in the case of a Registration Request, the CSS Provider will issue to the CDSP (and other persons as provided in the REC) a Notification that the Registration Request is Secured Active;
  - (ii) in the case of a Change of Shipper Request, the CSS Provider will issue to the CDSP (and other persons as provided in the REC) a Synchronisation Message that the Change of Shipper Request is accepted;
- (g) the Definitive Registration Notification is final and not capable of revocation or amendment.

#### 5.2.4 If the CSS Provider sends a Definitive Registration Notification to the CDSP:

- (a) the CDSP will, within the timescales in the UK Link Manual, notify the outcome of the Relevant CSS Request:

- (i) to the Nominated Shipper; and
  - (ii) in the case of a Switch Request or Change of Shipper Request, to the Existing Registered User;
- (b) with effect from 05:00 hours on the Registration Effective Date:
- (i) the Nominated Shipper becomes the Registered User of a Supply Point comprising the Supply Meter Point;
  - (ii) in the case of a Switch Request or Change of Shipper Request, the Existing Registered User ceases to be the Registered User of the Existing Supply Point comprising the Supply Meter Point;
- (c) the Supply Point Registration (under paragraph (b)(i)) is on the basis of Registration Details determined as provided in paragraph 5.5.
- 5.2.5 During the Relevant CSS Request process the Nominated Shipper will have access to Proposed Registration Details concerning the Proposed Supply Point in accordance with paragraph 3 of Annex G-1.
- 5.2.6 If the CSS Provider notifies the CDSP of a Switch Request or Change of Shipper Request in which the Nominated Shipper is the same as the Existing Registered User, this paragraph 5 (including paragraph 5.5) shall apply in the same way as to any other Relevant CSS Request.
- 5.2.7 The processes (in relation to a Switch Request or Change of Shipper Request) in this paragraph 5.2, excluding paragraphs 5.2.4(a)(ii) and (b)(ii) and 5.2.6, will apply even where there is no Existing Registered User of a Supply Meter Point because the last Registered User has become a Discontinuing User pursuant to a Termination Notice.

### 5.3 Proposed Registration Details

- 5.3.1 A User may send to the CDSP:
- (a) in relation to any CSS Supply Meter Point, and a particular Supplier, a notice (“**Base Registration Nomination**”) setting out certain proposed Registration Details;
  - (b) in relation to a CSS Supply Meter Point which is, or pursuant to a Base Registration Nomination would be, a Class 1 or Class 2 Supply Meter Point (a “**Class 1 or 2 Supply Meter Point**”), or any other Larger CSS Supply Point, a notice (“**Detail Registration Nomination**”) setting out certain proposed Registration Details, including in the case of Class 1 or 2 Supply Meter Point, of a kind which may require a Transporter Referral in accordance with paragraph 4.3,

which (in each case) the User proposes to be effective and form the basis of the Supply Point Registration if, pursuant to a Relevant CSS Request, the User becomes the Registered User of a Supply Point comprising such Supply Meter Point.

- 5.3.2 A User shall send Base Registration Nominations and Detail Registration Nominations only where:

- (a) the requirement in paragraph 3.2.4(c) is met, and
- (b) the User in good faith considers such nominations may become operative in relation to a Relevant CSS Request as provided in paragraph 5.5;

and by sending a Base Registration Nomination and where applicable Detail Registration Nomination, a User agrees that (if the Base Registration Nomination becomes Operative in relation to a Relevant CSS Request) the proposed or offered Registration Details shall form the basis of the Supply Point Registration.

5.3.3 A User may not notify or otherwise determine the Registration Details of a Proposed Supply Point Registration except pursuant to a Base Registration Nomination and (where applicable) a Detail Registration Nomination in accordance with the Code.

5.3.4 A Base Registration Nomination:

- (a) shall specify:
  - (i) the identity of the User;
  - (ii) the Supply Meter Point;
  - (iii) the Relevant Supplier;
  - (iv) proposed Registration Details as set out in paragraph 4 of Annex G-1; and
- (b) may, and in relation to a Class 1 or 2 Supply Meter Point shall, specify a particular Detail Registration Response (identified by its unique reference) which is effective, in accordance with paragraph 5.3.13 (disregarding paragraph 5.3.13(a)(ii)(1)), at the time at which the Base Registration Nomination is sent.

5.3.5 Pursuant to paragraph 5.3.4(b), a User may not send a Base Registration Nomination in respect of a Class 1 or 2 Supply Meter Point unless:

- (a) the User has sent (in relation to the Supply Meter Point) a Detail Registration Nomination and received from the CDSP a Detail Registration Response in response; and
- (b) such Detail Registration Response remains effective when the Base Registration Nomination is sent.

5.3.6 A User may:

- (a) send a Base Registration Nomination before or (without prejudice to paragraph 5.5.1(b)(i)(1)) after the start of a Relevant CSS Request process;
- (b) send different Base Registration Nominations for different Relevant Suppliers in relation to the same Supply Meter Point;
- (c) specify the same Detail Registration Response in more than one Base Registration Nomination, subject to paragraph 5.3.8(b);
- (d) where it has sent a Base Registration Nomination which remains effective, send a further Base Registration Nomination for the same Relevant Supplier and

Supply Meter Point (which will replace the earlier Base Registration Nomination subject to and in accordance with paragraph 5.3.8(b)).

- 5.3.7 Where a User sends a Base Registration Nomination the CDSP will (within the timescales in the UK Link Manual):
- (a) if the Base Registration Nomination is valid in accordance with paragraph 4 in Annex G-1, notify the Proposing User that the Base Registration Nomination is accepted; or
  - (b) if it is not so valid, notify the Proposing User that the Base Registration Nomination is rejected (in which case it shall have no effect).
- 5.3.8 A Base Registration Nomination which is accepted by the CDSP:
- (a) will be effective:
    - (i) from the time at which the CDSP notifies the Proposing User that it is accepted;
    - (ii) subject to paragraphs (b) and (c), for a period of 60 Days from and including the Day on which it was accepted by the CDSP;
  - (b) subject to paragraph 5.5.4(a), will cease to have effect on and from the Day on which a further Base Registration Nomination, from the same User and for the same Supply Meter Point and Relevant Supplier, is accepted by the CDSP; and accordingly a User may at any time have only one Base Registration Nomination in effect for a given Supply Meter Point and Relevant Supplier and (if specified) Detail Registration Response;
  - (c) will cease to have effect:
    - (i) if the Base Registration Nomination has ceased to be valid in accordance with paragraph 4 in Annex G-1, subject to paragraph 5.5.3(a);
    - (ii) in the case of a Class 1 or 2 Supply Meter Point, if the specified Detail Registration Response ceases to have effect in accordance with paragraph 5.3.13(b), subject to paragraph 5.4.5; or
    - (iii) in accordance with paragraph 5.5.6.
- 5.3.9 A Detail Registration Nomination shall specify:
- (a) the identity of the User;
  - (b) the Supply Meter Point;
  - (c) proposed Registration Details (as applicable in respect of the Proposed Supply Point) as set out in paragraph 4 of Annex G-1.
- 5.3.10 A User may:
- (a) send a Detail Registration Nomination before or (without prejudice to paragraph 5.5.5(b)) after the start of a Relevant CSS Request process;

- (b) send (without prejudice to paragraph 5.3.2) any number of Detail Registration Nominations in relation to the same Supply Meter Point.

5.3.11 Where a User sends a Detail Registration Nomination, the CDSP will (within the timescales in the UK Link Manual):

- (a) if the Detail Registration Nomination is valid in accordance with paragraph 4 in Annex G-1 and (if it relates to a Class 1 or 2 Supply Meter Point) does not require a Transporter Referral in accordance with paragraph 4.3.1, notify the Proposing User that the Detail Registration Nomination is accepted; or
- (b) if the Detail Registration Nomination is not valid in accordance with paragraph 4 in Annex G-1, notify the Proposing User that the Detail Registration Nomination is rejected;
- (c) if the Detail Registration Nomination relates to a Class 1 or 2 Supply Meter Point and requires a Transporter Referral but otherwise is valid in accordance with paragraph 4 in Annex G-1:
  - (i) notify the Proposing User that the Detail Registration Nomination is subject to a Transporter Referral;
  - (ii) upon receiving from the Transporter the response (as provided in paragraph 4.3.2(b)) to the Transporter Referral:
    - (1) where on the basis of the Transporter's response, the Detail Registration Nomination is not valid, notify the Proposing User that the Detail Registration Nomination is rejected;
    - (2) otherwise, notify the Proposing User that the Detail Registration Nomination is accepted and provide Registration Details (as provided in Annex G-1) on the basis of the Transporter's response.

5.3.12 For the purposes of this Section G, a “**Detail Registration Response**” is the CDSP's response to a valid Detail Registration Nomination under paragraph 5.3.11(a) or paragraph 5.3.11(e)(ii)(2), specifying Registration Details:

- (a) as proposed in, or provided in response to, in the Detail Registration Nomination; and
- (b) in a case within paragraph 5.3.11(e)(ii)(2), reflecting the Transporter's response.

5.3.13 A Detail Registration Response:

- (a) will be effective:
  - (i) from the CDSP's notification that the Detail Registration Nomination is accepted under paragraph 5.3.11(a) or (as the case may be) paragraph 5.3.11(e)(ii)(2);
  - (ii) subject to paragraph (b), and paragraph 5.4.4:
    - (1) for a period of 6 months from and including the Day of the

CDSP's notification referred to in paragraph (a); and

- (2) in relation to a Base Registration Nomination sent within such 6 month period, in which it is the specified Detail Registration Response, for the period of effectiveness of such Base Registration Nomination;
- (b) will cease to have effect:
- (i) if the CDSP notifies the Proposing User that:
    - (1) it has ceased to be valid in accordance with paragraph 5.4.3;
    - (2) the Exit Zone specified by the CDSP in the Detail Registration Response is no longer correct; or
  - (ii) in accordance with paragraph 5.5.6.

5.3.14 Where Annex G-1 provides that any Registration Details in a Detail Registration Response may be disputed by the Proposing User, the Proposing User may (if it disputes such details) re-send the Detail Registration Nomination stating the correct basis on which it believes such details should be determined, with supporting evidence for such determination.

5.3.15 A Detail Registration Nomination has no effect in connection with any Supply Point Registration unless the Detail Registration Response is specified (as provided in paragraph 5.5.5(a)) in an accepted Base Registration Response which is Operative (as provided in paragraph 5.5.1) for that Supply Point Registration.

## **5.4 Supply Point Capacity**

5.4.1 This paragraph 5.4 applies only in relation to Class 1 and 2 Supply Meter Points.

5.4.2 A Detail Registration Nomination shall not be valid if, as at the date of receipt of the Detail Registration Nomination by the CDSP the Absolute Requirement is not satisfied in respect of the Nominated Supply Point Capacity and (as applicable) the Nominated Supply Point Offtake Rate.

5.4.3 Subject to paragraph 5.4.5, a Detail Registration Response shall cease to be valid if, as a result of a Supply Point Ratchet, the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity.

5.4.4 Subject to paragraph 5.4.5, a Detail Registration Response shall be ineffective:

- (a) in relation to a Relevant CSS Request for which the Registration Effective Date falls outside the Capacity Reduction Period if the Offered Supply Point Capacity is less than the Prevailing Supply Point Capacity;
- (b) in the event that the Current Year Minimum Supply Point Capacity is not satisfied in respect of the Nominated Supply Point Capacity and the Nominated Supply Point Offtake Rate.

- 5.4.5 If, after a Base Registration Response (which specifies the Detail Registration Response) has become Operative in relation to a Relevant CSS Request, the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity:
- (a) as a result of a Supply Point Amendment made by the Existing Registered User, the Offered Supply Point Capacity shall be unchanged;
  - (b) a result of a Supply Point Ratchet, the Offered Supply Point Capacity shall automatically be increased to the Prevailing Supply Point Capacity following the Supply Point Ratchet;

and in either case the Detail Registration Response shall remain valid and shall not be ineffective in relation to the Relevant CSS Request, whether or not the Registration Effective Date is within the Capacity Reduction Period.

## 5.5 Operative Base Registration Nomination and Basis of Supply Point Registration

- 5.5.1 A Base Registration Nomination becomes “**Operative**” in relation to a Relevant CSS Request:
- (a) at the later of:
    - (i) the time when the Base Registration Nomination is accepted by the CDSP, and
    - (ii) the time when the CSS Provider notifies the CDSP (as referred to in paragraph 5.2.3(c)) of the valid Relevant CSS Request;
  - (b) if the following conditions are met:
    - (i) the Base Registration Nomination:
      - (1) in a case within paragraph (a)(i), is accepted before the Registration Cut-off Time;
      - (2) in a case within paragraph (a)(ii), is effective at the time referred to in that paragraph; and
    - (ii) the Proposing User, Supplier and Supply Meter Point under the Base Registration Nomination are the same as the Nominated Shipper, Relevant Supplier and Supply Meter Point under the Relevant CSS Request; and
    - (iii) in relation to a Class 1 or 2 Supply Meter Point, the specified Detail Registration Response is not ineffective in relation to the Relevant CSS Request in accordance with paragraphs 5.3.13(b), 5.4.4 or 5.4.5;
    - (iv) the Registration Effective Date falls within the period within which the Base Registration Nomination is effective (in accordance with paragraph 5.3.8) at the Registration Cut-off Time; and
    - (v) the Base Registration Nomination is not invalid in accordance with paragraph 4.11 of Annex G-1.

- 5.5.2 The CDSP will notify the Proposing User when a Base Registration Nomination becomes Operative in relation to a Relevant CSS Request.
- 5.5.3 Where a Base Registration Nomination has become Operative in relation to a Relevant CSS Request:
- (a) the Base Registration Nomination shall not cease to be Operative in relation to that Relevant CSS Request by reason of its subsequently ceasing to be valid under Annex G-1 (and any such subsequent invalidity shall be disregarded in relation to that Relevant CSS Request);
  - (b) the Base Registration Nomination shall remain Operative until and unless:
    - (i) a further Base Registration Nomination is sent which supersedes (under paragraph 5.3.8(b)) the Base Registration Nomination; or
    - (ii) the CSS Provider notifies the CDSP that the Relevant CSS Request will not proceed; or
    - (iii) a Definitive Registration Notification is not issued to the CDSP by the time (before the Registration Effective Date) specified in the REC;
  - (c) the Base Registration Nomination cannot, while it remains Operative in relation to that Relevant CSS Request, become Operative in relation to another Relevant CSS Request;
  - (d) if the Base Registration Nomination ceases to be Operative (in accordance with paragraph (b)(ii) or (iii)) it shall, if otherwise valid and effective, continue to be effective subject to and in accordance with paragraph 5.3.8.
- 5.5.4 Where a Base Registration Nomination (the 'earlier' nomination) has become Operative in relation to a Relevant CSS Request and after the Registration Cut-off Time a further Base Registration Nomination (the 'later' nomination) is subsequently accepted:
- (a) while the earlier Base Registration Nomination remains Operative the later Base Registration Nomination:
    - (i) shall not supersede the earlier Base Registration Nomination, but
    - (ii) will (if a Definitive Registration Notification is sent for the Relevant CSS Request) be effective (for any subsequent Relevant CSS Request) from the Supply Point Registration Date;
  - (b) if (under paragraph 5.5.3(b)(ii) or (iii)) the earlier Base Registration Nomination ceases to be Operative, it shall be superseded (in accordance with paragraph 5.3.8(b)) by the later Base Registration Nomination.
- 5.5.5 Where a User becomes the Registered User of a Supply Point pursuant to a Relevant CSS Request:
- (a) if the User has sent a Base Registration Nomination which is Operative (in accordance with this paragraph 5.5.1) in relation to the Relevant CSS Request:
    - (i) the Supply Point Registration shall incorporate the Registration Details

in such Base Registration Nomination; and

- (ii) in the case of a Class 1 or 2 Supply Meter Point, the Supply Point Registration shall be effective on the basis of the Offered Supply Point Capacity and Supply Point Offtake Rate; and
- (iii) otherwise incorporate the Registration Details in the specified Detail Registration Response, subject to paragraph 5.4.5(b);

- (b) except as provided in paragraph (a), the Supply Point Registration shall be on the basis set out in Annex G-1.

5.5.6 For the avoidance of doubt, where paragraph 5.5.5(a) applies, the relevant Base Registration Nomination and (where applicable) Detail Registration Nomination have no further effect after the Supply Point Registration Date.

## 5.6 Deregistration

5.6.1 Pursuant to the REC:

- (a) the Registered Supplier may submit to the CSS Provider a Deregistration Request in respect of a CSS Supply Meter Point;
- (b) a Deregistration Request will specify (among other things):
  - (i) the Registered Supplier;
  - (ii) the Registered User;
  - (iii) the Supply Meter Point;
  - (iv) the date with effect from which the request is to be effective;
- (c) the Deregistration Request will not be accepted unless the Supply Meter Point is Dormant or Terminated (and it may not be accepted for other reasons as provided in the REC);
- (d) if the Deregistration Request is accepted the CSS Provider will send a Synchronisation Message to the CDSP specifying the details in paragraph (b).

5.6.2 If the CSS Provider sends a Synchronisation Message to the CDSP that a Deregistration Request is accepted within the timescales in the UK Link Manual, with effect from 05.00 hours on the effective date of the request:

- (a) the Registered User of the Supply Point comprising the Supply Meter Point will cease to be Registered User; and
- (b) the Supply Point Registration will be cancelled.

## 5.7 Shipper-Supplier Association Data

5.7.1 The CDSP shall maintain a data set (**Shipper-Supplier Association Data**) which sets out

- (a) the identity of each User; and
  - (b) for each such User, the identity of one or more Suppliers (each an **Authorised Supplier**).
- 5.7.2 The CDSP will make available the prevailing Shipper-Supplier Association Data to the CSS Provider.
- 5.7.3 A User is deemed for the purposes of the Code to have agreed to be nominated as Nominated Shipper in a Relevant CSS Request by any Authorised Supplier for any CSS Supply Meter Point.
- 5.7.4 A User may request the CDSP to modify the Shipper-Supplier Association Data by adding or removing any Supplier as an Authorised Supplier by giving notice (**SSAD Modification Request**) to the CDSP specifying:
- (a) the identity of each Supplier which is to be added as an Authorised Supplier;
  - (b) the identity of each Supplier which is to be removed as an Authorised Supplier.
- 5.7.5 A User may not introduce any condition, restriction or other qualification into the Shipper-Supplier Association Data or any modification of such data.
- 5.7.6 Where the the CDSP receives a SSAD Modification Request, the CDSP will modify the Shipper-Supplier Association Data in accordance with the SSAD Modification Request in the timescales specified in the UK Link Manual.
- 5.7.7 A SSAD Modification Request shall have no effect:
- (a) in relation to a Relevant CSS Request for which the CSS Provider has completed the validation described in paragraph 5.2.3(b)(i) prior to the time when the CDSP modifies the Shipper-Supplier Association Data;
  - (b) in relation to any existing Supply Point Registration.
- 5.7.8 Where National Gas Transmission gives a Termination Notice under Section V4, with effect from the User Discontinuance Date the CDSP will modify the Shipper-Supplier Association Data to remove the Discontinuing User and (in relation to it) its Authorised Suppliers.
- 5.7.9 The Shipper-Supplier Association Data may not be modified except pursuant to paragraph 5.7.6 or 5.7.8 (and in particular the CDSP will not modify such data on the basis that the CDSP is aware that a Supplier has had its supply licence revoked or ceased to be party to the REC).

## **5.8 Shipper-Transporter Association Data**

- 5.8.1 The CDSP shall maintain a data set (**Shipper-Transporter Association Data**) which sets out
- (a) the identity of each Transporter; and
  - (b) for each such Transporter:

- (i) the identity of each Shipper which is a User;
- (ii) for each such Shipper, whether there is a Registration Block Notice in force in accordance with Section S3.5.3(b) or Section V3.3.2(c).

5.8.2 The CDSP will update the Shipper-Transporter Association Data:

- (a) to reflect a Shipper becoming a User in relation to a Transporter, with effect from 05.00 on the User Accession Date;
- (b) where a Transporter gives a Termination Notice under Section V4, with effect from the User Discontinuance Date the CDSP will modify the Shipper-Supplier Association Data to remove the Discontinuing User:
  - (i) in relation to that Transporter, or
  - (ii) (where the Termination Notice was given by National Gas Transmission) in relation to all Transporters.

5.8.3 The CDSP will update the Shipper-Transporter Association Data to reflect:

- (a) a Registration Block Notice, or
- (b) the withdrawal of a Registration Block Notice

given by a Transporter to the CDSP under Section S3.5.3(b) or V3.3.2(c) in relation to a User, within the timescales in the UK Link Manual.

5.8.4 The Shipper-Transporter Association Data may not be updated or modified except pursuant to paragraph 5.8.2 or 5.8.3.

## **6 SUPPLY POINT REGISTRATION – NON-CSS SUPPLY POINTS**

### **6.1 Introduction**

6.1.1 A User may apply to become the Registered User in respect of a Non-CSS Supply Point in accordance with this paragraph 6.

6.1.2 In this paragraph 6 any reference to a Supply Meter Point or to a Supply Point is to a Non-CSS Supply Meter Point or to a Non-CSS Supply Point.

6.1.3 In order for a User to become the Registered User in respect of a Supply Point:

- (a) where the Proposed Supply Point is a Larger Supply Point, then the User must make a Supply Point Nomination in accordance with paragraph 6.4, in response to which the CDSP will (subject as provided in this Section G) submit to the Proposing User a Supply Point Offer in accordance with paragraph 6.5; and
- (b) the Proposing User must make a Supply Point Confirmation in accordance with paragraphs 6.6 to 6.8 which become effective in accordance with paragraphs 6.9, 6.10 and 7.2.4.

6.1.4 In respect of a Proposed Supply Point Registration:

- (a) a **“Supply Point Nomination”** is a communication by a Proposing User in respect of a Larger Supply Point requesting a Supply Point Offer from the CDSP;
  - (b) a **“Supply Point Offer”** is a communication by the CDSP to a Proposing User providing information in respect of a Larger Supply Point; and
  - (c) a **“Supply Point Confirmation”** is a communication by a Proposing User to the CDSP requesting Supply Point Registration in respect of a Proposed Supply Point.
- 6.1.5 The Code provides that the CDSP will reject in certain cases a Supply Point Nomination or Supply Point Confirmation; and any reference in this Section G to such a rejection by the CDSP is to a rejection in accordance with any such provision of the Code.
- 6.1.6 Unless the context otherwise requires, references in this Section G to Registration Details to details to be included in a Supply Point Nomination, Supply Point Offer or Supply Point Confirmation are to details which would (if the Proposing User submits a Supply Point Confirmation and/or if the Supply Point Confirmation becomes effective) apply in respect of the Proposed Supply Point Registration.
- 6.1.7 Subject to paragraph 6.9.3, the Proposing User will not be entitled to have access to the identity of the Existing Registered User(s).
- 6.1.8 A **“Supply Point Reconfirmation”** or a **“Supply Point Renomination”** is a Supply Point Confirmation or (as the case may be) Supply Point Nomination submitted by the Existing Registered User of an Existing Supply Point; and where the Code provides for a Supply Point Reconfirmation to be made in respect of a Larger Supply Point, the Code shall be deemed also to provide for an appropriate Supply Point Renomination to be made.
- 6.2 Not Used**
- 6.3 Not Used**
- 6.4 Supply Point Nomination**
- 6.4.1 A User may make a Supply Point Nomination in respect of a Larger Supply Point in accordance with paragraph 6.1.3 and this paragraph 6.4. Where a Proposing User wishes to make a Supply Point Nomination in respect of a Larger Supply Point for the purpose of in the case of an LDZ Supply Point increasing Supply Point Capacity for such Supply Point then the Proposing User may use the following process:
- (a) (provided that the Proposed Supply Point will be an Existing Supply Point) the User may submit, as appropriate, one or more Supply Point Nominations in accordance with this paragraph 6.4 to nominate in the case of an LDZ Supply Point the prevailing Supply Point Capacity any such Supply Point Nomination shall be referred to as a **“Supply Point First Nomination”**); and
  - (b) at any time up to the date of the Supply Point Offer in respect of the Supply Point First Nomination the User may also submit, as appropriate, in accordance with this paragraph 6.4, one or more Supply Point Nominations to in the case of an LDZ Supply Point increase the Supply Point Capacity (and any such Supply Point nomination shall be referred to as **“Supply Point Second Nomination”**).

- 6.4.2 A Supply Point Nomination shall specify:
- (a) the identity of the Proposing User;
  - (b) the Supply Meter Point Reference Number in respect of the Supply Meter Point comprised in the Proposed Supply Point;
  - (c) in respect of that Supply Meter Point:
    - (i) the Meter Post Code;
    - (ii) the proposed Class of the Supply Meter Point;
    - (iii) where the Proposed Supply Point includes a Class 3 Supply Meter the proposed Batch Period for the Supply Meter;
  - (d) in the case of an LDZ Supply Point where the Proposed Supply Point is a DM Supply Point, the proposed Supply Point Capacity and proposed Supply Point Offtake Rate in respect of the DM Supply Point, in compliance with the requirements of Annex B-3;
  - (e) where the Proposed Supply Point is a Class 4 Supply Meter Point the Meter proposed Read Frequency;
  - (f) any other details which are required to be specified in any particular case pursuant to any provision of this Section G;
  - (g) where the User wishes to apply for the LDZ Optional Capacity Rate, the LDZ Specified Exit Point;
  - (h) if the Supply Point is an Eligible Exit Point and the User wishes to make a CNCCD Election in respect of such Supply Point, the Nominated Exit Point and the Nominated Entry Point.
- 6.4.3 Not Used.
- 6.4.4 Where a User makes a Supply Point Nomination:
- (a) except where a Transporter Referral is required (in which case paragraph 4.3.2 applies) the CDSP will submit a Supply Point Offer (in accordance with paragraph 6.5), or reject the Supply Point Nomination (in accordance with paragraph 6.4.6) within 2 Supply Point Systems Business Days after the Supply Point Nomination was submitted;
  - (b) where a Transporter Referral is required, the CDSP will submit a Supply Point Offer (in accordance with paragraph 6.5) or reject the Supply Point Nomination (in accordance with paragraph 6.4.6) within 2 Supply Point System Business Days of receipt of a response from the Transporter (as provided in paragraph 4.3.2).
- 6.4.5 If the CDSP does not comply with paragraph 6.4.4 it will in any event reject the Supply Point Nomination or make a Supply Point Offer as soon as reasonably practicable.
- 6.4.6 The CDSP will reject the Supply Point Nomination where:

- (a) the Supply Point Nomination is not made strictly in accordance with the requirements of paragraph 6.4.2;
- (b) the Supply Meter Point Reference Number specified pursuant to paragraph 6.4.2(b) is not identified in the Supply Point Register with the Meter Post Code specified pursuant to paragraph 6.4.2(c);
- (c) if the Proposed Supply Point comprises a NExA Supply Meter Point, and the Network Exit Agreement is one to which the User is required to be a party, the User has not become a party,

and the CDSP will reject the Supply Point Nomination where the Supply Point Nomination does not comply with any other requirement provided for in this Section G, where the Transporter has instructed the CDSP to reject the Supply Point Nomination or in accordance with Section V3 or in any other case where such rejection is provided for in the Code.

6.4.7 Where the CDSP rejects the Supply Point Nomination the CDSP will inform the Proposing User of the reason (under paragraph 6.4.6) for such rejection (and where such rejection was pursuant to paragraph 6.4.6(a), the requirement of paragraph 6.4.2 which was not complied with)).

## **6.5 Supply Point Offers**

6.5.1 Where the CDSP does not reject (in accordance with paragraph 6.4.5 or 6.4.6) a Supply Point Nomination, the CDSP will submit to the Proposing User a Supply Point Offer in accordance with this paragraph 6.5.

6.5.2 A Supply Point Offer will specify in relation to the Proposed Supply Point:

- (a) the identity of the Proposing User;
- (b) the address of the Supply Point Premises;
- (c) in respect of the Supply Meter Point comprised in the Proposed Supply Point Registration:
  - (i) the Supply Meter Point Reference Number;
  - (ii) the manufacturer's serial number;
  - (iii) the Class of the Supply Meter Point;
  - (iv) for each Class 3 Supply Meter, the Batch Period for the Supply Meter;
  - (v) where the Proposed Supply Point comprises a Sub-deduct Meter Point the Meter Link Code for the Supply Meter Point;
- (d) where the Proposed Supply Point is a Class 3 or 4 Supply Meter Points:
  - (i) the Applicable End User Category in accordance with Section H1.7;
  - (ii) in the case of an LDZ Supply Point, Supply Point Capacity (in accordance with Section H4.1); and

- (iii) in the case of a Class 4 Supply Meter the Meter Read Frequency for the Supply Meter;
- (e) in the case of an LDZ Supply Point where the Proposed Supply Point comprises a Class 1 or 2 Supply Meter Point:
  - (i) details in respect of Supply Point Capacity and Supply Point Offtake Rate in accordance with paragraph 6.5.3;
  - (ii) whether the Proposed Supply Point is a Firm Supply Point or an Interruptible Supply Point;
- (f) the Exit Zone and (where applicable) LDZ in which the Proposed Supply Point is located;
- (g) the Annual Quantity for the Supply Meter Point;
- (h) in the case of a Proposed Supply Point, which is an NTS Supply Point, the Maximum NTS Exit Point Offtake Rate;
- (i) in the case of a Proposed Supply Point comprising a Class 3 or Class 4 Supply Meter Point, the Formula Year Annual Quantity for the Supply Meter Point;
- (j) the relevant Supply Point Transportation Charges;
- (k) a number by which the Supply Point Offer may uniquely be identified;
- (l) where a User has made a Supply Point Nomination in accordance with paragraph 6.4.2(g) or (h):
  - (i) the relevant Straight Line Distance, the six figure grid references, the capacity of the Proposed Supply Point and the CNCC Discount;
  - (ii) the Notional NTS Connection Point, the distance between the Notional NTS Connection Point and the Proposed Supply Point, the eight figure grid references, the capacity of the Proposed Supply Point and the LDZ Optional Capacity Rate;
- (m) the identity of the Gas Act Owner; and
- (n) the identity of the Meter Asset Manager.

6.5.3 In the case of an LDZ Supply Point where the Proposed Supply Point is a DM Supply Point:

- (a) the Supply Point Capacity (“**Offered Supply Point Capacity**”) specified in the Supply Point Offer shall be, subject to Annex B-3, paragraph 6, the Nominated Supply Point Capacity (provided that where the Nominated Supply Point Capacity is less than the Prevailing Supply Point Capacity, paragraph 6.8.3 shall apply);
- (b) subject to Annex B-3, paragraph 6, the Supply Point Offtake Rate specified in the Supply Point Offer shall be the Nominated Supply Point Offtake Rate.

- 6.5.4 Subject to paragraphs 6.5.5 and 6.8.3, and unless and until a Supply Point Confirmation is made which becomes effective, a Supply Point Offer will remain valid for a period of six (6) months after it was made.
- 6.5.5 In the case of an LDZ Supply Point where the Proposed Supply Point is a DM Supply Point, at any time at which the Proposing User has not submitted a Supply Point Confirmation:
- (a) if the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of the occurrence in any month of a Supply Point Ratchet (pursuant to Section B4.7) in respect of any Existing Supply Point the CDSP will so notify the Proposing User whereupon the Supply Point Offer will lapse (but without prejudice to any Supply Point Confirmation submitted before such notification was given, in respect of which paragraph 6.8.4 will apply);
  - (b) if the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of a Capacity Revision Application (in accordance with Annex B-3, paragraph 7.2) made by the Registered User for an increase in Supply Point Capacity in respect of any Existing Supply Point, paragraph 6.8.3 shall apply.
- 6.5.6 The CDSP will inform the Proposing User of the application of paragraph 6.8.3 pursuant to paragraph 6.5.5(a) within 5 Supply Point Systems Business Days after the occurrence of the event giving rise to the application of paragraph 6.8.3.
- 6.5.7 Where during the period for which a Supply Point Offer remains valid:
- (a) in the case of an NDM Supply Point, the Formula Year Annual Quantity of the Proposed Supply Point is revised pursuant to a notice by an Existing Registered User under paragraph 2.3.20 or 2.3.22, or such NDM Supply Point belongs to a different End User Category, from the Formula Year Annual Quantity or End User Category specified in the Supply Point Offer:
    - (i) the CDSP will notify the Proposing User of the revised Formula Year Annual Quantity or End User Category;
    - (ii) the Supply Point Offer shall be deemed to be modified accordingly (and shall remain valid);
  - (b) the details of the Supply Point Transportation Charges are (upon a change in Formula Year Annual Quantity or End User Category of any Supply Meter Point or the coming into force of a new Transportation Statement or otherwise) revised, the CDSP will not and is not required to notify the Proposing User of such change, and the Proposing User will be informed of the revised details only if it makes a Supply Point Confirmation which becomes effective.
- 6.5.8 There may be any number of Supply Point Offers outstanding, to different Proposing Users, in respect of a Proposed Supply Point or Proposed Supply Points comprising the same Supply Meter Point.
- 6.5.9 The details contained in a Supply Point Offer of the matters set out in paragraph 6.5.10 shall be binding upon the Transporter and the Proposing User where the User submits a Supply Point Confirmation in respect of such Supply Point Offer, notwithstanding any

error in the details so stated (but without prejudice to the ability of the CDSP to withdraw a Supply Point Offer containing such erroneous details before a Supply Point Confirmation has been submitted).

6.5.10 The matters referred to in paragraph 6.5.9 are:

- (a) the Supply Meter Point comprised in the Proposed Supply Point;
- (b) the Annual Quantity, End User Category and, in the case of an LDZ Supply Point, the Supply Point Capacity of the Proposed Supply Point.

6.5.11 Except as provided in paragraph 6.5.9, where any detail contained in a Supply Point Offer is incorrectly stated:

- (a) such error shall not bind the Transporter or the Proposing User and shall not prejudice the proper determination of such detail; and
- (b) a Supply Point Confirmation made on the basis of such Supply Point Offer shall be valid notwithstanding such error.

6.5.12 Where the User disputes the distance specified by the CDSP under paragraph 6.5.2(k), the User may resubmit a Supply Point Nomination for the Proposed Supply Point stating alternative eight figure grid references for the Proposed Supply Point and the Notional NTS Connection Point as appropriate with supporting evidence of calculation.

## **6.6 Supply Point Confirmations: General**

6.6.1 A User may submit a Supply Point Confirmation to the CDSP:

- (a) in respect of an Existing Smaller Supply Point or a New Smaller Supply Point (pursuant to the establishment of a New Supply Meter Point in accordance with Annex G-3, paragraph 1.1.1(f)(i)), in accordance with paragraph 6.7, at any time;
- (b) in respect of a Larger Supply Point, in accordance with paragraph 6.8, after making a Supply Point Nomination, at any time where the condition in paragraph 6.6.2 is satisfied; or
- (c) in respect of a Supply Point where information has been specified in accordance with paragraph 6.5.2(k) provided that a Supply Point Offer made in respect of paragraphs 6.5.2(a) to 6.5.2(j) and has been or, is simultaneously being confirmed by the User under this paragraph 6.6.1.

6.6.2 The condition referred to in paragraph 6.6.1(b) is that:

- (a) the Supply Point Confirmation is made at a time at which the Supply Point Offer remains (in accordance with paragraph 6.5.4) valid; and
- (b) in the circumstances in paragraph 6.8.3, the Proposed Supply Point Registration Date is within the Capacity Reduction Period.

6.6.3 By making a Supply Point Confirmation in respect of a Proposed Supply Point the Proposing User:

- (a) warrants:
  - (i) that; or
  - (ii) where the User will not be the Supplier, that the Supplier (or if there is more than one Supplier, the Suppliers between them) has (or have) warranted to the User that

as at the Proposed Supply Point Registration Date there will be in force a contract or contracts (including a deemed contract pursuant to paragraph 8(1) or 8(2) of the Gas Code) for the supply to the consumer of the gas offtaken by such User from the Total System at the Proposed Supply Point; and

- (b) agrees (if the confirmation becomes effective):
  - (i) to be the Registered User in respect of the Proposed Supply Point; and
  - (ii) to be registered as holding at an LDZ Supply Point:
    - (1) in the case of an NDM Supply Point (if any), Supply Point Capacity (and accordingly LDZ Capacity) determined in accordance with Section H4;
    - (2) in the case of a Supply Point (if any), the Confirmed Supply Point Capacity (and accordingly LDZ Capacity);
  - (iii) that it consents to the disclosure of the information by the CDSP in accordance with paragraph 6.9.8(b).

6.6.4 In the case of an LDZ Supply Point that is a DM Supply Point subject to paragraph 6.8.4(a), the “**Confirmed Supply Point Capacity**” of a Proposed Supply Point (for which the Supply Point Confirmation becomes effective) is the Offered Supply Point Capacity.

6.6.5 A Supply Point Confirmation may not be made, and the CDSP will reject any Supply Point Confirmation submitted:

- (a) (except in respect of a Shared Supply Meter Point), in respect of a Proposed Supply Point comprising a Supply Meter Point comprised in a Proposed Supply Point in respect of which any other Supply Point Confirmation has been made and is (in accordance with paragraph 6.6.9) outstanding; and
- (b) in respect of a Proposed Supply Point comprising a Supply Meter Point (other than a New Supply Meter Point) in respect of which there is any request for Siteworks outstanding or any Siteworks Contract which has not been completed, and for which the Siteworks Applicant is a gas shipper other than the Proposing User.

6.6.6 The CDSP will reject a Supply Point Confirmation where there is a Registration Block Notice in force from the Transporter in respect of the Proposing User in accordance with Section S3.5.3 or Section V3.3.2.

- 6.6.7 The “**Proposed Supply Point Registration Date**” in respect of a Supply Point Confirmation is the date with effect from which the Proposing User wishes to become the Registered User in respect of the Proposed Supply Point.
- 6.6.8 The Proposed Supply Point Registration Date shall be:
- (a) not more than 30 Supply Point Systems Business Days after the Supply Point Confirmation is submitted; and
  - (b) not less than 14 calendar days commencing on the Day after the Supply Point Confirmation is submitted unless:
    - (i) at the time that the Supply Point Confirmation is submitted a Supply Point Withdrawal has been submitted by the Existing Registered User in respect of each Existing Supply Point in which case the Proposed Supply Point Registration Date shall not be less than 4 Supply Point Systems Business Days
    - (ii) there is no change in the identity of the Registered User in respect of the Supply Point, in which case the Proposed Supply Point Registration Date shall not be less than 4 Supply Point Systems Business Days; or
    - (iii) where the Supply Point Confirmation relates to a CNCCD Election the proposed Supply Point Registration Date shall not be less than 5 nor more than 30 Supply Point Systems Business Days; and
  - (c) not earlier than 2 months after the Supply Point Confirmation is submitted, where such Supply Point ceases to be, or becomes, a category of Special Metering Supply Point described in Annex G-3 paragraphs 1.1.1(i)(ii)(2), 1.1.1(i)(ii)(3), or 1.1.1(i)(ii)(4).
- 6.6.9 A Supply Point Confirmation shall be outstanding until it is rejected by the CDSP in accordance with this paragraph 6 or lapses in accordance with paragraph 6.9.6, or (where it becomes effective) until the Supply Point Registration Date.
- 6.6.10 Every Supply Point Confirmation shall specify (in addition to what is required in paragraphs 6.7 and 6.8) the identity of the proposed Supplier; and in any case where upon a change of the identity of the Supplier a User continues to be a Registered User in respect of a Supply Point, such User shall either submit a Supply Point Confirmation or a Supply Point Amendment to notify the CDSP of the identity of the new Supplier as soon as reasonably practicable after such change of identity. By notifying the CDSP of the identity of the new Supplier, such User warrants to all Parties that such new Supplier (or if there is more than one Supplier, the Suppliers between them) has (or have) warranted to the User that there will be in force a contract or contracts (including a deemed contract pursuant to paragraph 8(1) or 8(2) of the Gas Code) for the supply to the consumer of the gas offtaken by such User from the Total System at the Proposed Supply Point.
- 6.6.11 Where the CDSP does not reject the Supply Point Confirmation it will as soon as reasonably practicable and in any event within 2 Supply Point Systems Business Days after the Supply Point Confirmation was communicated, give notice to the Proposing User acknowledging the Supply Point Confirmation.

6.6.12 The Proposing User may cancel its Supply Point Confirmation in accordance with paragraph 6.9.1(c), where:

- (a) a Consumer has cancelled the contract, or contracts, for the supply to the Consumer of the gas offtaken by such User from the Total System at the Proposed Supply Point, or where the Proposing User will not be the Supplier, the Supplier has informed the Proposing User that a cancellation of such contract or contracts has occurred; or
- (b) the Proposing User has submitted a Supply Point Confirmation which is made in error.

## **6.7 Supply Point Confirmations: Smaller Supply Points**

6.7.1 A Supply Point Confirmation in respect of a Smaller Supply Point shall specify:

- (a) the identity of the Proposing User;
- (b) the Supply Meter Point Reference Number in respect of the Supply Meter Point comprised in the Proposed Supply Point, and the Meter Post Code of such Supply Meter Point;
- (c) the Proposed Supply Point Registration Date;
- (d) whether the Supply Point comprises a Class 2, 3 or 4 Supply Meter Point;
- (e) where the Supply Meter Point comprises a:
  - (i) Class 2 Supply Meter, the Supply Point Capacity (which shall be the Prevailing Supply Point Capacity of the Exiting Supply Point) and the Supply Point Offtake Rate (which shall be consistent with Annex B-3, paragraph 4.1);
  - (ii) Class 3 Supply Meter, the proposed Batch Period for the Supply Meter;
  - (iii) Class 4 Supply Meter, the Meter Reading Frequency for the Supply Meter;
- (f) the identity of the Meter Asset Manager.

6.7.2 The CDSP will reject the Supply Point Confirmation where:

- (a) the Supply Point Confirmation is not made strictly in accordance with the requirements of paragraph 6.7.1; or
- (b) in the case of paragraph 6.7.1(b), the Supply Meter Point Reference Number specified is not identified in the Supply Point Register with the specified Meter Post Code

and the CDSP will reject the Supply Point Confirmation where the Supply Point Confirmation does not comply with any other requirement provided for in this Section G or in any other case where such rejection is provided for in the Code.

6.7.3 Where the CDSP rejects the Supply Point Confirmation the CDSP will within 2 Supply Point Systems Business Days after the Supply Point Confirmation was communicated, inform the Proposing User of the provision of the Code pursuant to which the Supply Point Confirmation was rejected (and where such rejection was pursuant to paragraph 6.7.2(a), the requirement of paragraph 6.7.1 which was not complied with).

6.7.4 The Proposing User will not submit a Confirmation in accordance with this paragraph 6.7 where such Proposing User is aware that the Annual Quantity in respect of such Supply Point is greater than 73,200 kWh (2,500 therms) and in such case any application in respect of the same shall be made in accordance with paragraph 6.4.

## **6.8 Supply Point Confirmations: Larger Supply Points**

6.8.1 A Supply Point Confirmation in respect of a Larger Supply Point subject pursuant to paragraph 6.1.3(a) to the requirement to be Nominated shall specify:

- (a) the Supply Point Offer in respect of which it is made;
- (b) the Proposed Supply Point Registration Date; and
- (c) where the Annual Quantity in respect of the Supply Point is greater than 732,000 kWh (25,000 therms), the details (for making contact in an Emergency) required under Section Q2.3;
- (d) the identity of the Meter Asset Manager.

6.8.2 Subject to paragraphs 6.5.7(b) and 6.5.10, the details (other than any expressly required in this Section to be included) which are the subject of the Supply Point Confirmation are those specified in the Supply Point Offer, and no other detail may be specified in the Supply Point Confirmation which would conflict with or qualify any such details.

6.8.3 In the case of an LDZ Supply Point where:

- (a) the Proposed Supply Point is a DM Supply Point; and
- (b) the Prevailing Supply Point Capacity is, or (in accordance with paragraph 6.5.5(b)) at any time before a Supply Point Confirmation is submitted becomes, greater than the Offered Supply Point Capacity

a Supply Point Confirmation may be submitted only for a Proposed Supply Point Registration Date falling within the Capacity Reduction Period.

6.8.4 In the case of an LDZ Supply Point where the Proposed Supply Point is a DM Supply Point, at any time after a Supply Point Confirmation is submitted but before the Supply Point Registration Date:

- (a) if the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of the occurrence of a Supply Point Ratchet (pursuant to Section B4.7.1) in respect of any Existing Supply Point the Confirmed Supply Point Capacity will be increased to the Prevailing Supply Point Capacity;
- (b) if the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of the Registered User in respect of any

Existing Supply Point applying for an increase in its Registered Supply Point Capacity, the Confirmed Supply Point Capacity will be the Offered Supply Point Capacity.

- 6.8.5 In the circumstances in paragraph 6.8.4(a) the CDSP will, notify the Proposing User of the increased Confirmed Supply Point Capacity before the Supply Point Registration Date, but will not later than the 5th Supply Point Systems Business Day after the Supply Point Registration Date notify to the Proposing User the revised Confirmed Supply Point Capacity and revised details of Supply Point Transportation Charges (and the CDSP's notification under paragraph 6.9.8 or 6.10.2 shall to that extent be provisional).
- 6.8.6 Without prejudice to paragraph 6.8.1 a Supply Point Commodity Rate Confirmation shall specify:
- (a) the Supply Point Offer in respect of which it is made;
  - (b) the Supply Meter Point Reference Number in respect of the Supply Meter Points comprised in the Proposed Supply Point; and
  - (c) the Proposed Supply Point Registration Date.

## **6.9 Effect of Confirmation: Existing Supply Points not already withdrawn**

- 6.9.1 Where, at the time a User submits a Supply Point Confirmation which is not rejected by the CDSP, there is any Existing Supply Point in respect of which a Supply Point Withdrawal has not been submitted:
- (a) the CDSP will, as soon as reasonably practicable and in any event within 2 Supply Point Systems Business Days after the Supply Point Confirmation was submitted, notify the Existing Registered User of the submission of the Supply Point Confirmation and the Proposed Supply Point Registration Date, but except in accordance with paragraph 6.9.9, not the identity of the Proposing User;
  - (b) the Existing Registered User may, up to but not after:
    - (i) the 7th Supply Point Systems Business Day after the date of notification to the Existing Registered User of the submission of the Supply Point Confirmation; or
    - (ii) if earlier, the 3rd Supply Point Systems Business Day before the Proposed Supply Point Registration Date,(in either case the “**Objection Deadline**”) submit to the CDSP an objection (“**Supply Point Objection**”) in respect of such Existing Supply Point; and
  - (c) the Proposing User may, subject to paragraph 6.9.8 up to but not after the 3rd Supply Point Systems Business Day before the Proposed Supply Point Registration Date submit to the CDSP a cancellation (“**Supply Point Confirmation Cancellation**”) in respect of such Supply Point Confirmation.
- 6.9.2 No Supply Point Objection may be submitted, nor (if purportedly submitted) shall be effective:

- (a) by an Existing Registered User, after the Objection Deadline; nor
- (b) (for the avoidance of doubt) in respect of an Existing Supply Point in respect of which the Existing Registered User has submitted a Supply Point Withdrawal.

6.9.3 Where a User submits a Supply Point Objection to the CDSP:

- (a) the objecting User is required to declare its identity in the objection;
- (b) the CDSP will, as soon as reasonably practicable and in any event within 2 Supply Point Systems Business Days after the Supply Point Objection was submitted, notify such objection, including (where declared in the objection) the identity of the objecting User, to the Proposing User;
- (c) where the objecting User did not comply with the requirement in paragraph (a):
  - (i) the CDSP will not reject the Supply Point Objection (which will accordingly be effective for the purposes of paragraph 6.9.6);
  - (ii) the CDSP will, if requested by the Proposing User, provide to the Proposing User the identity of the objecting User as soon as is reasonably practicable but (as is acknowledged by each User) does not undertake to do so before the Objection Deadline; and
- (d) the objecting User will declare in the objection the reason for its objection and if the objecting User fails to do so the CDSP will reject such Supply Point Objection which accordingly will not be effective for the purposes of paragraph 6.9.6;
- (e) and that Supply Point Objection was raised at the request (whether directly or indirectly) of the Consumer in respect of the affected Existing Supply Point, the CDSP will, where the reasons for the objection have been provided to the CDSP by the objecting User, as soon as reasonably practicable and in any event within 2 Supply Point Systems Business Days after the Supply Point Objection was submitted, notify such reasons to the Proposing User.

6.9.4 The CDSP:

- (a) will not be concerned with the reason for any Supply Point Objection nor with any question as to whether such an objection is well founded;
- (b) shall, for the purposes of paragraph 6.9.1(b), notify the Existing Registered User of any notification received by the CDSP from the Proposing User that a domestic consumer supplied with gas at the Existing Supply Point has ceased or is to cease to own or occupy the relevant premises and the CDSP will not be concerned with the reason for such notification nor with any question as to whether such notification is well founded.

6.9.5 A User may withdraw a Supply Point Objection up to but not after:

- (a) the 7th Supply Point Systems Business Day after the Supply Point Objection was made; or
- (b) if earlier, the Objection Deadline.

- 6.9.6 Where a Supply Point Objection is made and is not withdrawn in accordance with paragraph 6.9.5, the Supply Point Confirmation shall lapse and be of no effect, and the CDSP will so inform each Existing Registered User as soon as reasonably practicable and in any event not later than one Supply Point Systems Business Day before the Proposed Supply Point Registration Date.
- 6.9.7 Where no Supply Point Objection is made, or all (if any) Supply Point Objections made are withdrawn, or where the Supply Point Objection has been rejected by the CDSP in accordance with paragraph 6.9.3(d):
- (a) the Supply Point Confirmation shall be effective and the Supply Meter Points comprised in the Proposed Supply Point shall be registered in the name of the Proposing User with effect from the Proposed Supply Point Registration Date; and
  - (b) each Existing Registered User shall be deemed to have submitted a Supply Point Withdrawal in accordance with paragraph 6.11 in respect of the relevant Existing Supply Point.
- 6.9.8 In the case of a Supply Point Confirmation within paragraph 6.9.1, after the Objection Deadline and as soon as reasonably practicable and in any event being not later than one Supply Point Systems Business Day before the Proposed Supply Point Registration Date:
- (a) the CDSP will notify the Proposing User whether the Supply Point Confirmation has become effective, setting out the details of the Supply Point to be recorded in the Supply Point Register and, will provide the Valid Meter Reading for the latest Read Date (in the case of a Class 1 or 2 Supply Point, for which Exit Close-Out has occurred), held by the CDSP, in respect of the Supply Point;
  - (b) (where the Supply Point Confirmation has become effective) the CDSP will notify the User (which was the Existing Registered User immediately preceding the effective date of the Supply Point Confirmation) of the identity of the Proposing User (that has become the Registered User) and the identity of the Supplier (that has become the Supplier) in respect of the Supply Point recorded in the Supply Point Register and which is the subject of such Supply Point Confirmation.
- 6.9.9 Where the Existing Registered User:
- (a) receives five or more notifications of Supply Point Confirmations after 1 September 2014 in respect of an Existing Supply Point within a period of three consecutive calendar months; and
  - (b) makes a request for disclosure of the Proposing User's identity,
- the CDSP will disclose the identity of the Proposing User to the Existing Registered User but only where such Proposing User has submitted five or more Supply Point Confirmations after 1 September 2014 and within a period of three consecutive calendar months.

**6.10 Effect of Confirmation: Existing Supply Points already withdrawn**

- 6.10.1 Where at the time a User submits a Supply Point Confirmation which is not rejected by the CDSP, a Supply Point Withdrawal has been submitted by the Existing Registered User in respect of each Existing Supply Point, the Supply Point Confirmation shall be effective and the Supply Meter Points comprised in the Proposed Supply Point shall be registered in the name of the Proposing User with effect from the Proposed Supply Point Registration Date.
- 6.10.2 In the case of a Supply Point Confirmation within paragraph 6.10.1, the CDSP will notify the Proposing User, as soon as reasonably practicable and not later than one Supply Point Systems Business Day before the Proposed Supply Point Registration Date, that the Supply Point Confirmation has become effective, setting out (without prejudice to paragraph 6.8.5) the details of the Supply Point to be recorded in the Supply Point Register and will provide the Valid Meter Reading for the latest Read Date (in the case of a Class 1 or 2 Supply Point, for which Exit Close-Out has occurred) held by the CDSP, in respect of the Supply Point.

**6.11 Supply Point Withdrawal**

- 6.11.1 In order for a User to cease to be the Registered User in respect of a Supply Point:
- (a) a User must submit, or be deemed in accordance with paragraph 6.9.7(b) to submit, a request (“**Supply Point Withdrawal**”) for withdrawal; and
  - (b) the Supply Point Withdrawal must become effective
- in accordance with this paragraph 6.11.
- 6.11.2 The Registered User in respect of a Supply Point (the “**Withdrawing Supply Point**”) may at any time submit to the CDSP a Supply Point Withdrawal specifying:
- (a) the identity of the User (the “**Withdrawing User**”); and
  - (b) the Supply Point Registration Number of, and the Supply Meter Point Reference Number of the Supply Meter Point (the “**Withdrawing Supply Meter Point**”) comprised in, the Withdrawing Supply Point.
- 6.11.3 Where a User submits or is deemed to submit a Supply Point Withdrawal, subject to paragraph 4.3.1, the User may but is not obliged to secure Isolation of the Withdrawing Supply Meter Point.
- 6.11.4 Where a Withdrawing Supply Meter Point is comprised in a Proposed Supply Point for which the Supply Point Confirmation becomes effective, the CDSP will so notify the Withdrawing User not later than 2 Supply Point Systems Business Days after the date on which it is known that the Supply Point Confirmation will become effective.
- 6.11.5 Where a User submits a Supply Point Withdrawal in respect of a Supply Point which comprises a Shared Supply Meter Point the CDSP will inform each other Sharing Registered User of the submission of such withdrawal.

## 6.12 Effect of withdrawal

6.12.1 A Supply Point Withdrawal shall become effective (“**Effective Supply Point Withdrawal**”) only where the Withdrawing Supply Meter Point:

- (a) is comprised in another Supply Point (of which the Registered User may be the Withdrawing User); and/or
- (b) has been Isolated in accordance with paragraph 7.1

and the date of the Effective Supply Point Withdrawal shall be:

- (i) in the case of paragraph (a), the Supply Point Registration Date (of such other Supply Point); and
- (ii) in the case of paragraph (b), the later of the date of such Isolation and the date of the Supply Point Withdrawal, or in the case of (a) and (b) the latest of any such date.

6.12.2 For so long as a Supply Point Withdrawal has not become effective in accordance with paragraph 6.12.1, the Withdrawing User shall remain liable for Supply Point Transportation Charges in respect of the Withdrawing Supply Point determined on the basis of the Supply Point Capacity and LDZ Capacity held immediately before the submission of the Supply Point Withdrawal (or in the case of an NDM Supply Point such capacity as revised with effect from 1 October in any Gas Year in accordance with Section H4 by reference to the new Formula Year Annual Quantity and End User Category).

6.12.3 When a Supply Point Withdrawal has become effective in accordance with paragraph 6.12.1, the User shall cease to be the Registered User and the Supply Point (and the Supply Point Registration) shall be cancelled.

6.12.4 A Supply Point Withdrawal in respect of a Supply Point which comprises a Shared Supply Meter Point shall be effective on the 15th Supply Point Systems Business Day after submission thereof, irrespective of whether the Shared Supply Meter Point has been Isolated, except where all of the Sharing Registered Users submit Supply Point Withdrawals on the same Day, in which case such withdrawals shall become effective only in accordance with paragraph 6.12.1.

## 7 ISOLATION

### 7.1 General

7.1.1 Subject to and in accordance with the further provisions of this paragraph 7.1:

- (a) the Registered User of a Supply Point may notify the CDSP that a Supply Meter Point is Isolated;
- (b) the Supply Point Register will be amended upon such notification to record that the Supply Meter Point is “**Isolated**”.

7.1.2 For the purposes of the Code:

- (a) “**Isolation**” in relation to a Supply Meter Point shall mean the amendment of

the Supply Point Register as provided in paragraph 7.1.1(b) and **“Isolate”** shall be construed accordingly; and

- (b) **“GDN/PM/GT4”** is the document relating to the cessation of the flow of gas entitled Management Procedure for: Sealing of Equipment to Protect against Theft of Gas and Tampering, as published by the Transporters from time to time, and can be found on the Energy Networks Association Website.

7.1.3 Pursuant to the REC, where a CSS Supply Meter Point is Isolated:

- (a) the CDSP will send a Synchronisation Message to the CSS Provider to that effect;
- (b) the CSS Provider will amend the RMP Status of the Supply Meter Point to Dormant.

## **7.2 Effect of Isolation**

7.2.1 Subject to paragraph 7.2.2, where a Supply Meter Point has been Isolated (and unless and until a Supply Point Deregistration is effective):

- (a) the Supply Meter Point shall continue to be Registered in the name of the Registered User, and the Supply Point Registration remains in place;
- (b) the provisions of the Code as to the basis on which another User may become Registered User of a Supply Point comprising the Supply Meter Point continue to apply;
- (c) the Registered User of the Supply Point in which it is comprised shall continue to be responsible for any gas offtaken from the Total System at the Supply Meter Point.

7.2.2 In the case of a NDM Supply Point comprising a Class 3 or 4 Supply Meter Point which has been Isolated (and unless and until it is Re-established in accordance with paragraph 8.1) NDM Supply Meter Point Demand will cease to be determined in respect of that NDM Supply Meter Point in accordance with Section H2 (but without prejudice to any Offtake Reconciliation where gas is offtaken as provided in paragraph 7.2.1(c)).

7.2.3 A Supply Meter Point comprised in a Proposed Supply Point for which a Relevant CSS Request (or as the case may be) Supply Point Confirmation has been submitted may, at the request of the Relevant User, be Isolated on any Day before (but not on or after) the Registration Effective Date or Proposed Supply Point Registration Date.

7.2.4 Where a Supply Meter Point comprised in a Proposed Supply Point (for which a Relevant CSS Request or (as the case may be) Supply Point Confirmation has been submitted) has been Isolated the Supply Point Registration may (in accordance with the applicable provisions of paragraph 5 or 6) become effective and the Proposing User will be the Registered User of a Supply Point which comprises the Isolated Supply Meter Point.

## **7.3 Isolation request**

7.3.1 For the purposes of paragraph 7.1.1(a) the User shall:

- (a) provide to the CDSP a notification complying with the following:
    - (i) specify the identity of the User;
    - (ii) specify the relevant Supply Point Registration Number, and the Supply Meter Point Reference Number of the Supply Meter Point;
    - (iii) specify the date on which gas ceased to flow;
    - (iv) contain a Valid Meter Reading obtained on the date set out in sub paragraph (iii) above;
    - (v) specify whether the Supply Meter Installation remains connected at the Supply Meter Point;
  - (b) have complied with paragraph 7.3.4.
- 7.3.2 Subject to paragraph 7.3.3, within one Day of receipt of a notice complying with paragraph 7.3.1 the CDSP will amend the Supply Point Register to set the status of the Supply Meter Point to “Isolated”.
- 7.3.3 Where the Supply Meter Point is a Shared Supply Meter Point the CDSP will not amend the Supply Point Register pursuant to paragraph 7.3.2 if any one of the Sharing Registered Users warrant to the CDSP that gas can still be offtaken from the Total System at the Shared Supply Meter Point.
- 7.3.4 Where a User provides a notification in accordance with paragraph 7.3.1 such User shall have taken all reasonable steps to ensure that all work to cease the flow of gas has been carried out by suitably competent personnel using that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person complying with applicable law, recognised industry standards and GDN/PM/GT4, engaged in the same type of undertaking and the Transporter will be entitled to assume that the User has complied with such obligation.
- 7.3.5 The CDSP will not amend the Supply Point Register pursuant to paragraph 7.3.2 in the event that:
- (a) the notification submitted pursuant to paragraph 7.3.1 does not comply with the requirements set out in such paragraph; or
  - (b) the User submitting the notification is not the Relevant User (in accordance with Section M4.1.5(j)) of the Supply Point in which the relevant Supply Meter Point is comprised on the Day that the notice is received by the CDSP.
- 7.3.6 A Supply Meter Point will be treated as Isolated for the purposes of the Code (until and unless Re-established in accordance with paragraph 8.1) with effect from the Day on which the Supply Point Register was amended pursuant to paragraph 7.3.2.
- 7.4 Urgent Cessation of Flow of Gas**
- 7.4.1 Nothing in the Code shall prevent the Transporter from ceasing the flow of gas at any Supply Meter Point where it appears to the Transporter that it is necessary to do so for the purposes of ensuring safety; and, for the avoidance of doubt, where it does so the Transporter shall not be in breach of its obligation to make gas available for offtake.

7.4.2 Where pursuant to paragraph 7.4.1 the Transporter undertakes work to cease the flow of gas at a Supply Meter Point other than at the request of the Registered User:

- (a) the Transporter will inform the CDSP and the CDSP will inform the Registered User as soon as reasonably practicable after undertaking work to cease the flow of gas;
- (b) nothing in the Code shall make the Registered User liable to make any payment to the Transporter in respect of the undertaking work to cease the flow of gas.

## 7.5 Disablement of Supply

7.5.1 In the event that a Supply Meter Point is Isolated and:

- (a) the Supply Meter Installation remains physically connected to a System, the User who is the Registered User at the time of such Isolation shall ensure that upon Supply Point Deregistration such Supply Meter Installation is physically disconnected from the System within 12 months from the date of such Effective Supply Point Withdrawal; and
- (b) in the event that the Supply Meter Installation is not physically disconnected within the period specified in sub-paragraph (a) above the Transporter will (where no supply of gas is required at the Supply Meter Point) take such actions to disable the flow of gas and the User who was the Registered User at the time of Supply Point Deregistration shall pay the Transporter's costs (as contained in the Transporter's Transportation Statement) in respect thereof.

7.5.2 For the purposes of the REC, where at a CSS Supply Meter Point the Supply Meter Installation has been physically disconnected or the Transporter has acted to disable the flow of gas (and the CDSP has been so informed) the CDSP will send a Synchronisation Message to the CSS Provider to that effect.

## 7.6 Shipper User verification of Supply Meter Point Isolations

7.6.1 Transporters shall send a report (“**Supply Meter Removal Report**”) to each Shipper User each calendar month showing:

- (a) Supply Meter Point Reference Numbers which are in the Shipper User’s ownership and those where the Shipper User effected a Supply Point Deregistration but were in the Shipper User’s ownership at the date of Supply Meter Point Isolation; and
- (b) addresses of Supply Meter Points where a Supply Meter was notified to the Transporter as being removed in the calendar month, six months prior to the date of the report and no other Supply Meter has since been installed according to the Meter Information held on the Supply Point Register.

7.6.2 The Supply Meter Removal Report shall indicate whether each Supply Meter Point has had any activity on the Supply Point Register associated with it which may indicate that there is a Supply Meter installed.

7.6.3 Shipper Users shall scrutinise the Supply Meter Removal Report (“**Scrutineering**”).

- 7.6.4 If, following Scrutineering, the Shipper User determines that a Supply Meter is installed and capable of flowing gas and has been installed by one of their contracted parties the Shipper User shall:
- (a) where the User confirms there is a supply contract in place between a Supplier and the consumer, either:
    - (i) in the case of a CSS Supply Meter, ensure that the Supplier registers a Supply Point comprising the Supply Meter Point (as a Registrable Measurement Point by submitting an Initial Registration Notification as described in paragraph 5.2);
    - (ii) in the case of a Non-CSS Supply Meter, register the Supply Point, or takes steps to remove the Supply Meter within one (1) calendar month;
  - (b) where the User confirms there is no supply contract in place between a Supplier and consumer either:
    - (i) in the case of a CSS Supply Meter, ensure the supplier procures a contract with the consumer and then registers a Supply Point comprising the Supply Meter Point (as a Registrable Measurement Point by submitting an Initial Registration Notification as described in paragraph 5.2);
    - (ii) in the case of a Non-CSS Supply Meter, register the Supply Point or takes steps to remove the Supply Meter within one (1) calendar month;
  - (c) update the Meter Information on the Supply Point Register.
- 7.6.5 If following Scrutineering the Shipper User determines that address details on the Supply Meter Removal Report are not accurate, they shall update the address details on the Supply Point Register for each Supply Meter Point Reference Number which is recorded inaccurately.
- 7.6.6 Any updates made under paragraphs 7.6.4 and 7.6.5 shall be made within 9 months of the date of the removal of the Supply Meter.
- 7.6.7 NTS Exit Points and Shared Supply Meter Points are excluded from the process set out in this paragraph 7.6.

## **8 RE-ESTABLISHMENT**

### **8.1 General**

- 8.1.1 **“Re-establish”** shall mean, in respect of an Isolated Supply Meter Point, the amendment of the Supply Point Register to record that the Supply Meter Point is no longer Isolated and **“Re-established”** and **“Re-establishment”** shall each be construed accordingly.
- 8.1.2 Where a Supply Meter Point has been Isolated in accordance with paragraph 7.2.4 and the Transporter or the CDSP becomes aware that gas is capable of being offtaken at that time (without further action being taken) from the Total System at such point then the

Transporter or (as the case may be) the CDSP will notify the other, and the CDSP shall notify the Registered User of such fact.

8.1.3 Where a Supply Meter Point has been Isolated and the Registered User becomes aware (whether pursuant to paragraph 8.1.2 or otherwise) that gas is capable of being offtaken at that time (without further action being taken) from the Total System at the Supply Meter Point it shall forthwith notify the CDSP of such fact and the CDSP shall Re-establish such Supply Meter Point.

8.1.4 For the avoidance of doubt, in the case of a Class 3 or 4 Supply Meter Point which has been Re-established, NDM Supply Point Demand will be determined in respect of the Class 3 or 4 Supply Point in accordance with Section H2 from the date of such Re-establishment.

## **8.2 Isolation and Re-establishment and no Supply Point Deregistration (same Supply Meter connected)**

8.2.1 Where a Supply Meter Point is Isolated after 1 April 2013 and is Re-established, and no Supply Point Deregistration occurred in respect of the Supply Point comprising the Isolated Supply Meter Point, and the Supply Meter continues to remain physically connected to a System during the period from the date of Isolation to the date of Re-establishment and the Transporter (in which case it will notify the CDSP) or the CDSP identifies that the previously connected Supply Meter (with the same serial number and number of dials as provided as part of the Meter Information) is physically connected to a System at the Supply Meter Point such that gas is capable of being offtaken (without any further action being taken) from the Total System then where gas was or is being offtaken from the Total System during such period at the Supply Meter Point (as evidenced by Meter Readings) each User who was a Registered User of a Supply Point comprising the Supply Meter Point shall be liable for:

- (a) all reasonable costs incurred by the relevant Transporter in accordance with the Siteworks Terms and Procedures (as defined in Annex G-3) where the relevant Transporter undertakes a visit to carry out a disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 where the Supply Meter remains connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System; and
- (b) all charges (including without limitation Transportation Charges and Energy Balancing Charges) associated with the Supply Meter Point on the basis it had not been so Isolated, and in respect of Energy Balancing Charges for which the Registered User is liable pursuant to this paragraph 8.2.1(b) a reconciliation will be carried out in accordance with Section E6.

## **8.3 Isolation and Supply Point Deregistration (same Supply Meter connected)**

8.3.1 Where a Supply Meter Point is Isolated after 1 April 2013 and a Supply Point Deregistration occurred in respect of the Supply Point comprising the Isolated Supply Meter Point and the Transporter (in which case it will notify the CDSP) or the CDSP identifies that the previously connected Supply Meter (with the same serial number and number of dials as provided as part of the Meter information) is still capable of flowing gas (without any further action being taken) from the Total System at the Supply Meter Point then:

- (a) where the Supply Meter Point is:

- (i) a CSS Supply Meter Point, the Deregistration Request shall be deemed not to have been effective;
  - (ii) a Non-CSS Supply Meter Point, the Effective Supply Point Withdrawal shall be deemed to be void as if such Effective Supply Point Withdrawal had never been effective;
- (b) where gas was or is being offtaken at such Supply Meter Point during such period the CDSP shall notify the party that was the Registered User at the time of Isolation (the “**Relevant Registered User**”) and the Relevant Registered User:
- (i) shall be liable for all charges (including without limitation Transportation Charges and Energy Balancing Charges) associated with the Supply Meter Point, as if an Isolation and Supply Point Deregistration had not occurred;
  - (ii) where the Supply Meter Point is:
    - (1) a CSS Supply Meter Point, shall take the steps referred to in paragraph 8.8.1;
    - (2) a Non-CSS Supply Meter Point, shall register such Supply Meter Point in accordance with paragraph 6,

as soon as reasonably practicable and in any event within 1 calendar month after the CDSP’s notification and the Supply Point Registration Date following the application of paragraph (1) or (2) shall be deemed to be the effective date of the Supply Point Deregistration;
  - (iii) shall be liable for all reasonable costs incurred by the relevant Transporter in accordance with Siteworks Terms and Procedures (as defined in Annex G-3) where the relevant Transporter undertakes a visit to carry out a service disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 and where the Supply Meter Point remains connected and capable of flowing gas;
- (c) where the Registered User is liable for any charges in accordance with (b)(i) above in respect of Energy Balancing Charges, an Offtake Reconciliation will be carried out in accordance with Section E6; and
- (d) where gas has not been offtaken (but is capable of being offtaken without further action being taken) at the Supply Meter Point during such period then the Relevant Registered User:
- (i) shall be liable for Capacity Charges and Customer Charges associated with such Supply Meter Point, as if an Isolation and Supply Point Deregistration had not occurred;
  - (ii) where the Supply Meter Point is:
    - (1) a CSS Supply Meter Point, shall the steps referred to in paragraph 8.8.1;

- (2) a Non-CSS Supply Meter Point, shall register such Supply Meter Point in accordance with paragraph 6,

as soon as reasonably practicable and in any event within 1 calendar month after the notification under paragraph (b) and the Supply Point Registration Date for such registration following the application of paragraph (1) or (2) shall be deemed to be the effective date of the Supply Point Deregistration;

- (iii) shall be liable for all reasonable costs incurred by the relevant Transporter in accordance with Siteworks Terms and Procedures (as defined in Annex G-3) where the relevant Transporter undertakes a visit to carry out a service disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 and where the Supply Meter remains connected and capable of flowing gas.

8.3.2 Charges payable in accordance with paragraph 8.3.1 shall cease to accrue on the date when a notice has been received by the CDSP that suitable works have been undertaken to ensure that the Supply Meter Point is no longer capable of offtaking gas (without further action being taken) or until Re-establishment, provided that the Transporter will be entitled to levy such charges where the Transporter or the CDSP discovers that suitable works have not been undertaken.

8.3.3 In the event that the Relevant Registered User does not:

- (a) where the Supply Meter Point is:
- (i) a CSS Supply Meter Point, take the steps referred to in paragraph 8.3.1(b)(ii)(1) or 8.3.1(d)(ii)(1), then paragraph 8.8.2 shall apply;
- (ii) a Non-CSS Supply Meter Point, submit an appropriate Supply Point Confirmation in accordance with paragraph 8.3.1(b)(ii)(1) or 8.3.1(d)(ii)(1) above within 1 calendar month of being notified by the CDSP,

the Relevant Registered User shall be deemed to have granted the CDSP authority to register the Supply Meter Point using the information on the Supply Point Register (except as provided in paragraph (d)) in relation to such Supply Point as at the date of the Effective Supply Point Withdrawal;

- (b) the Supply Point Registration Date following the application of paragraph (a) or (b) shall be deemed to be the effective date of the Supply Point Deregistration;
- (c) for the purposes of calculating the Opening Meter Reading the CDSP shall use the Meter Reading taken at the time the Transporter identifies that the previously connected Supply Meter (with the same serial number and number of dials as provided as part of the Meter Information) is physically connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System together with the Meter Reading provided by the Relevant Registered User immediately upon the Isolation for the purposes of calculating the relevant Transportation and Energy Balancing Charges; and
- (d) the Supply Point and Supply Meter Point comprised in the Supply Point will be

classified as a Class 4 Supply Point and Supply Meter Point,

such that the Supply Point Deregistration shall be deemed to be void and any obligations associated with the relevant Supply Point shall be applied as if the Supply Point Deregistration had not been effective.

#### **8.4 Isolation and Re-establishment and no Supply Point Deregistration (different Supply Meter connected)**

8.4.1 Where a Supply Meter Point is Isolated after 1 April 2014 and is Re-established, and a Supply Point Deregistration has not occurred in respect of the Supply Point comprising the Isolated Supply Meter Point and the Transporter has identified that a Supply Meter (with a different serial number as provided as part of the Meter Information) is physically connected to a System at the Supply Meter Point such that gas is capable of being offtaken (without any further action being taken) from the Total System then where gas was or is being offtaken from the Total System during the period from the date of Isolation to the date of Re-establishment, the Transporter will use its reasonable endeavours to record both the Meter Information and details from any tags or stickers attached to the Supply Meter (together the “**Meter Data**”) and provide such information to the CDSP who shall provide the information to the Registered User and the Registered User of the Supply Point comprising the Supply Meter Point shall be liable for:

- (a) all reasonable costs incurred by the relevant Transporter in accordance with the Siteworks Terms and Procedures (as defined in Annex G-3) where the relevant Transporter undertakes a visit to carry out a disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 where a Supply Meter is connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System; and
- (b) all charges (including without limitation Transportation Charges and Energy Balancing Charges) associated with the Supply Meter Point from the later of the date of Isolation or the date that a Supply Meter is fitted following Isolation (the “**Subsequent Meter Fix Date**”) if known and in respect of Energy Balancing Charges for which the Registered User is liable pursuant to paragraph 8.2.1(b) an Offtake Reconciliation will be carried out in accordance with Section E6.

#### **8.5 Isolation and Supply Point Deregistration (different Supply Meter connected and gas offtaken)**

8.5.1 Where a Supply Meter Point is Isolated after 1 April 2014 and a Supply Point Deregistration occurred in respect of a Supply Point comprising the Isolated Supply Meter Point and the Transporter has identified that a connected Supply Meter (with a different serial number as provided as part of the Meter Information) is capable of flowing gas (without any further action being taken) from the Total System then where gas was or is being offtaken from the Total System during the period from the date of Isolation to the date of Re-establishment, the Transporter will use its reasonable endeavours to record the Meter Data (and provide the Meter Data to the CDSP) and, subject to paragraph 8.7.1, the CDSP shall issue the Meter Data to the Relevant Registered User within one calendar month of recording it and notify the Relevant Registered User that subject to paragraph 8.7.6;

- (a) where the Supply Meter Point is:

- (i) a CSS Supply Meter Point, it should take the steps referred to in paragraph 8.8.1;
- (ii) a Non-CSS Supply Meter Point, it is required to register such Supply Meter Point in accordance with paragraph 6,

within 3 calendar months of such notification (the “**Registration Date**”) unless another User registers the Supply Meter Point in accordance with paragraph 5 or 6 before the Registration Date, and the Supply Point Registration Date shall be deemed to be the later of the date of the Supply Point Deregistration or the Subsequent Meter Fix Date if known in accordance with paragraph 8.7.7;

- (b) for the purposes of calculating the Opening Meter Reading the User determined pursuant to this paragraph 8.5.1 shall use the Meter Reading taken at the time the Transporter identified that the Supply Meter (with a different serial number as provided as part of the Meter Information) is physically connected to a System such that gas is capable of being oftaken (without any further action being taken) from the Total System for the purposes of calculating the relevant Transportation and Energy Balancing Charges; such that where the Supply Meter Point is:
  - (i) a CSS Supply Meter Point, the Deregistration Request shall be deemed not to have been effective;
  - (ii) a Non-CSS Supply Meter Point the Effective Supply Point Withdrawal shall be deemed to be void and any obligations associated with the relevant Supply Point shall be applied as if an Effective Supply Withdrawal had never been effective;

8.5.2 Where gas was or is being oftaken the User determined pursuant to paragraph 8.5.1 shall be liable for:

- (a) NTS Exit Commodity Charges, LDZ Commodity Charges and Commodity Variable Component of Customer Charges and Energy Balancing Charges from the later of the date of Isolation or Subsequent Meter Fix Date if known;
- (b) Capacity and Customer Charges from the later of the Supply Point Deregistration or Subsequent Meter Fix Date if known; and
- (c) all reasonable costs incurred by the relevant Transporter in accordance with Siteworks Terms and Procedures (as defined in Annex G-3) where the relevant Transporter undertakes a visit to carry out a service disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 where the Supply Meter remains connected and capable of flowing gas.

8.5.3 Where the User determined pursuant to paragraph 8.5.1 is liable for any charges in accordance with paragraph (c) in respect of Energy Balancing Charges for Larger Supply Points, and Offtake Reconciliation will be carried out in accordance with Section E6.

## 8.6 Isolation and Supply Point Deregistration (different Supply Meter and no gas offtaken)

8.6.1 Where a Supply Meter Point is Isolated after 1 April 2014 and a Supply Point Deregistration occurred in respect of the Supply Meter Point comprising the Isolated Supply Meter Point and the Transporter has identified that a connected Supply Meter (with a different serial number as provided as part of the Meter Information) at the Supply Meter Point is capable of flowing gas (without any further action being taken) from the Total System then where gas has not been offtaken (but is capable of being offtaken without further action being taken) at such Supply Meter Point during the period from the date of Isolation to the date of Re-establishment, the Transporter will use its reasonable endeavours to record the Meter Data (and provide the Meter Data to the CDSP) and, subject to paragraph 8.7.1, the CDSP shall issue the Meter Data to the Relevant Registered User within one calendar month of recording it and notify the Relevant Registered User that, subject to paragraph 8.7.6:

(a) where the Supply Meter Point is:

- (i) a CSS Supply Meter Point, it shall take the steps referred to in paragraph 8.8.1;
- (ii) a Non-CSS Supply Meter Point, it is required to register such Supply Meter Point in accordance with paragraph 6,

within 3 calendar months of such notification (the “**Registration Date**”) unless another User registers the Supply Meter Point in accordance with paragraph 6 before the Registration Date and the Supply Point Registration Date shall be deemed to be the later of the date of the Supply Point Deregistration or the Subsequent Meter Fix Date if known in accordance with paragraph 8.7.7;

(b) for the purposes of calculating the Opening Meter Reading the User determined pursuant to paragraph 8.7.1 shall use the Meter Reading taken at the time the Transporter identified that the Supply Meter (with a different serial number as provided as part of the Meter Information) is physically connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System for the purposes of calculating the relevant Transportation and Energy Balancing Charges such that where the Supply Meter Point is:

- (i) a CSS Supply Meter Point, the Deregistration Request shall be deemed not to have been effective;
- (ii) a Non-CSS Supply Meter Point, the Effective Supply Point Withdrawal shall be deemed to be void and any obligations associated with the relevant Supply Point shall be applied as if the Effective Supply Withdrawal had never been effective.

8.6.2 The User as determined pursuant to paragraph 8.6.1 shall be liable for:

- (a) Capacity Charges and Customer Charges associated with the Supply Meter Point from the later of the date of the Supply Point Deregistration or Subsequent Meter Fix Date if known; and
- (b) all reasonable costs incurred by the relevant Transporter in accordance with

Siteworks Terms and Procedures (as defined in Annex G-3) where the relevant Transporter undertakes a visit to carry out a service disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 and where the Supply Meter remains connected and capable of flowing gas.

- 8.6.3 Subject to paragraph 8.7.6, where within 3 calendar month of being notified by the Transporter, the Relevant Registered User nor any other User, where the Supply Meter Point is:
- (a) a CSS Supply Meter Point, takes the steps referred to in paragraphs 8.5.1(a)(i) or 8.6.1(a)(i);
  - (b) a Non-CSS Supply Meter Point, submits an appropriate Supply Point Confirmation in accordance with paragraphs 8.5.1(a)(ii) or 8.6.1(a)(ii);
  - (c) the Relevant Registered User or another User involved in any User Activity shall be deemed to have granted the CDSP authority to register such Supply Meter Point using the information on the Supply Point Register (except as provided in paragraph (iv)) in relation to such Supply Point as at the date of the Supply Point Deregistration (and in case of a CSS Supply Meter Point in accordance with paragraph 8.8.2); and
    - (i) the Supply Point Registration Date shall be deemed to be the later of the date of the Supply Point Deregistration or the Subsequent Meter Fix Date if known in accordance with paragraph 8.7.7;
    - (ii) for the purposes of calculating the Opening Meter Reading the CDSP shall use the Meter Reading taken at the time the Transporter identifies that the connected Supply Meter (with a different serial number as provided as part of the Meter Information) is physically connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System for the purposes of calculating the relevant Transportation and Energy Balancing Charges; such that:
      - (iii) where the Supply Meter Point is:
        - (1) a CSS Supply Meter Point, the Deregistration Request shall be deemed not to have been effective;
        - (2) a Non-CSS Supply Meter Point, the Effective Supply Point Withdrawal shall be deemed to be void and any obligations associated with such Supply Point shall be applied as if the Effective Supply Withdrawal had never been effective;
      - (iv) the Supply Point and Supply Meter Point comprised in the Supply Point will be classified as a Class 4 Supply Point and Supply Meter Point.

## **8.7 Supply Point Deregistration and subsequent User Activity**

8.7.1 In the event that after a Supply Point Deregistration the CDSP receives:

- (a) information about any of the following:

- (i) Proposed Registration Details from a User other than the Relevant Registered User which were rejected by the CDSP in accordance with paragraphs 5 or 6; or
- (ii) Meter Readings from a User other than the Relevant Registered User which were rejected; or
- (iii) a C&D Notification, or
- (iv) a User other than the Relevant Registered User has submitted Meter Information in accordance with Section M4.2;

in each case “**User Activity**”; or

- (b) evidence from the Relevant Registered User that demonstrates to the CDSP's reasonable satisfaction that another User has been involved in any User Activity relating to the relevant Supply Meter Point; such evidence from the Relevant Registered User in respect of another User's User Activity may include but is not limited to Meter Information, a photo of a Supply Meter Installation, a C&D Notification, a customer bill, signed contract or relevant email correspondence; or
- (c) a C&D Notification from a Non-Code Party and the Non-Code Party confirms which User such Notification was made on behalf of,

then in the event that the CDSP determines that the Supply Meter Point is not already subject to a Supply Point Registration the CDSP will issue a notice to such User identified pursuant to this paragraph 8.7.1 within one calendar month of becoming aware of such information setting out the Meter Data and notifying the relevant User where the Supply Meter Point is:

- (i) a CSS Supply Meter Point, to take the steps referred to in paragraph 8.8.1;
- (ii) a Non-CSS Supply Meter Point, it is required to register such Supply Meter Point in accordance with paragraph 6,

within one calendar month of receiving the CDSP's notice, and where more than one User is identified pursuant to this paragraph 8.7.1 the CDSP will issue the notice to the User found to have undertaken the most recent activity in relation to the Supply Meter Point.

8.7.2 The User as determined pursuant to paragraph 8.7.1 above shall be liable for:

- (a) all reasonable costs incurred by the relevant Transporter in accordance with the Siteworks Terms and Procedures (as defined in Annex G-3) where the relevant Transporter undertakes a visit to carry out a disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 where a Supply Meter is connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System; and
- (b) all charges (including without limitation Transportation Charges and Energy Balancing Charges) associated with the Supply Meter Point from the later of the date of the Supply Point Deregistration or the Subsequent Meter Fix Date if

known and in respect of Energy Balancing Charges for which the User is liable pursuant to paragraph 8.2.1(b) an Offtake Reconciliation will be carried out in accordance with Section E6.

8.7.3 Subject to paragraph 8.7.6, where the User identified in accordance with paragraph 8.7.1 did not, where the Supply Meter Point is:

- (a) a CSS Supply Meter Point, take the steps referred to in paragraph 8.8.1, paragraph 8.8.2 shall apply;
- (b) a Non-CSS Supply Meter Point, submit an appropriate Supply Point Confirmation,

within one calendar month of being notified to do so by the CDSP, the CDSP will investigate the evidence provided by the Relevant Registered User, and if in the opinion of the CDSP the evidence is not deemed to be conclusive, the Relevant Registered User will be required to register the Supply Meter Point.

8.7.4 Subject to paragraph 8.7.3, where, in the opinion of the CDSP, the evidence provided by the Relevant Registered User is deemed conclusive

- (a) the User identified in accordance with paragraph 8.7.1 shall be deemed to have granted the CDSP authority to, where the Supply Meter Point is:
  - (i) a CSS Supply Point, to take the steps referred to in paragraph 8.8.1;
  - (ii) a Non-CSS Supply Point, register such Supply Meter Point using the information on the Supply Point Register in relation to such Supply Point as at the date of the Supply Point Deregistration;
- (b) the Supply Point Registration Date shall be deemed to be the later of the date of the Effective Supply Point Withdrawal or the Subsequent Meter Fix Date if known in accordance with paragraph 8.7.7; and
- (c) for the purposes of calculating the Opening Meter Reading the CDSP shall use the Meter Reading taken at the time the Transporter identifies that the connected Supply Meter (with a different serial number as provided as part of the Meter Information) is physically connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System for the purposes of calculating the relevant Transportation and Energy Balancing Charges such that where the Supply Meter is:
  - (i) a CSS Supply Meter Point, the Deregistration Request shall be deemed not to have been effective;
  - (ii) a Non-CSS Supply Meter Point, the Effective Supply Point Withdrawal shall be deemed to be void and any obligations associated with such Supply Point shall be applied as if the Effective Supply Withdrawal had never been effective.

8.7.5 Where a User identified pursuant to paragraph 8.5.1 or 8.7.1 warrants that they are not associated with the Supply Meter Point then the CDSP will send Meter Data and notice to register the Supply Meter Point to the User who has carried out the next most recent User Activity or where no other User Activity is identified the CDSP shall send Meter

Data to the Relevant Registered User with notice that they are required to, where the Supply Meter Point is:

- (a) a CSS Supply Meter Point, takes the steps referred to in paragraph 8.8.1;
- (b) a Non-CSS Supply Meter Point, register the Supply Meter Point, within 3 calendar months of receiving such notice.

8.7.6 If the Transporter identifies that a Supply Meter has been installed at a Supply Meter Point but has no reasonable evidence that this was done at the request of a User the Transporter will within 3 calendar months advise the consumer to obtain a Supply Contract (and notify the CDSP at the same time) and:

- (a) if the consumer confirms that a Supply Contract is already in place and the relevant User verifies this then, where the Supply Meter Point is:
  - (i) a CSS Supply Meter Point, the relevant User shall take the steps referred to in paragraph 8.8.1(a);
  - (ii) a Non-CSS Supply Meter Point the relevant User shall register such New Supply Meter Point in accordance with paragraph 6;

within 1 calendar month of being notified to do so by the CDSP failing which the provisions of paragraph 8.6.3 shall apply; or
- (b) if the consumer does not enter into a Supply Contract within 3 calendar months of being notified to do so or the Transporter is unable to ascertain whether a Supply Contract is in place then the Transporter shall seek to disconnect the supply of gas to the consumer subject to any applicable legislation, regulation or relevant code of practice.

8.7.7 If pursuant to paragraphs 8.5.1(a), 8.6.1(a), 8.6.3(c) or 8.7.4(b) a User fails to notify the Transporter of the Subsequent Meter Fix Date within one month of such User becoming the Registered User the Transporter shall notify the CDSP and the Supply Point Registration Date shall be deemed to be the date of the Supply Point Deregistration.

## **8.8 CSS Supply Points: Registration following Supply Point Deregistration**

8.8.1 For the purposes of paragraphs 8.3.1(a), 8.3.1(d), 8.5.1(a), 8.6.1(a), 8.7.1(c)(i), 8.7.5 and 8.7.6(a)(i) the steps to be taken by the relevant User comprise:

- (a) where the User (being the Registered User at the time of the Isolation of the Supply Meter Point, **“relevant”** User) confirms there is a supply contract in place between the Supplier and the consumer, the User will either ensure the Supplier (being the Supplier at the Supply Meter Point at the time of the Isolation, the **“relevant Supplier”**) registers the Supply Meter Point (as a Registrable Measurement Point), by submitting an Initial Registration Request to the CSS Provider as described in paragraph 5.2, or take steps to remove the Supply Meter;
- (b) where the relevant User confirms there is no supply contract in place between the relevant Supplier and the consumer either ensure the relevant Supplier procures a supply contract with the consumer and registers the Supply Meter

Point (as a Registrable Measurement Point), by submitting an Initial Registration Request to the CSS Provider as described in paragraph 5.2, or take steps to remove the Supply Meter

failing which paragraph 8.8.2 shall apply.

8.8.2 Where this paragraph 8.8.2 applies pursuant to paragraphs 8.3.3(a), 8.7.3(a), 8.7.4(a)(i) or 8.8.1:

- (a) the relevant User will be deemed to have granted the CDSP (on behalf of the relevant Supplier) authority to register in CSS the Supply Meter Point (as a Registrable Measurement Point) in the name of the relevant Supplier with the relevant User as the Specified Shipper;
- (b) pursuant to the REC, the CDSP will submit an Initial Registration Request (as a Transporter Initiated Registration); and
- (c) where the CDSP is required to supply any information in the Initial Registration Request which the CDSP does not have available to it, the CDSP will estimate or assume such information on a basis which appears reasonable to it (and is not required to communicate with the relevant User or relevant Supplier to obtain it).

## 9 SHARED SUPPLY METER POINTS

### 9.1 Introduction

9.1.1 For the purposes of the Code:

- (a) a **“Shared Supply Meter Point”** is a Qualifying Supply Meter Point which is pursuant to this paragraph 9 comprised in more than one Supply Point;
- (b) references to a Shared Supply Meter Point include:
  - (i) (in the context of a Proposed Supply Point) a Supply Meter Point which would be a Shared Supply Meter Point if the Proposed Supply Point Registration is effective;
  - (ii) for the period until it ceases to be a Shared Supply Meter Point under paragraph 4.9, a Supply Meter Point which was comprised in more than one Supply Point;
- (c) **“Sharing Registered Users”** are the Users which are the Registered Users or (as applicable) Proposing Users in respect of a Shared Supply Meter Point;
- (d) a **“Shared Supply Meter Point Notification”** is a Supply Point Nomination given in respect of a Shared Supply Meter Point;
- (e) a **“Sharing Registered User Agent”** is a person (which may be one of the Sharing Registered Users at the Shared Supply Meter Point), authorised by each of the Sharing Registered Users at the Shared Supply Meter Point to:
  - (i) submit Shared Supply Meter Point Notifications on their behalf; and/or

- (ii) inform the CDSP of the allocation of the Supply Meter Point Daily Quantity to each Sharing Registered User in respect of each Day in accordance with paragraph 9.5.2;

and for the purposes of this paragraph 9.1 a “**relevant**” Supply Point is a Supply Point comprising a Shared Supply Meter Point.

9.1.2 Only a Qualifying Supply Meter Point may be a Shared Supply Meter Point.

9.1.3 A “**Qualifying**” Supply Meter Point is:

- (a) a Supply Meter Point which at 1 March 1996 was comprised in more than one Supply Point; or
- (b) a Supply Meter Point in relation to which the following conditions are satisfied:
  - (i) the Supply Meter Point is not part of a Sub-deduct Arrangement; and
  - (ii) the Annual Quantity of the Supply Point comprised in the relevant Supply Point is not less than 58,600,000 kWh (2,000,000 therms).

9.1.4 A Shared Supply Meter Point may be comprised in a Firm Supply Point and in an Interruptible Supply Point.

9.1.5 A User may not be a Sharing Registered User in respect of more than one Supply Point comprising the same Shared Supply Meter Point.

## **9.2 Appointment of Sharing Registered User Agent**

9.2.1 In relation to a Shared Supply Meter Point or a Proposed Supply Point comprising a Shared Supply Meter Point, the Users may appoint, or cancel the appointment of a Sharing Registered User Agent by notice to the CDSP (in accordance with the procedures referred to in paragraph 9.6.4), which shall identify:

- (a) the Supply Meter Point;
- (b) the Sharing Registered Users;
- (c) the Sharing Registered User Agent;
- (d) the date from which the Sharing Registered User Agent is appointed or such appointment is cancelled; and
- (e) whether the Sharing Registered User Agent is appointed (or such appointment is cancelled) for the purpose in paragraph 9.1.1(e)(i) or 9.1.1(e)(ii) or both.

## **9.3 Shared Supply Meter Point Notification**

9.3.1 In relation to a Proposed Supply Point comprising a Shared Supply Meter Point:

- (a) a Shared Supply Meter Point Notification must be submitted by:
  - (i) one (and only one) of the Users proposed to be a Sharing Registered User on behalf of all of the Users proposed to be Sharing Registered

Users (and the CDSP may assume that such submission is authorised by all such Sharing Registered Users); or

- (ii) the Sharing Registered User Agent, under paragraph 9.1.1(e)(i)

in accordance with paragraph 9.3.2;

- (b) a separate Supply Point Offer will be sent to each Sharing Registered User (and, if appointed, to the Sharing Registered User Agent);
- (c) each Sharing Registered User shall make a Supply Point Confirmation.

9.3.2 A Shared Supply Meter Point Notification shall specify the following information:

- (a) the information required to be specified in a Supply Point Nomination pursuant to paragraph 6.4.2 in respect of each Sharing Registered User and Proposed Supply Point;
- (b) whether the allocation of gas offtaken is to be by way of Fixed Percentage Allocation (under paragraph 9.5(a)) or Agency Allocation (under paragraph 9.5(b)), and:
  - (i) if Fixed Percentage Allocation, the allocation between the Sharing Registered Users in percentages (aggregating 100%);
  - (ii) if Agency Allocation, the identity of the Sharing Registered User Agent; and
- (c) for an Agency Allocation, a default allocation methodology for the apportionment of Reconciliation Quantity among Existing Shared Registered Users in percentages (aggregating 100%) (“**Default Allocation Methodology**”).

9.3.3 A Supply Point Confirmation (including a Supply Point Reconfirmation) in respect of a Proposed Supply Point which comprises a Shared Supply Meter Point will be rejected unless:

- (a) Supply Point Confirmations are received from all of the proposed Sharing Registered Users, for the same Proposed Supply Point Registration Date, within a period of 2 Supply Point Systems Business Days and are valid and accepted by the CDSP; and
- (b) the requirements of this paragraph 9 are complied with.

#### 9.4 Supply Point Withdrawal

9.4.1 Pursuant to paragraph 6.12.1, if one or more (but not all) of the Sharing Registered Users at a Shared Supply Meter Point submit a Supply Point Withdrawal, such Supply Point Withdrawal(s) will only be effective if the remaining Sharing Registered User(s) submit Supply Point Reconfirmations.

## 9.5 Basis of allocation

- 9.5.1 A Shared Supply Meter Point Notification may provide for the allocation of gas offtaken at the Shared Supply Meter Point to be determined each Day:
- (a) (provided that none of the Supply Points in which the Shared Supply Meter Point is comprised is Interruptible) by the CDSP, understanding instructions notified to the CDSP in advance by the Sharing Registered Users, in accordance with paragraph 9.3.2 (“**Fixed Percentage Allocation**”); or
  - (b) by a person authorised as Sharing Registered User Agent as provided in paragraph 9.1.1(e)(ii) (“**Agency Allocation**”).
- 9.5.2 Where a Shared Supply Meter Point Notification provides for Agency Allocation:
- (a) the CDSP will notify the Supply Meter Point Daily Quantity to the Sharing Registered User Agent not later than the specified time on the Day following the Gas Flow Day and (where such quantity is pursuant to any provision of the Code to be revised) may notify a revision of the quantity so notified to the Sharing Registered User Agent not later than the specified time on the Exit Close Out Date;
  - (b) if, by the specified time on the Day following the Gas Flow Day, and (where the CDSP notifies a revision of the Supply Meter Point Daily Quantity to the Sharing Registered User Agent) by the specified time on the Day on which the CDSP notifies such revision, the Sharing Registered User Agent has notified to the CDSP amounts, aggregating the Supply Meter Point Daily Quantity (as revised at the relevant time), to be allocated to the Sharing Registered Users:
    - (i) the amounts so notified may be revised (provided they continue to aggregate the Supply Meter Point Daily Quantity, as revised at the relevant time) by the Sharing Registered User Agent at any time before the specified time on the Exit Close Out Day;
    - (ii) the Supply Meter Point Daily Quantity shall be allocated between the Sharing Registered Users in the amounts so notified or such revised amounts so notified not later than the specified time on the Exit Close Out Day;
  - (c) if, by the specified time on the Day following the Gas Flow Day, or by the specified time on any Day on which the CDSP notifies to the Sharing Registered User Agent any revision of the Supply Meter Point Daily Quantity, the Sharing Registered User Agent has not so notified to the CDSP such amounts, the Supply Meter Point Daily Quantity shall be allocated between the Sharing Registered Users:
    - (i) in proportion to the Nominated Quantities under the Users' Output Nominations for the relevant Supply Point for the Day or (if such Nominated Quantity is zero for each such User) in proportion to the Registered Supply Point Capacities at each such Supply Point; or
    - (ii) if the Sharing Registered User Agent shall have notified the CDSP (not less than 15 Days before the Gas Flow Day) of proportions aggregating unity for the purposes of allocation in the circumstances contemplated

in this paragraph (c), in such proportions;

- (d) if the Supply Meter Point Daily Quantity is allocated pursuant to paragraph (c) in respect of more than 12 Days in any Gas Year, the charges payable pursuant to paragraph 9.6 in respect of that Gas Year by the Sharing Registered Users shall be determined (in accordance with the Transportation Statement) as though the Shared Supply Meter Point Nomination were under paragraph 9.5(a).

9.5.3 Section B8 applies in the case where an Interruptible Supply Point includes a Shared Supply Meter Point.

## **9.6 Further provisions**

9.6.1 The liability of the Sharing Registered Users in respect of a Shared Supply Meter Point for obligations under the Code shall be several:

- (a) in the proportions in which they hold Supply Point Capacity at the relevant Supply Points; or
- (b) if a Sharing Registered User Agent has notified (but so that paragraph 9.5(b)(ii) shall be deemed to apply to such notification) to the Transporter proportions (aggregating unity) for the purposes of this paragraph 9.6.1, in such proportions

except in the case of any such obligation which is not capable of being so divided, in which case the liability of the Sharing Registered Users shall be joint.

9.6.2 The whole of the Annual Quantity of a Shared Supply Meter Point shall be counted (without any apportionment) in determining the Annual Quantity of each relevant Supply Point.

9.6.3 In respect of LDZ Supply Points where the rate of any Supply Point Transportation Charge is a function of Supply Point Capacity, the rate of such charge payable by a Sharing Registered User shall be determined on the basis of the aggregate of the Supply Point Capacities held by each Sharing Registered User at the relevant Supply Point.

9.6.4 For the purposes of this paragraph 9.6:

- (a) the CDSP will, after consultation with Users, prepare and from time to time revise (subject to prior approval by Panel Majority of the Uniform Network Code Committee) and publish reasonable procedures to apply in respect of Shared Supply Meter Points;
- (b) Sharing Registered Users shall comply and (in the case of a Sharing Registered User Agent) procure that such User Agent complies with such procedures; and
- (c) the procedures may (without limitation) specify the form of Shared Supply Meter Point Notifications, and processes to apply where (pursuant to paragraph 4.9) a CSS Supply Meter Point becomes a Non-CSS Supply Meter Point or visa versa.

9.6.5 Where the Transporter has given Termination Notice (under Section V4) to a User which was a Sharing Registered User, such User shall be deemed to have submitted a

Supply Point Withdrawal and the remaining Sharing Registered Users shall submit Supply Point Reconfirmations.

**ANNEX G-1****SUPPLY POINT REGISTRATION DETAILS****1 General**

1.1 This Annex comprises the following Tables:

- (a) Table A – Registration Details;
- (b) Table B – Access to Registration Details;
- (c) Table C – Base and Detail Registration Nominations;
- (d) Table D – Modification of Registration Details.

1.2 In each Table the first Column sets out the Registration Details and is identical.

1.3 In this Annex:

- (a) **'data item'** or **'item'** means a data item comprised in Registration Details;
- (b) references to **'subsidiary'** data items are to component items of data comprised within a data item which is single at the level in the first Column of the Tables;
- (c) certain data items apply in respect of an Existing Supply Point or a Proposed Supply Point or both (and, where relevant, Table B specifies which);
- (d) **'User'** means:
  - (i) in the context of an Existing Supply Point, the Registered User, and
  - (ii) in the context of a Proposed Supply Point, the Proposing User;
- (e) in relation to a CSS Supply Point, a **'Default'** value of a data item is the value which would apply (pursuant to paragraph 4.7) upon a Supply Point Registration in the absence of a Base Registration Nomination which is Operative and (where applicable) a Detail Registration Response;
- (f) a reference in a Column of Table B, C or D to a Section of the Code indicates that the application of the relevant provision, process or rule (applicable in that Column) is to be determined on the basis in the cited Section of the Code.

1.4 The UK Link Manual specifies how and in what format Registration Details are to be sent to or by the CDSP, or accessible by a User; and maintained in the Supply Point Register.

**2 Table A – Registration Details**

2.1 Table A specifies the Registration Details;

2.2 Column 2 provides an introduction to the data items comprising Registration Details. In

## Column 2:

- (a) an explanation of the data item may be provided;
  - (b) a reference to a Section of the Code is to a Section of the Transportation Principal Document where the data item is defined or specified or which otherwise relates to the data item;
  - (c) '**Composite**' signifies that the item comprises subsidiary data items;
  - (d) details of subsidiary data items comprised within a Composite item may be provided.
- 2.3 Column 3 specifies whether the data item applies to CSS Supply Meter Points (**CSS**) or Non-CSS Supply Meter Points (**Non-CSS**) or both; and in the case of a Non-CSS Supply Meter Point whether the item applies in relation to a NTS Supply Meter Point only (**Non-CSS (NTS)**) or to a LDZ Supply Meter Point only (**Non-CSS (LDZ)**).
- 2.4 Column 4 specifies whether the data item is maintained (in the CSEP Supply Point Register) in respect of CSEP Supply Meter Points and CSEP Supply Points. For the avoidance of doubt other data items which may be maintained in respect of IGTS Supply Meter Points and IGTS Supply Points pursuant to the IGT Code are not included in Registration Details for the purposes of the Code.
- 2.5 Column 5 specifies the source of the data item: In column 5:
- (a) '**User-Elected**' signifies that the item is a settlement-related item which the User decides (although the decision may be subject to conditions, restrictions or limits in the Code);
  - (b) '**User-Provided**' signifies that the item is factual in nature and is provided by the User;
  - (c) '**Derived**' signifies that the item is determined (from other data) under rules or processes in the Code, including determined from the Transportation Statement (but does not include User-Elected items);
  - (d) '**Transporter**' signifies that the Transporter provides the item (or the CDSP as an Agency Function for the Transporter);
  - (e) '**CDSP**' signifies that the CDSP creates the item in the course of performing its Direct Functions under the Code (but does not include Derived items);
  - (f) '**CSS Provider**' signifies that the data item is sent by the CSS Provider to the CDSP;
  - (g) for certain data times different sources are specified for **CSS** and **Non-CSS** Supply Meter Points.

**TABLE A – REGISTRATION DETAILS**

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
<b>Group A - Supply Meter Point Details</b>				
Supply Meter Point Reference Number	The unique reference number by which the Supply Meter Point is identified (Section G3.1.2(a))	CSS & Non-CSS	Y	Transporter
Meter Point Location	The Supply Point Premises identified by the address (including post code) at which the Supply Meter Point is located (Section G1.1.1(f)) (such address the Meter Point Location Address as defined in the Retail Energy Code)  Composite	CSS & Non-CSS	N	Transporter
Exit Zone	The Exit Zone in which the Supply Meter Point is located (Section A1.3)	CSS & Non-CSS (LDZ)	Y	Transporter
LDZ	The LDZ within which the Supply Meter Point is located (Section A1.2.2)	CSS & Non-CSS (LDZ)	Y	Transporter
DN Operator	The DN Operator who owns or operates the LDZ (GT Section (2.2.1(b)))	CSS & Non-CSS (LDZ)	Y	Transporter
Meter Link Code	To indicate if the Supply Meter Point is part of a Sub-deduct Arrangement and if the Supply Meter Point is a Primary	CSS & Non-CSS	N	Transporter

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
	Supply Meter Point			
Conversion Factor	The applicable factor to determine the converted volume of gas conveyed to the Supply Meter Point in accordance with the Gas (Calculation of Thermal Energy) Regulations 1996	CSS & Non-CSS	Y	User-Provided
Bypass fitted	To indicate if a meter by-pass installed at the Supply Meter Point (Section M2.4)	CSS & Non-CSS	N	User-Provided
Last Meter Inspection Date	The date of the most recent inspection of the Supply Meter for the purposes of standard condition 12 (Matters relating to Gas Meters) of the gas suppliers' licence	CSS & Non-CSS	N	User-Provided
<b>Group B - Supply Point Details</b>				
User	The Registered User of the Supply Point (Section G1.1.1(b)) or (where applicable) Proposing User (Section 4.2.1(b))	CSS & Non-CSS	Y	CSS Provider User-Provided (Non-CSS)
Supply Point Reference Number	The unique reference number by which the Supply Point is identified (Section G3.1.2(b))	CSS & Non-CSS	Y	CDSP
Supply Point Registration Date	The date of the Supply Point Registration of the Supply Point (Section G 1.1.1(d)) or (where applicable) Proposed Supply Point Registration Date (Section 1.1.2(b))	CSS & Non-CSS	Y	CSS Provider (CSS) User-Provided

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
				(Non-CSS)
Supplier	The identity of the person which is the gas supplier at the Supply Point	CSS & Non-CSS	Y	CSS Provider (CSS) User-Provided (Non-CSS)
Shared Supply Meter Point	To indicate if the Supply Point comprises a Supply Meter Point included in more than one Supply Point (Section G9.1.1(a))  Composite	Non-CSS	N	See Section G9
Supply Point Withdrawal Status	To indicate if a Supply Point Withdrawal submitted in respect of the Supply Point (Section G6.11.1(a))	Non-CSS	N	Derived
<b><i>Group C - Consumer/Premises Details</i></b>				
Name of Premises	The name of the Supply Point Premises  Composite	CSS & Non-CSS	N	User-Provided
Priority services details	To indicate priority services details (if any) for purposes of Special Standard Condition D13 of the Gas Transporter's Licence	CSS & Non CSS	N	User-Provided

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
	Composite			
Previous priority services recorded indicator	To indicate whether priority services are recorded for an existing Supply Point	CSS & Non CSS	N	CDSP
Market Sector Code	To indicate if the Supply Point Premises are Domestic Premises or Non-Domestic Premises (GT Section C1)	CSS & Non-CSS	N	CSS Provider Non-CSS - always Non-Domestic
Large Firm Supply Point emergency contacts	Contact details for the Supply Point (Section Q2.3)  Composite	CSS & Non-CSS	Y	User-Provided
Interruptible Supply Point contacts	Contact details for the Supply Point (Section Q2.4)  Composite	CSS & Non-CSS	Y	User-Provided
Priority Consumer details	Details for the Priority Consumer (Section Q1.7)  Composite	CSS & Non-CSS	Y	User-Provided  Transporter
<b><i>Group D - Settlement Details: User Specified</i></b>				
Class of Supply Meter Point	The Class of the Supply Meter Point (Section G2.1)	CSS & Non-CSS	Y	User-Elected
Meter Read Batch Period	The Batch Period for a Class 3 Supply Meter (Section M5.8)	CSS & Non CSS	Y	User-Elected

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
		(LDZ)		
Meter Read Frequency	The frequency of Meter Reads for a Class 4, Smart and Advanced Supply Meters (Section M5.9)	CSS & Non CSS (LDZ)	Y	User-Elected
Supply Point Capacity	The Supply Point Capacity at the Supply Point (Section B1.2.3(e))	CSS & Non-CSS	Y	User-Elected (DM Supply Points) Derived (NDM Supply Points)
Supply Point Offtake Rate	The Supply Point Offtake Rate at the Supply Meter Point (Annex B-3, paragraph 4)	CSS & Non-CSS	N	User-Elected
Conditional NTS Capacity Charge Discount detail	To indicated whether elected, and details of specified points and distance (Section B9.1.2)	Non-CSS (NTS)	N	User-Elected
LDZ Optional Capacity detail	To indicate whether elected, and details of specified points and distance (Section B1.8.5(b) and 4.6.8)  Composite	CSS & Non-CSS	Y	User-Elected
<b><i>Group E – Settlement Details: Not User Specified</i></b>				
End User Category	The End User Category of a NDM Supply Point (Section H1.2)	CSS & Non-CSS (LDZ)	Y	Derived

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
Annual Quantity	The Annual Quantity of the Supply Point or the Supply Meter Point (Section G2.3)	CSS & Non-CSS	Y	Derived
Formula Year Annual Quantity	The Formula Year Annual Quantity for a Class 3 and 4 Supply Point or Supply Meter Point (Section G2.3.17)	CSS & Non-CSS (LDZ)	Y	Derived
Nomination category	To indicate if the Supply Point is comprised in a DMA Supply Point Group, NDM Supply Point Group or if it is a DMC Supply Point (Section A4.3 and Section C1.4)  Composite	CSS & Non-CSS	Y	Derived
Current Year Minimum Supply Point Capacity	The minimum Supply Point Capacity for the Supply Point (Annex B-3, paragraph 2)	CSS & Non-CSS (LDZ)	N	Derived
Minimum Meter Read Frequency	The minimum Meter Read Frequency for a Class 4, Smart or Advanced Supply Meter (Section M5.9.1)	CSS & Non-CSS (LDZ)	N	Derived
Interruptible Supply Point Indicator	To indicate if the Supply Point is Interruptible	CSS & Non-CSS	Y	Transporter – see Section B8.1.5
Interruptible Supply Point details	Details of the Interruption characteristics of the Supply Point (Section B8)  Composite	CSS & Non-CSS	Y	User-Elected / Derived – see Section B4.9.5(e)

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
Seasonal Supply Point Indicator	To indicate if a Seasonal Supply Point (Section B4.7.10)	CSS & Non-CSS	Y	User-Elected / Derived – see Section B4.7
Seasonal Supply Point details	Details of the seasonal characteristics of the Supply Point (Section B4.7)  Composite	CSS & Non-CSS	Y	User-Elected / Derived – see Section B4.7
<b><i>Group F – Transportation Charge Rates</i></b>				
LDZ Capacity Charge rate	The applicable LDZ Capacity Charge rate (Section B 4.6.1(a))	CSS & Non-CSS (LDZ)	Y	Derived
LDZ Commodity Charge rate	The applicable LDZ Commodity Charge rate (Section B4.6.1(b))	CSS & Non-CSS (LDZ)	Y	Derived
LDZ Customer Charge rate	The applicable LDZ Customer Charge (Section B1.7.4)	CSS & Non-CSS (LDZ)	N	Derived
LDZ ECN Charge rate	The applicable LDZ ECN charge rate (Section Y, Part B paragraph 9)	CSS & Non-CSS (LDZ)	Y	Derived
NTS Exit (Flat) Commodity Charge rate	The applicable NTS (Flat) Commodity Charge rate (Section B3.12.1(b))	CSS & Non-CSS	Y	Derived

<b><i>Column 1 - Data Groups and Individual Data Items</i></b>	<b><i>Column 2 – Description and details</i></b>	<b><i>Column 3 – CSS / Non-CSS</i></b>	<b><i>Column 4 – CSEP Supply Points</i></b>	<b><i>Column 5 - Source</i></b>
Conditional NTS Capacity Charge Discount Rate	The Discounted Applicable Daily Rate (Section B9.3)	CSS & Non-CSS (NTS)	Y	Derived
LDZ Optional Capacity Rate	The applicable LDZ Optional Commodity rate (Section B1.8.5(b))	CSS & Non-CSS (LDZ)	Y	Derived
Special Metering Charges	Details of any special metering charges (e.g. for provision, installation and/or maintenance of the Supply Meter)  Composite	CSS & Non-CSS	N	Transporter
<b><i>Group G - Consumption details</i></b>				
Latest Meter Read	The most recent Meter Reading obtained or estimated for the Supply Meter  Composite	CSS & Non-CSS	Y	User-Provided
Consumption over a period	Details maintained for the purposes of allowing a calculation of the quantity of gas offtaken at the Supply Meter Point over a period to be made (Section G3.2)  Composite	CSS & Non-CSS	N	Derived
Meter Read history	Details of historic Meter Reads for the Supply Meter  Composite	CSS & Non-CSS	Y	User-Provided

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
<b>Group H - Meter Information</b> <i>Note: Twin-stream Metering identified by more than one set of data items</i>				
Meter location	The physical location of the Supply Meter at the Supply Point Premises  Composite	CSS & Non-CSS	N	User-Provided
Meter detail	Details of the Supply Meter (e.g. number of dials, serial number) including C&D Information other than Group I data items (SSC A31 of the Gas Transporter's Licence)  Composite	CSS & Non-CSS	Y	User-Provided
Converter detail	Details of a converter at the Supply Meter (Section M1.2.3)  Composite	CSS & Non-CSS	Y	User-Provided
Data-logger detail	Details of a data-logger at the Supply Meter (Section M2.1.9)  Composite	CSS & Non-CSS	N	User-Provided
AMR	Details of an Advanced Meter (Section M2.1.14)  Composite	CSS & Non-CSS	N	User-Provided

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
In-home Display	Details of an in-home display at the Supply Point Premises. (Section M, Annex M-1)  Composite	CSS & Non-CSS	N	User-Provided
<b><i>Group I – Agent Details</i></b>				
Meter Asset Manager	Details of the relevant Meter Asset Manager for the Supply Meter (GT Section C1)  Composite	CSS & Non-CSS	N	User-Provided
Gas Act Owner	Details of the relevant Gas Act Owner of the Supply Meter (GT Section C1)  Composite	CSS & Non-CSS	N	User-Provided
Data Communications Company (DCC) service details	Details of whether meter readings are obtained by the DCC service provider  Composite	CSS & Non-CSS (LDZ)	N	DCC
Smart Metering System Operator details	Details of the Smart Meter system operator (Section M, Annex M-1)  Composite	CSS & Non-CSS (LDZ)	N	User-Provided

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Description and details</i>	<i>Column 3 – CSS / Non-CSS</i>	<i>Column 4 – CSEP Supply Points</i>	<i>Column 5 - Source</i>
Automated Meter Reading (AMR) Service Provider details	Details of the provider of Advanced Meter (Section M2.1.14)  Composite	CSS & Non-CSS	N	User-Provided
<b><i>Group J - CSEP Supply Meter Point Details</i></b>				
CSEP details	Additional details of the CSEP (for CSEP Supply Meter Points)  Composite	CSS	Y	Transporter



### 3 Table B – Access to Registration Details

- 3.1 Table B specifies the applicable Registration Details to which a Proposing User has access at different stages in the registration process.
- 3.2 Data items which are accessible by all Users are specified in the Data Permissions Matrix in the UK Link Manual and not separately specified in Table B.
- 3.3 Data items in Column 2 (Enquiry) are accessible:
- (a) by a User which has sent a Supply Point Enquiry;
  - (b) in relation to a Proposed CSS Supply Point, by the Proposing User as provided in Section G3.2.1.
- 3.4 Data items in Column 3 (Valid CSS Request) in relation to a Proposed CSS Supply Point are accessible by a Proposing User where the CSS Provider has notified the CDSP of a valid Relevant CSS Request (in which the User is Nominated Shipper). Data items in Column 3 are stated on the assumption that (at the relevant time) there is no effective Base Registration Nomination. Column 3 does not apply to Non-CSS Supply Meter Points.
- 3.5 Data items in Column 4 (Nomination) are accessible by a Proposing User which has sent:
- (a) in relation to a Proposed CSS Supply Point, a Base Registration Nomination. Data items in Column 4 are stated on the assumption that (at the relevant time) no valid Relevant CSS Request has been sent. Where the Base Registration Nomination specifies a Detail Registration Response pursuant to Section G5.3.3(b)(i), accessible data items in Column 4 include data items Offered under that Detail Registration Response.
  - (b) in relation to a Proposed Non-CSS Supply Point, a Supply Point Nomination.
- 3.6 Data items in Column 5 (Registration) are accessible:
- (a) by a Proposing User:
    - (i) in relation to a Proposed CSS Supply Point, where the Definitive Registration Notification has been sent in relation to the Relevant CSS Request;
    - (ii) in relation to a Proposed Non-CSS Supply Point, where the Proposing User's Supply Point Confirmation has become effective;(except that in certain cases, as specified in the UK Link Manual, such data items are only accessible following the Supply Point Registration Date); and
  - (b) by the Registered User in relation to a Supply Point.
- 3.7 In Table B, in relation to certain data items:
- (a) **'Proposed'** signifies that (where provided by the Proposing User) the data item is as Nominated or Proposed by the Proposing User;

- (b) **'Offered'** signifies that the data item is as Offered in a Detail Registration Response or Supply Point Offer, subject to paragraph 3.8;
  - (c) **'Existing'** signifies that the data item relates to the Existing Supply Point;
  - (d) **'Registered'** signifies that the data item (where applicable) is as is or will be registered (on the Supply Point Registration Date, or as subsequently changed) in the Supply Point Registration.
- 3.8 In column 4, for CSS Supply Points, in relation to data items which (as provided in Table C) are subject to a Detail Registration Nomination:
- (a) Offered values are provided only where the Base Registration Nomination specifies a a Detail Registration Response which has been sent to the Proposing User;
  - (b) where the condition in paragraph (a) is not satisfied, Default values of the data are provided.
- 3.9 Users are aware that many settlement-related data items are variable (in that they change on the basis of the passage of time, actions of the Existing Registered User, Meter Reads, actions of the Transporter, and otherwise); and it is the responsibility of a Proposing User to ensure it continues to access data items which it considers relevant to it on an up-to-date basis.
- 3.10 In relation to the processes under the IGT Code which correspond to the Relevant CSS Request processes a User will have access to data items relating to the Proposed CSEP Supply Point as and to the extent provided in the UK Link Manual.

**TABLE B – ACCESS TO REGISTRATION DETAILS**

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Enquiry</i>	<i>Column 3 – Valid CSS Request</i>	<i>Column 4 - Nomination</i>	<i>Column 5 - Registration</i>
<b><i>Group A - Supply Meter Point Details</i></b>				
Supply Meter Point Reference Number	Y	Y	Y	Y
Meter Point Location	Y	Y	Y	Y
Exit Zone	Y	Y	Y	Y
LDZ	Y	Y	Y	Y
DN Operator	Y	Y	Y	Y
Meter Link Code	Y	Y	Y	Y
Conversion Factor	Y	Y	Y	Y
Bypass fitted	-	-	-	Y
Last Meter Inspection Date	-	-	-	Y

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Enquiry</i>	<i>Column 3 – Valid CSS Request</i>	<i>Column 4 - Nomination</i>	<i>Column 5 - Registration</i>
<b><i>Group B - Supply Point Details</i></b>				
User	-	Proposed	Proposed	Registered
Supply Point Reference Number	-	Y	-	Y
Supply Point Registration Date	-	Proposed	-	Registered
Supplier	-	Proposed	Proposed	Registered and Existing
Shared Supply Meter Point	-	-	-	Registered
Supply Point Withdrawal Status	Y	-	Y	-
<b><i>Group C - Consumer/Premises Details</i></b>				
Name of Premises	-	-	Proposed	Registered

<b><i>Column 1 - Data Groups and Individual Data Items</i></b>	<b><i>Column 2 – Enquiry</i></b>	<b><i>Column 3 – Valid CSS Request</i></b>	<b><i>Column 4 - Nomination</i></b>	<b><i>Column 5 - Registration</i></b>
Priority services details	-	-	Proposed	N in accordance with Section G3.2.6.
Previous priority services recorded indicator	-	Y	Y	-
Market Sector Code	-	Proposed	-	Registered
Large Firm Supply Point emergency contacts	-	-	Proposed	Registered (if provided)
Interruptible Supply Point contacts	-	-	-	-
Priority Consumer details	-	-	-	Y
<b><i>Group D - Settlement Details: User Specified</i></b>				
Class of Supply Meter Point	Existing	Default	Proposed	Registered
Meter Read Batch Period	Existing	-	Proposed	Registered
Meter Read Frequency	Existing	Default	Proposed	Registered

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Enquiry</i>	<i>Column 3 – Valid CSS Request</i>	<i>Column 4 - Nomination</i>	<i>Column 5 - Registration</i>
Supply Point Capacity	Existing	Default	Offered	Registered
Supply Point Offtake Rate	Existing	Default	Offered	Registered
Conditional NTS Capacity Charge Discount detail	-	Default	Offered	Registered
LDZ Optional Capacity detail	-	Default	Offered	Registered
<b><i>Group E – Settlement Details: Not User Specified</i></b>				
End User Category	Y	Y	Y	Y
Annual Quantity	Y	Y	Y	Y
Formula Year Annual Quantity	Y	Y	Y	Y
Nomination category	Existing	Y	Y	Y
Current Year Minimum Supply Point Capacity	Y	Y	Y	Y
Minimum Meter Read Frequency	Y	-	Y	-

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Enquiry</i>	<i>Column 3 – Valid CSS Request</i>	<i>Column 4 - Nomination</i>	<i>Column 5 - Registration</i>
Interruptible Supply Point Indicator	Y	-	Y in a Detail Registration Response (CSS) or Supply Point Offer (Non-CSS)	-
Interruptible Supply Point details	-	Default	Existing – in a Base Registration Response (CSS) or Supply Point Confirmation response (Non-CSS)	Registered
Seasonal Supply Point Indicator	Y	Default	Y	Y
Seasonal Supply Point details	-	Default	Offered or Existing (see Section B4.9.4 and 4.9.5)	Registered
<b><i>Group F – Transportation Charge Rates</i></b>				
LDZ Capacity Charge rate	-	Y	Offered	Y
LDZ Commodity Charge rate	-	Y	Offered	Y
LDZ Customer Charge rate	-	Y	Offered	Y

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Enquiry</i>	<i>Column 3 – Valid CSS Request</i>	<i>Column 4 - Nomination</i>	<i>Column 5 - Registration</i>
LDZ ECN Charge rate	-	Y	Offered	Y
NTS Exit (Flat) Commodity Charge rate	-	Y	Offered	Y
Conditional NTS Capacity Charge Discount Rate	-	Default	Offered	Y
LDZ Optional Capacity Rate	-	Default	Offered	Y
Special Metering Charges	-	Y	Offered	Y
<b><i>Group G - Consumption details</i></b>				
Latest Meter Read	-	-	-	Y
Consumption over a period	Y upon specific request (see Section G3.2)	-	-	-
Meter Read history	-	-	-	Y (only on request for Read Dates before the Supply Point)

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Enquiry</i>	<i>Column 3 – Valid CSS Request</i>	<i>Column 4 - Nomination</i>	<i>Column 5 - Registration</i>
				Registration Date)
<b>Group H - Meter Information</b> <i>Note: Twin-stream Metering identified by more than one set of data items</i>				
Meter location	Y	Y	Y	Y
Meter detail	Y	Y	Y	Y
Converter detail	-	Y	Y	Y
Data-logger detail	Y	Y	Y	Y
AMR	Y	Y	Y	Y
In-home Display	Y	Y	Y	Y
<b>Group I – Agent Details</b>				
Meter Asset Manager	-	Y	Y	Y

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Enquiry</i>	<i>Column 3 – Valid CSS Request</i>	<i>Column 4 - Nomination</i>	<i>Column 5 - Registration</i>
Gas Act Owner	-	Y	Y	Y
Data Communications Company (DCC) service details	Y	Y	Y	Y
Smart Metering System Operator details	Y	Y	Y	Y
Automated Meter Reading (AMR) Service Provider details	-	Y	Y	Y
<b><i>Group J - CSEP Supply Meter Point Details</i></b>				
CSEP details	Y	Y	Y	Y

#### 4 Table C – Base and Detail Registration Nominations

- 4.1 Table C specifies, in relation to CSS Supply Meter Points, the Registration Details which are the subject of a Base Registration Nomination and a Detail Registration Nomination, and default values of Registration Details.
- 4.2 Table C applies only to CSS Supply Meter Points (and does not apply to CSEP Supply Meter Points unless and except as specified in the UK Link Manual).
- 4.3 Column 2 identifies the data items to be specified in a Detail Registration Nomination. As provided in Section G5.3, a Base Registration Nomination must also specify a Detail Registration Response for that response to be operative.
- 4.4 Column 3 identifies the data items to be specified in a Base Registration Nomination.
- 4.5 In Columns 2 and 3:
- (a) **'Mandatory'** signifies that the Proposing User must specify the data item;
  - (b) **'Optional'** signifies that the Proposing User may choose whether to specify the data item;
  - (c) a reference to another data item, or to a particular provision of the Code signifies that specifying the data item is conditional upon the value given to that other data item or to a condition specified in that provision of the Code (in each case a **data condition**)
  - (d) where a data item is shown as Mandatory in both columns 2 and 3, in relation to a Larger Supply Meter Point other than a Class 1 or 2 Supply Meter Point:
    - (i) if the User chooses to submit a Detail Registration Nomination, the data item is Mandatory in that nomination, and may not be specified in a Base Registration Nomination which specified that Detail Registration Nomination;
    - (ii) otherwise that data item is Mandatory in the Base Registration Nomination.
- 4.6 Column 2 specifies, for the purposes of Section G5.3.14, for certain data items, that (and how) the Proposing User may dispute the Detail Registration Response.
- 4.7 Column 4 specifies the Default value of the data item which will apply in a Supply Point Registration (pursuant a Relevant CSS Request) where no Base Registration Nomination or (as the case may be) Detail Registration Response is operative in relation to that Relevant CSS Request.
- 4.8 In Column 4:

- (a) for certain data items reference is made to a provision of the Code by which the Default value of the data item is determined;
- (b) **'Existing'** signifies that the Default value of a data item will be its value in relation to the Existing Supply Point;
- (c) **'Null'** signifies that (in the Default case) no value for the data item will apply;
- (d) where a data item is relevant only to a particular kind of Supply Point, Column 4 applies only to Supply Points of that kind.

4.9 A Base Registration Nomination or Detail Registration Nomination (**relevant nomination**) will not be valid unless:

- (a) the relevant nomination complies with the applicable requirements of Section G5.3 and specifies (in addition to Registration Details) the relevant details required in that Section;
- (b) all data items specified in the relevant nomination are specified in compliance with all applicable requirements in the UK Link Manual;
- (c) the relevant nomination specifies values for all Mandatory data items (including items which are Mandatory because a data condition applies);
- (d) the relevant nomination does not specify a value for a Mandatory item for which there is a data condition which does not apply;
- (e) where any provision of the Code prescribes or limits (by reference to Annual Quantity or any other data condition other circumstance) the value of a data item, the data item is specified in compliance with that provision;
- (f) the requirements in Section G5.4 are complied with.

4.10 A Detail Registration Response may cease to be valid as provided in Section G5.4.

4.11 A Base Registration Nomination will cease to be valid (without prejudice to Section G5.5.3(a)) if, as a result of:

- (a) a change in the Annual Quantity of the Supply Meter Point; or
- (b) a change in any other data condition or circumstance relating to the Supply Meter Point

a data item in the Base Registration Nomination is no longer in compliance with a provision of the Code as provided in paragraph 4.9(e).

**TABLE C – BASE AND DETAIL REGISTRATION NOMINATIONS**

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Detail Registration Nominations</i>	<i>Column 3 – Base Registration Nominations</i>	<i>Column 4 – Default data item</i>
<b><i>Group A - Supply Meter Point Details</i></b>			
Supply Meter Point Reference Number	Mandatory	Mandatory	-
Meter Point Location	N/A	N/A	-
Exit Zone	N/A	N/A	-
LDZ	N/A	N/A	-
DN Operator	N/A	N/A	-
Meter Link Code	N/A	N/A	-
Conversion Factor	N/A	N/A	-
Bypass fitted	N/A	N/A	-
Last Meter Inspection Date	N/A	N/A	-
			-
<b><i>Group B - Supply Point Details</i></b>			

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Detail Registration Nominations</i>	<i>Column 3 – Base Registration Nominations</i>	<i>Column 4 – Default data item</i>
User	Mandatory	Mandatory	-
Supply Point Reference Number	N/A	N/A	-
Supply Point Registration Date	N/A	N/A	-
Supplier	N/A	Mandatory	-
Shared Supply Meter Point	N/A	N/A	-
Supply Point Withdrawal Status	N/A	N/A	-
<b><i>Group C - Consumer/Premises Details</i></b>			
Name of Premises	-	Optional	Null
Priority services details	-	Optional	Null
Previous priority services recorded indicator	N/A	N/A	-

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Detail Registration Nominations</i>	<i>Column 3 – Base Registration Nominations</i>	<i>Column 4 – Default data item</i>
Market Sector Code	N/A	N/A	-
Large Firm Supply Point emergency contacts	-	Mandatory where applicable – see Section Q2.3	Existing
Interruptible Supply Point contacts	-	Mandatory where applicable – see Section Q2.4	-
Priority Consumer details	N/A	N/A	Existing
<b><i>Group D - Settlement Details: User Specified</i></b>			
Class of Supply Meter Point	Mandatory	Mandatory	Class 4; unless subject to the Class 1 Requirement (see Section G1.5.3), where the requirement is satisfied and comprised in a DM Supply Meter Point
Meter Read Batch Period	Mandatory if Class 3	Mandatory if Class 3	Null
Meter Read Frequency	Mandatory if Class 4 and in compliance with Section M5.8.	Mandatory if Class 4, and in compliance with Section M5.8	In accordance with Section M5.9.1(b)

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Detail Registration Nominations</i>	<i>Column 3 – Base Registration Nominations</i>	<i>Column 4 – Default data item</i>
Supply Point Capacity	Mandatory if Class 1 and 2 Supply Points	-	Existing
Supply Point Offtake Rate	Mandatory if Class 1 and 2 Supply Points	-	Existing
Conditional NTS Capacity Charge Discount detail	N/A	N/A	N/A
LDZ Optional Capacity detail	Optional. User may dispute distance, by resending DRN with correct grid reference	-	Not elected
<b><i>Group E – Settlement Details: Not User Specified</i></b>			
End User Category	N/A	N/A	-
Annual Quantity	N/A	N/A	-
Formula Year Annual Quantity	N/A	N/A	-
Nomination category	N/A	N/A	-

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Detail Registration Nominations</i>	<i>Column 3 – Base Registration Nominations</i>	<i>Column 4 – Default data item</i>
Current Year Minimum Supply Point Capacity	N/A	N/A	-
Minimum Meter Read Frequency	N/A	N/A	-
Interruptible Supply Point Indicator	N/A	N/A	-
Interruptible Supply Point details	N/A	-	Existing (see Section B8.1.5)
Seasonal Supply Point Indicator	N/A	N/A	Existing
Seasonal Supply Point details	Optional but see Section B4.9.4 and 4.9.5	-	Existing
<b><i>Group F – Transportation Charge Rates</i></b>			
LDZ Capacity Charge rate	N/A	N/A	-
LDZ Commodity Charge rate	N/A	N/A	-
LDZ Customer Charge rate	N/A	N/A	-

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Detail Registration Nominations</i>	<i>Column 3 – Base Registration Nominations</i>	<i>Column 4 – Default data item</i>
LDZ ECN Charge rate	N/A	N/A	-
NTS Exit (Flat) Commodity Charge rate	N/A	N/A	-
Conditional NTS Capacity Charge Discount Rate	N/A	N/A	-
LDZ Optional Capacity Rate	N/A	N/A	-
Special Metering Charges	N/A	N/A	-
<i>Group G - Consumption details</i>			
Latest Meter Read	N/A	N/A	-
Consumption over a period	N/A	N/A	-
Meter Read history	N/A	N/A	-
<i>Group H - Meter Information</i>			
<i>Note: Twin-stream Metering identified by more than one set of data items</i>			

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Detail Registration Nominations</i>	<i>Column 3 – Base Registration Nominations</i>	<i>Column 4 – Default data item</i>
Meter location	N/A	N/A	-
Meter detail	N/A	N/A	-
Converter detail	N/A	N/A	-
Data-logger detail	N/A	N/A	-
AMR	N/A	N/A	-
In-home Display	N/A	N/A	-
<b><i>Group I – Agent Details</i></b>			
Meter Asset Manager	N/A	Optional	-
Gas Act Owner	N/A	N/A	-
Data Communications Company (DCC) service details	N/A	N/A	-

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Detail Registration Nominations</i>	<i>Column 3 – Base Registration Nominations</i>	<i>Column 4 – Default data item</i>
Smart Metering System Operator details	N/A	N/A	-
Automated Meter Reading (AMR) Service Provider details	N/A	N/A	-
<b><i>Group J - CSEP Supply Meter Point Details</i></b>			
CSEP details	N/A	N/A	-

## 5 Table D – Modification of Registration Details

- 5.1 Table D specifies whether and how Registration Details in respect of an existing Supply Point Registration may be modified.
- 5.2 Table D sets out, for data items in a Supply Point Registration which (in Table A) are User-Elected or User-Provided, and for certain other data items, how such items may be modified.
- 5.3 Table D does not apply:
- (a) to settlement-related data items which (in Table A) are Derived;
  - (b) relation to CSS Supply Points, to data items which can be changed only pursuant to a Relevant CSS Process;
  - (c) in relation to Non-CSS Supply Points, to data items which can be changed only pursuant to a Supply Point Registration.
- 5.4 Table D does not apply to CSEP Supply Points (and data items maintained in respect of CSEP Supply Points are modified by the CDSP as provided in Section G3.3.3).
- 5.5 In Column 2:
- (a) **'User'** signifies that the Registered User (or other Relevant User for the purposes of Section M4) may modify the data item, by giving notice of the modification to the CDSP (in compliance with the UK Link Manual);
  - (b) **'CDSP'** signifies that the CDSP may modify the data item including as an Agency Function on behalf of a Transporter;
  - (c) **'Transporter'** signifies that the Transporter may modify the data item;
  - (d) **'N/A'** signifies that the item is not subject to modification under the arrangements described in this Annex G-1 (for example because it is Derived or otherwise is not standing data).
- 5.6 Columns 3 to 6 apply only to data items which may be modified by the User, and specify the basis on which a modification of the data item is to be made, as follows:
- (a) in Column 3:
    - (i) **'User specifies'** signifies that the Registered User's notice must specify the date with effect from which the modification is to be made;
    - (ii) **'Upon notice'** signifies that the modification will be made as soon as reasonably practicable following the Registered User's notice;
  - (b) where (as provided in paragraph (a)(i)) the User must specify the effective date of a modification:
    - (i) such date must be specified in compliance with applicable provisions of the Code and the UK Link Manual, and may (where and to the extent permitted by those provisions) be a date before the date of the User's notice;

(ii) in the absence of any contrary provision of the Code or UK Link Manual, such date shall be:

(A) not less than the period (if any) in Column 4, and

(B) not more than the period (if any) in Column 5;

after the date of the User's notice;

(c) **'Cancellable'** in Column 6 signifies that, in relation to an item for which Column 3 is 'User specifies', the Registered User may cancel a notice of modification by further notice to the CDSP given not less than 3 Supply Point Systems Business Days before the effective date specified in the notice of modification.

5.7 In relation to Registration Details which may be modified by the Registered User:

(a) nothing in this Annex G-1 entitles a User to modify Registration Details except in circumstances where the Code requires or permits such modification;

(b) a notice of modification will not be valid where the modification does not comply with any provision of the Code, including without limitation in the case of a Capacity Revision Application the requirements in Annex B-3; and the CDSP will reject a notice of a modification which is not valid;

(c) where the Code requires a modification of Registration Details with effect from a particular date, it is the responsibility of the User to specify the effective date of the modification in accordance with that requirement;

(d) unless otherwise specified in the UK Link Manual, a separate notice of modification must be submitted for each data item which the Registered User wishes to modify;

(e) where a Registered User has submitted a notice of modification in relation to a Supply Point Registration, the Registered User may not submit any further notice of modification in relation to the relevant data item until the CDSP has made the modification in the initially submitted notice.

5.8 In the Code **"Supply Point Amendment"** means the modification of Registration Details by a User by notice to the CDSP as provided in and subject to paragraph 5.3 and 5.4.

5.9 A Supply Point Amendment in respect of a Shared Supply Meter Point may be made only where permitted by, and in accordance with, the procedures established pursuant to Section G9.7.4.

**TABLE D – MODIFICATION OF REGISTRATION DETAILS**

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Who may modify</i>	<i>Column 3 - Effective Date</i>	<i>Column 4 - Minimum Notice</i>	<i>Column 5 - Maximum Notice</i>	<i>Column 6 - Cancellable</i>
<b><i>Group A - Supply Meter Point Details</i></b>					
Supply Meter Point Reference Number	N/A				
Meter Point location	N/A				
Exit Zone	N/A				
LDZ	N/A				
DN Operator	N/A				
Meter Link Code	N/A				
Conversion factor	User	User specifies	-	-	-
Bypass fitted	User	User specifies	-	-	-
Last Meter Inspection Date	User	User specifies	-	-	-
<b><i>Group B - Supply Point Details</i></b>					

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Who may modify</i>	<i>Column 3 - Effective Date</i>	<i>Column 4 - Minimum Notice</i>	<i>Column 5 - Maximum Notice</i>	<i>Column 6 - Cancellable</i>
User	N/A				
Supply Point Reference Number	N/A				
Supply Point Registration Date	N/A				
Supplier	User (Non-CSS)	User specifies	-	-	-
Shared Supply Meter Point	N/A				
Supply Point Withdrawal Status	User (Non-CSS)	-	-	-	-
<b><i>Group C - Consumer / Premises Details</i></b>					
Name of Premises	User	Upon notice	-	-	-
Priority services details	User	Upon notice	-	-	-
Previous priority services recorded indicator	N/A				

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Who may modify</i>	<i>Column 3 - Effective Date</i>	<i>Column 4 - Minimum Notice</i>	<i>Column 5 - Maximum Notice</i>	<i>Column 6 - Cancellable</i>
Market Sector Code	CSS Provider (CSS)  User (Non-CSS)	- (CSS)  Upon notice (Non-CSS)	-	-	-
Large Firm Supply Point emergency contacts	User	Upon notice	-	-	-
Interruptible Supply Point contacts	User	Upon notice	-	-	-
Priority Consumer details	User	Upon notice	-	-	-
<b><i>Group D - Settlement Details: User Specified</i></b>					
Class of Supply Meter Point	User	User specifies	5 Supply Point Systems Business Days	30 Business Days	Cancellable
Meter Read Batch Period	User	User specifies	2 Supply Point Systems Business Days	-	Cancellable
Meter Read Frequency	User	User specifies	2 Supply Point Systems	-	Cancellable

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Who may modify</i>	<i>Column 3 - Effective Date</i>	<i>Column 4 - Minimum Notice</i>	<i>Column 5 - Maximum Notice</i>	<i>Column 6 - Cancellable</i>
			Business Days		
Supply Point Capacity	CDSP, subject to Section B, Annex B-3 Paragraph 5.5	User specifies	In accordance with Section B, Annex B-3	N/A	Cancellable
Supply Point Offtake Rate	User	User specifies	In accordance with Section B, Annex B-3	N/A	Cancellable
Conditional NTS Capacity Charge Discount detail	User (Non-CSS (NTS))	User specifies	5 Supply Point Systems Business Days	30 Supply Point Systems Business Days	Cancellable
LDZ Optional Capacity detail	N/A				
<b><i>Group E – Settlement Details: Not User Specified</i></b>					
End User Category	N/A				
Annual Quantity	User, subject to Section G2.3.20	Subject to Section G2.3.27	-	-	Subject to Section G2.3.28
Formula Year Annual Quantity	N/A				

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Who may modify</i>	<i>Column 3 - Effective Date</i>	<i>Column 4 - Minimum Notice</i>	<i>Column 5 - Maximum Notice</i>	<i>Column 6 - Cancellable</i>
Nomination category	N/A				
Current Year Minimum Supply Point Capacity	N/A				
Minimum Meter Read Frequency	N/A				
Interruptible Supply Point Indicator	Transporter	-	-	-	-
Interruptible Supply Point details	User – see Section B8.1.5	-	-	-	-
Seasonal Supply Point Indicator	User, subject to Section B4.9	-	-	-	-
Seasonal Supply Point details	User, subject to Section B4.9	-	-	-	-
<b><i>Group F – Transportation Charge Rates</i></b>					
LDZ Capacity Charge rate	CDSP	-	-	-	-

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Who may modify</i>	<i>Column 3 - Effective Date</i>	<i>Column 4 - Minimum Notice</i>	<i>Column 5 - Maximum Notice</i>	<i>Column 6 - Cancellable</i>
LDZ Commodity Charge rate	CDSP	-	-	-	
LDZ Customer Charge rate	CDSP	-	-	-	-
LDZ ECN Charge rate	CDSP	-	-	-	-
NTS Exit (Flat) Commodity Charge rate	CDSP	-	-	-	-
Conditional NTS Capacity Charge Discount Rate	CDSP	-	-	-	-
LDZ Optional Capacity Rate	CDSP	-	-	-	-
Special Metering Charges	Transporter	-	-	-	-
<b><i>Group G - Consumption details-</i></b>					
Latest Meter Read	N/A	-			
Consumption over a period	N/A				
Meter Read history	N/A	-			

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Who may modify</i>	<i>Column 3 - Effective Date</i>	<i>Column 4 - Minimum Notice</i>	<i>Column 5 - Maximum Notice</i>	<i>Column 6 - Cancellable</i>
<b><i>Group H - Meter Information</i></b>					
Meter location	User	User specifies	-	-	-
Meter detail	User	User specifies	-	-	-
Converter detail	User	User specifies	-	-	-
Data-logger detail	CDSP	User specifies	-	-	-
AMR	User	User specifies	-	-	-
In-house Display	User	User specifies	-	-	-
<b><i>Group I – Agent Details</i></b>					
Meter Asset Manager	User	User specifies	-	-	-
Gas Act Owner	User	Upon notice	-	-	-
Data Communications Company (DCC) service details	N/A				

<i>Column 1 - Data Groups and Individual Data Items</i>	<i>Column 2 – Who may modify</i>	<i>Column 3 - Effective Date</i>	<i>Column 4 - Minimum Notice</i>	<i>Column 5 - Maximum Notice</i>	<i>Column 6 - Cancellable</i>
Smart Metering System Operator details	User	User specifies	-	-	-
Automated Meter Reading (AMR) Service Provider details	User	User specifies	-	-	-
<b><i>Group J - CSEP Supply Meter Point Details</i></b>					
CSEP details	N/A				

**ANNEX G-2**

**COMPENSATION RULES**

**1 Responding to Transporter Referrals**

1.1 For the purposes of this Annex G-2:

- (a) a **“relevant”** Transporter Referral is a Transporter Referral within paragraph 4.3;
- (b) the Transporter **“responds”** to a relevant Transporter Referral by notifying the CDSP of the outcome of the Transporter's assessment of the feasibility of making gas available for offtake from the Total System at the Proposed Supply Point as referred to in paragraph 4.3.2(b);
- (c) periods within which the Transporter is to respond run from the Supply Point Systems Business Day after the Registration Nomination was submitted;
- (d) a Registration Nomination is **“referred”** where it is subject to a relevant Transporter Referral; and
- (e) a **“Registration Nomination”** means a Detail Registration Nomination in the case of a CSS Supply Point and a Supply Point Nomination in the case of a Non-CSS Supply Point.

1.2 The Transporters will respond to the CDSP within 12 Supply Point Systems Business Days to not less than 97% of the referred Registration Nominations submitted by each User in any calendar month.

1.2.1 If, in respect of the referred Registration Nominations submitted by a User in any calendar month, the Transporters do not comply with the requirement in paragraph 1.1.2, the Transporters will (subject to the further provisions of the Code) pay to the User an amount calculated as:

$$((0.97 * A) - B - C) * £30$$

where for the relevant month:

- A is the number of referred Registration Nominations submitted by the User in that month;
- B is the number of referred Registration Nominations submitted by the User in that month to which the Transporters did respond within 12 Supply Point Systems Business Days; and
- C is the number of referred Registration Nominations where:
  - (a) the Transporter reasonably considered that a site visit was necessary (in accordance with the provisions of Section B, Annex B-3 and this

Section G); and

- (b) the Transporter was unable to perform such site visit within 12 Supply Point Systems Business Days as a result of failure, acting reasonably, to obtain any consents necessary to undertake such site visit (and the Transporter shall not be required to seek any such consent after the 10th Supply Point Systems Business Day).

1.3 The Transporter will (subject to the further provisions of this Annex G-2) pay to the User £50 in respect of each referred Registration Nomination submitted by a User, if the Transporter does not respond within 17 Supply Point Systems Business Days provided that the Transporter will not be liable to pay such amounts where:

- (a) the Transporter reasonably considered that a site visit was necessary (in accordance with the provisions of Section B, Annex B-3 and this Section G); and
- (b) the Transporter was unable to perform such site visit within 17 Supply Point Systems Business Days as a result of failure, acting reasonably, to obtain any consents necessary to undertake such site visit (and the Transporter shall not be required to seek any such consent after the 15th Supply Point Systems Business Day).

1.4 Amounts payable under paragraph 1.1.4 are in addition to and irrespective of any amounts which may become payable in respect of any month under paragraph 1.1.3.

1.5 For the purposes of Section V10 the rules in paragraphs 1.1.3 and 1.1.4, are Compensation Rules within Compensation Group G; and in relation thereto the 'payment month' is the second month following that in which the relevant Registration Nomination was submitted.

## 2 Site visits

2.1 The Transporter shall be taken to have completed a Site Visit Appointment where the Transporter attends at the Supply Point Premises on a date which complies with TPD Section G3.6; and

- (a) the Transporter investigates the relevant matter (as described in TPD Section G3.6); or
- (b) the User did not attend if required to do so in accordance with TPD Section G3.6.3; or
- (c) the Transporter was unable (after reasonable attempts to do so at the time of its visit) to obtain access to the Supply Point Premises.

2.2 If the Transporter does not complete all Site Visit Appointments for a User in a calendar month, the Transporter will (subject to the further provisions of the Code) pay to the User an amount calculated as:

$$(A) - B) * £20$$

where for the relevant month:

- A is the number of Site Visit Appointments due to be carried out in that month;
  - B is the number of Site Visit Appointments completed in accordance with paragraph 1.2.1.
- 2.3 For the purposes of Section V10, the rule in paragraph 1.2.2 is a Compensation Rule within Compensation Group H; and in relation thereto the 'payment month' is the second month following that in which the relevant Site Visit Appointment was due to be carried out.



**ANNEX G-3****SITWORKS****1 General**

1.1 For the purposes of the Code:

- (a) the “**Siteworks Applicant**” is the User or other person who has requested that the Siteworks be undertaken;
- (b) the “**Siteworks Contract**” is the contract between the Transporter and the Siteworks Applicant under which the Transporter is to undertake the Siteworks;
- (c) the “**Completion Date**” is the date of substantial completion (as defined or described in the Siteworks Contract) of the Siteworks;
- (d) the “**Target Completion Date**” means the intended Completion Date of the Siteworks as specified in or determined under the Siteworks Contract;
- (e) “**Siteworks**” includes works undertaken by the Transporter:
  - (i) at the request of a Registered User or other person in connection with the System for the purposes of installing, modifying, removing, or replacing a Supply Meter Installation at a Special Metering Supply Point;
  - (ii) at the request of the Registered User for the purposes of ceasing or enabling the flow of gas at a Special Metering Supply Point;
- (f) “**Siteworks**” means works undertaken by the Transporter at the request of a User or other person in connection with a System for the purposes of:
  - (i) the establishment of a New Supply Meter Point;
  - (ii) enabling an increase in the rate or pressure at or quantities in which it is feasible to make gas available for offtake from the Total System at an existing Supply Meter Point;
  - (iii) modifying or replacing any part of a System located at the Supply Point Premises (but not the Supply Meter Installation at an existing Supply Meter Point);
  - (iv) enabling the Firm Transportation Requirement (in accordance with Section B8.3.4) to be satisfied in respect of an Interruptible Supply Point; or
  - (v) furnishing, installing, removing, making operational and/or maintaining Daily Read Equipment;
- (g) Siteworks under paragraph (f)(i) may be:

- (i) for the construction and/or installation (and connection to a System) by the Transporter of the service pipe or any part thereof (but not the Supply Meter Installation); or
  - (ii) for the purposes of making a connection to a System of any service pipe constructed or installed by any other person (but not the new Supply Meter Installation).
- (h) **“Connections Work”** is the connection of the service pipe (or any part thereof) for the establishment of a New Supply Meter Point on to the relevant System; and
- (i) **“Special Metering Supply Point”** is any Supply Point:
- (i) comprising a Supply Meter Point in respect of which a Supply Meter Installation is provided and installed by the Transporter; and
  - (ii) such Supply Meter Point:
    - (1) is a Shared Supply Meter Point; or
    - (2) is comprised within a System Exit Point which is subject to a Special Offtake Arrangement; or
    - (3) which is comprised in an LDZ Specified Exit Point identified within a Supply Point Nomination in respect of which a Supply Point Registration has occurred; or
    - (4) which is comprised in a Notional NTS Connection Point identified within a Supply Point Offer in respect of which a Supply Point Registration has occurred; or
  - (iii) such Supply Meter Installation comprises a Telemetered Supply Meter; or
  - (iv) which the Transporter and the User at such Supply Point have agreed shall be a Special Metering Supply Point.
- 1.2 Where the Siteworks Applicant is a User the Siteworks Contract shall not (unless it expressly provides to the contrary) be an Ancillary Agreement and does not form a part of and is not incorporated into the Code.
- 1.3 Where the Siteworks Applicant is not the Registered User of the relevant Supply Meter Point:
- (a) nothing in the Code shall make the Registered User liable for any payment becoming due under the Siteworks Contract; and
  - (b) the Transporter will have no liability to the Registered User in respect of any breach of the Siteworks Contract.
- 1.4 The Registered User of a Supply Meter Point will not be liable for any breach of the Code which results from a breach by the Transporter of a Siteworks Contract relating to that Supply Meter Point.

- 1.5 The Transporter shall not be obliged to undertake work requested in accordance with paragraph 1.1(e), where the Special Metering Supply Point comprises a Special Metering Supply Point unless by no later than the date of such request the Registered User has notified the Transporter that it has obtained from those Users at such Shared Supply Meter Point their agreement to undertake such work.

## **2 Siteworks Terms and Procedures**

- 2.1 The Transporter will from time to time publish Siteworks Terms and Procedures applicable to different types of Siteworks or Siteworks in relation to different Supply Meter Points.
- 2.2 **“Siteworks Terms and Procedures”** means the procedures by which and terms and conditions on and subject to which a User or other person may request the Transporter to provide a quotation (where the price is not published) for and to undertake Siteworks and a Siteworks Contract may be entered into.
- 2.3 Siteworks Terms and Procedures do not form a part of the Code; and (without prejudice to any Legal Requirement applying to the Transporter) nothing in the Code requires the Transporter to undertake any Siteworks or to do so on any particular terms.
- 2.4 The Transporter agrees to give to Users notice:
- (a) of not less than 2 months of any change in published prices of Siteworks; and
  - (b) of not less than 3 months of any other change to contract terms contained in Siteworks Terms and Procedures (other than the addition of terms and procedures for a type of Siteworks not previously covered).

## **3 Undertaking Siteworks**

- 3.1 The Transporter will not be in breach of its obligation to make gas available for offtake at a Supply Meter Point where or to the extent that its ability to do so is impaired by reason of its carrying out any Siteworks in respect of that Supply Meter Point.
- 3.2 Where the Transporter carries out Siteworks at a Supply Meter Point comprised in a Supply Point whose Annual Quantity exceeds 73,200 kWh (2,500 therms), and the Siteworks Applicant is not the Registered User, the Transporter will, unless the Siteworks Applicant has requested the Transporter not to do so, notify the Registered User of the Siteworks where practicable before and in any event promptly upon completing such Siteworks.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION H – DEMAND ESTIMATION AND DEMAND FORECASTING****1 DEMAND MODELS AND END USER CATEGORIES****1.1 Introduction**

1.1.1 Demand for gas at NDM Supply Points is required to be estimated (in accordance with this Section H) for purposes including determining Supply Point Capacity under Section B, establishing nominations under Section C and daily offtakes and allocations of Unidentified Gas under Section E, and determining Annual Quantities under Section G2.3.

1.1.2 For the purposes of such demand estimation, each NDM Supply Point will belong to an End User Category for which a Demand Model will be established in accordance with this paragraph 1.

1.1.3 In accordance with GT Section C2.6, references in this Section H to demand are:

- (a) at the level of any System Exit Point or End User Category, exclusive of shrinkage;
- (b) at the level of an LDZ, inclusive of LDZ shrinkage.

1.1.4 In this Section H:

- (a) the “**Committee**” is the Demand Estimation Sub-Committee established under paragraph 1.12.1;
- (b) the “**NDM Demand Estimation Methodology**” is the document established and from time to time modified in accordance with paragraph 1.13.

1.1.5 In this Section H, unless otherwise expressly provided, references to Supply Meter Points and Supply Points (and classes thereof) include CSEP Supply Meter Points and CSEP Supply Points (and the corresponding classes thereof).

**1.2 End User Categories**

1.2.1 An “**End User Category**” is a category of NDM Supply Points in an LDZ defined by rules established in accordance with paragraph 1.2.2; and where appropriate a reference to an End User Category includes reference to the NDM Supply Points for the time being belonging to that category.

1.2.2 End User Categories will be defined:

- (a) by reference only to variables values of which:
  - (i) are maintained in the Supply Point Register; and/or
  - (ii) can be derived from Meter Readings obtained with the Meter Reading

Frequency required (in relation to relevant Supply Meters of the relevant Class) under Section M5

in respect of NDM Supply Points belonging to the relevant category; and

- (b) so that at any time every NDM Supply Point belongs to one and only one such category.
- 1.2.3 The “**Applicable End User Category**” in respect of a Class 3 or 4 Supply Meter Point at any time is the End User Category to which the NDM Supply Point belongs at that time.
- 1.2.4 The “**EUC Sample**” in relation to an End User Category is the Sampled NDM Supply Points (in accordance with paragraph 1.6.4) belonging to that category.
- 1.2.5 References in this Section H to the demand of an End User Category are to the demand of the NDM Supply Points in the EUC Sample.
- 1.2.6 A CSEP Supply Meter Point shall belong to the End User Category to which (pursuant to the provisions of IGTAD Section D2.1.1) the corresponding IGTS Supply Meter Point belongs.

### 1.3 Demand Models

- 1.3.1 For the purposes of this Section H a “**Demand Model**” is a mathematical model which estimates, for an LDZ or an End User Category, by reference to variables determined by the Committee for the purposes of the model, daily demand at the System Exit Points in the LDZ or (as the case may be) the EUC Sample.
- 1.3.2 The “**Applicable Demand Model**” in relation to an LDZ or an End User Category is the Demand Model applicable in any Gas Year to such LDZ or End User Category in accordance with further provisions of this paragraph 1.
- 1.3.3 Notwithstanding GT Section C3.3.1, a Demand Model may estimate demand (for all relevant System Exit Points) on the basis of the flow weighted average calorific value referred to in GT Section C3.3.1(c)(iii).

### 1.4 Composite Weather Variable

- 1.4.1 The “**Composite Weather Variable**” for an LDZ and a Day is a single variable estimated to represent for the relevant LDZ the combined effect on demand for the Day of the components of weather which affect demand.
- 1.4.2 The Composite Weather Variable for an LDZ for a Day shall be derived from a formula determined (in accordance with this paragraph 1.4) by the Committee by reference to indicators of weather for which the CDSF has made arrangements as provided in paragraph 1.4.9.
- 1.4.3 The Committee will, at appropriate frequencies determined by it, review and where appropriate revise (with effect from the start of a Gas Year) the formula by which the Composite Weather Variable for an LDZ will be determined.
- 1.4.4 A Demand Model may incorporate the Composite Weather Variable for the relevant LDZ.

- 1.4.5 Daily values of the Composite Weather Variable for an LDZ, required for the purposes of developing Demand Models, will be determined by reference to the prevailing applicable Composite Weather Variable formula by the Committee.
- 1.4.6 When using weather data to develop Demand Models or determine the formula for the Composite Weather Variable, the Committee shall determine, in its discretion, whether or not to use such weather data as adjusted (as provided in paragraphs 1.4.7 and 1.4.8) pursuant to the Weather Station Substitution Methodology (where applicable) or the Climate Change Methodology (and in paragraphs 1.4.7 and 1.4.8 references to weather data are to data so used by the Committee).
- 1.4.7 The CDSP shall:
- (a) provide a copy of the Weather Station Substitution Methodology to any Party on request from that Party;
  - (b) adjust, in accordance with the Weather Station Substitution Methodology, the historical weather data at weather stations which have ceased operation and have been replaced by other weather stations; and
  - (c) provide such adjusted data to any Party on request.
- 1.4.8 The CDSP shall provide to any Party on request from that Party:
- (a) a copy of the Climate Change Methodology; and
  - (b) the weather data at weather stations as adjusted in accordance with the Climate Change Methodology.
- 1.4.9 The CDSP shall make arrangements (which may but need not be the same as arrangements made for the purposes of paragraph 5.1.1), in accordance with the NDM Demand Estimation Methodology, to obtain:
- (a) at intervals before and during each Day, forecast weather data;
  - (b) at intervals during and after each Day recorded weather data;

for the components of weather which are incorporated in the formula for determining the Composite Weather Variable for each LDZ.

## **1.5 Seasonal Normal Demand**

- 1.5.1 For the purposes of this Section H seasonal normal demand (“**SND**”) for an LDZ or an EUC Sample for any Day will be determined in accordance with the Applicable Demand Model on the basis of the seasonal normal value of the Composite Weather Variable for the Day in respect of that LDZ.
- 1.5.2 The seasonal normal value of the Composite Weather Variable for an LDZ for a Day in any year will be determined by the Committee.
- 1.5.3 The Committee will, at appropriate frequencies determined by it, after consultation with the Uniform Network Code Committee, review and where appropriate revise (with effect from the start of a Gas Year) the seasonal normal value (for each Day in a year) of the Composite Weather Variable for an LDZ.

1.5.4 Where the seasonal normal values of the Composite Weather Variable for an LDZ are revised, the CDSP will provide the Parties with the revised values.

## 1.6 NDM Sampling

1.6.1 For the purposes of development of End User Categories and Demand Models, and where the Committee so determines, the Transporter (other than National Gas Transmission) will obtain data (which may, subject to paragraph 1.6.6, include estimates of missing data) as to daily offtakes of gas at the Supply Meter Points comprised in a sample of NDM Supply Points in each relevant LDZ.

1.6.2 For the purposes of paragraph 1.6.1:

- (a) the Transporter shall be entitled at its cost to:
  - (i) install, operate and read data recorders or remote meter reading equipment; and
  - (ii) procure meter readings from third parties,in either case at Class 3 or 4 Supply Meter Points from time to time selected by the Transporter;
- (b) the Transporter will designate (as sampled for such purposes) Class 3 or 4 Supply Meter Points at which remote meter reading equipment is installed, at which it wishes to install remote meter reading equipment or at which it has made, or intends to make, arrangements to procure Meter Readings from third parties;
- (c) the sample will be selected by the Transporter by random sampling from candidate NDM Supply Points identified by the CDSP having different Annual Quantities and geographical locations.

1.6.3 For the purposes of paragraph 1.6.2:

- (a) a data recorder is a device which captures Meter Readings at the start of each Day, but is capable of being read only at the Supply Point Premises;
- (b) the Transporter will not select any Class 3 or 4 Supply Meter Point for installing a data recorder or remote meter reading equipment without the consent of the consumer.

1.6.4 For each Gas Year an NDM Supply Point which is for the time being selected or designated under paragraph 1.6.2 is a “**Sampled**” NDM Supply Point.

1.6.5 The aggregate number of Sampled NDM Supply Points will be determined by a methodology developed by the Committee.

1.6.6 The data obtained by the Transporter in accordance with paragraph 1.6.1 will be subject to validation by the Committee.

1.6.7 The Registered User will co-operate with the Transporter:

- (a) in enabling access (where required) to Supply Meters for the purposes of

establishing the NDM samples of NDM Supply Points and in ensuring that such samples are and will continue to fulfill the requirement to obtain the data as described in paragraphs 1.6.1;

- (b) in obtaining the consent (where required) of any relevant person including the consumer for the installation, operation and reading of the data recorder or remote meter reading equipment at a Class 3 or 4 Supply Meter Point.

1.6.8 The Registered User of a Class 3 or 4 Supply Meter Point at which remote meter reading equipment specified in paragraph 1.6.2 is or is to be installed will, where requested to do so by the Transporter:

- (a) procure permission and access for the Transporter or the relevant third party to:
  - (i) install and make operational remote meter Reading equipment;
  - (ii) attach the remote meter reading equipment to the Supply Meter Installation;
- (b) facilitate inspection and maintenance and any activity referred to in Sections M6.2.4(a) and (b), in relation to remote meter reading equipment, by the Transporter or the relevant third party as required for the purposes of keeping such equipment operational (including any requirement for resynchronisation and/or adjustment);
- (c) procure that a suitable site including support, protection and security for the remote meter reading equipment is available at the Supply Point Premises.

1.6.9 The Registered User of a Class 3 or 4 Supply Meter Point at which remote meter reading equipment specified in paragraph 1.6.1 is installed shall:

- (a) where it intends, or becomes aware that the consumer or any other person intends, to undertake works on the Supply Meter Installation (or any part of it) which will or is likely to impact on the ability of the Transporter to obtain accurate and timely Meter Readings, use reasonable endeavours to notify the Transporter at least two Business Days prior to the commencement of such works of the date when disconnection of the Remote Meter Reading Equipment from such Supply Meter Installation will occur and the date on which such works will be complete such that the remote meter reading equipment may or will be reconnected;
- (b) take reasonable steps to secure that the remote meter reading equipment is not damaged or otherwise mistreated.

1.6.10 For the purposes of paragraph 1.6:

- (a) **“NDM Sampling Shipper User”** means any Shipper User that has a NDM Sampling Portfolio;
- (b) **“NDM Sampling Portfolio”** means a collection of Class 3 or Class 4 Supply Meter Points:
  - (i) which consists of, or has in the past consisted of more than or equal to 25,000 live Supply Meter Points;

- (ii) in respect of which 12 months or more sample data is available; and
  - (c) **“Sample Data Guidance”** means the Third Party Supplied NDM Sample Data Guidance and File Format Document, referred to at Transportation Principal Document Section V12 or such document as may replace it from time to time.
- 1.6.11 Each NDM Sampling Shipper User will provide the CDSP with the sample data for the preceding 12 month period in respect of at least 100 Supply Meter Points contained in its NDM Sampling Portfolio. The NDM Sampling Shipper User will supply such sample data in accordance with the Sample Data Guidance for up to 100 Supply Meter Points contained in the NDM Sampling Portfolio for each:
- (a) End User Category; and
  - (b) LDZ

and such submission must be both representative of the overall mix of Supply Meter Points making up the NDM Sampling Portfolio and include examples of Supply Meter Points from each of the applicable bands identified in paragraph 4.8 of the DN Transportation Charging Methodology contained in Transportation Principal Document Section Y Part B.

- 1.6.12 If a NDM Sampling Portfolio includes both Supply Meter Points which are IGTS Supply Meter Points and those which are not IGTS Supply Meter Points, the NDM Sampling Shipper User’s data submission pursuant to paragraph 1.1.2 will include data in respect of both Supply Meter Points which are IGTS Supply Meter Points and those which are not IGTS Supply Meter Points.
- 1.6.13 Each NDM Sampling Shipper User shall make a data submission pursuant to paragraph 1.1.2 above:
- (a) monthly, by the 5<sup>th</sup> Business Day of each month; or
  - (b) quarterly, by the 5<sup>th</sup> Business Day of each January, April, July and October; or
  - (c) biannually, by the 5<sup>th</sup> Business Day of each April and October.

each NDM Sampling Shipper User shall make its submissions to the CDSP in accordance with (a) above, unless it notifies the CDSP that it elects to make its submission in accordance with (b) or (c).

- 1.6.14 Any Supply Meter Point in respect of which sample data is supplied pursuant to paragraph 1.1.2 shall be included in all future data submissions from the relevant NDM Sampling Shipper User unless:
- (a) it ceases to be part of the NDM Sampling Shipper User’s NDM Sampling Portfolio; or
  - (b) it has been Isolated.

## **1.7 Development of Demand Models and End User Categories**

- 1.7.1 For each Gas Year, the Committee will, in accordance with paragraphs 1.8 and 1.9, develop or revise for each LDZ:

- (a) definitions of a number of End User Categories for the LDZ;
  - (b) a Demand Model for each such End User Category.
- 1.7.2 The CDSP will (in implementing this Section H) apply the Demand Models and/or End User Categories as developed or revised by the Committee and finalised in accordance with paragraph 1.9.
- 1.7.3 The definition of an End User Category may be the same for all or several LDZs, and an EUC Sample may include the Supply Points in more than one LDZ.

**1.8 Consultation on the Committee proposals**

- 1.8.1 The Committee will consult with the Uniform Network Code Committee on proposed End User Category definitions and Demand Models developed under paragraph 1.7, and will submit to the Parties:
- (a) the proposed End User Category definitions and Demand Models developed under paragraph 1.7;
  - (b) values of the Derived Factors (in accordance with paragraph 1.10), determined on the basis of such proposals;
  - (c) any alternative End User Category definitions and Demand Models which the Committee (in undertaking the exercise under paragraph 1.7) considers to be not significantly inferior to those proposed; and
  - (d) a summary of the Committee’s analysis of the performance in the Preceding Year of the End User Categories and Demand Models (applicable in the Preceding Year).
- 1.8.2 Upon the request of any Party, the CDSP will provide to that Party (by such electronic format as agreed by the Committee) the data used in the analysis in a form which does not include the identity of Registered Users, Supply Point Premises, suppliers or consumers, nor details of the individual components of the Composite Weather Variable.
- 1.8.3 The Parties may submit to the Committee representations in respect of the proposed End User Categories and Demand Models.
- 1.8.4 The Committee:
- (a) will review the representations made by the Parties under paragraph 1.8.3;
  - (b) will consult, so far as they deem appropriate, with any Party in respect of such representations made by them;
  - (c) may convene meetings with any Party for the purposes of such consultation.
- 1.8.5 The Committee will make available to the Parties reasonable details of the representations made to them under paragraph 1.8.3 and consultations held under paragraph 1.8.4(b) (but may do so by oral presentation at a meeting of the Parties convened under paragraph 1.8.4(c)); and shall be free to disclose to any User, Transporter and the Authority any such representation and details of any such

consultation.

- 1.8.6 The Parties may at any time convene a meeting of the Uniform Network Code Committee for the purposes of consulting on any particular issue which may arise in the development or revision under paragraph 1.7 of End User Categories and Demand Models.

## **1.9 Finalisation of End User Categories and Demand Models**

- 1.9.1 Not later than 15 August in the Preceding Year (and in sufficient time to meet CDSP system time constraints), the CDSP will submit to the Authority and all Parties the final proposals for End User Categories and Demand Models (and corresponding values of the Derived Factors) with such changes as the Committee determines are appropriate based on the Parties representations made under paragraph 1.8.
- 1.9.2 The End User Categories and Demand Models (and corresponding values of the Derived Factors) applicable to the Gas Year shall be those submitted by the CDSP under paragraph 1.9.1.
- 1.9.3 Where under paragraph 1.7 the Committee is unable to or does not determine in accordance with paragraph 1.12.5 any changes to the Demand Models and/or the End User Categories for the next Gas Year, the CDSP shall use the End User Category and/or Demand Models applying in the Preceding Year to create corresponding values of the Derived Factors and such End User Categories and Derived Factors shall then apply to the Gas Year.

## **1.10 Derived Factors**

- 1.10.1 For the purposes of this Section H the "Derived Factors" are:
- (a) for each Day of the Gas Year, the Annual Load Profile and Daily Adjustment Factor (in accordance with paragraph 2) for each End User Category; and
  - (b) the EUC peak load factor for each End User Category (in accordance with paragraph 4).

## **1.11 DNO Users**

- 1.11.1 In this Section H references to Users exclude DNO Users.

## **1.12 Demand Estimation Sub-Committee**

- 1.12.1 The Uniform Network Code Committee shall establish a Sub-Committee, which shall be known as the “**Demand Estimation Sub-Committee**”, to carry out the functions provided in this Section H and elsewhere in the Code.
- 1.12.2 The Committee shall be composed of:
- (a) up to five (5) Transporter Representatives being Voting Members;
  - (b) up to five (5) User Representatives being Voting Members.
- 1.12.3 Where the Committee referred to in this Section H is required to make a determination under any provision of the Code, unless expressly provided otherwise, such

determination shall be reached by means of a simple majority by a vote conducted on a show of hands or such other affirmation or consent which may be appropriate. On any vote each Voting Member present shall be entitled to exercise one (1) vote.

- 1.12.4 For the purposes of this paragraph 1.12 a “**Voting Member**” is any Transporters’ Representative, any Users’ Representative.
- 1.12.5 Where the Committee is unable (for whatever reason) to make a determination in accordance with paragraph 1.12.3 (an “**undetermined matter**”), then the Committee shall refer such undetermined matter to:
- (a) any group (which is permitted to exist pursuant to the Committee’s terms of reference as provided for under General Terms Section B General part 4.3.4) to obtain any additional information in order to allow a determination to be made (in accordance with paragraph 1.12.3); or
  - (b) the Uniform Network Code Committee, with a summary of why such determination was not able to be made by the Committee, which shall then make a determination.
- 1.12.6 The Committee shall continue to refer to any undetermined matter for determination in accordance with paragraph 1.12.5 until such time a determination is made.

### **1.13 NDM Demand Estimation Methodology**

- 1.13.1 The NDM Demand Estimation Methodology is the methodology published by the Transporters following approval of the Committee setting out the matters in 1.13.3.
- 1.13.2 The NDM Demand Estimation Methodology is a UNC Related Document and a reference to the NDM Demand Estimation Methodology is to such document as from time to time in force.
- 1.13.3 The NDM Demand Estimation Methodology shall set out:
- (a) the basis on which the values (for an End User Category, LDZ and Day) of Annual Load Profile and Daily Adjustment Factor are to be determined by reference to the applicable Demand Model;
  - (b) the basis on which the value (for a LDZ and Day) of the Weather Correction Factor is to be determined;
  - (c) the basis on which the peak load factor (for an End User Category, LDZ and Gas Year) is to be determined by reference to the applicable Demand Model;
  - (d) the types of weather data to be obtained (as provided in paragraph 1.4.9) by the CDSP; and
  - (e) the basis on which weather data estimated or recorded at different times of the Day is to be used in determining the value of the Composite Weather Variable.
- 1.13.4 For the purposes of Section V12.3 and V12.4, in relation to the NDM Demand Estimation Methodology, references to the Uniform Network Code Committee shall be construed as references to the Demand Estimation Sub-Committee.

## 1.14 Trader User

In this Section H references to Users exclude Trader Users.

## 1.15 CDSP Functions

1.15.1 Direct Functions of the CDSP to support implementation of this Section H are:

- (a) obtaining weather data and making arrangements for the purposes of establishing the Composite Weather Variable and making available the methodologies and other information referred to in paragraph 1;
- (b) supporting the development of, and applying, Demand Models and End User Categories; and
- (c) calculating NDM Supply Meter Point Demand, the Annual Quantity for Class 3 and 4 Supply Meter Points and Supply Point Capacity for NDM Supply Points.

1.15.2 Agency Functions of the CDSP to support implementation of this Section H are obtaining data from candidate NDM Supply Points and undertaking sampling for the purposes of 1.6.

## 2 DETERMINATION OF SUPPLY METER POINT DEMAND

### 2.1 Supply Meter Point Demand

2.1.1 For the purposes of this Section H “**NDM Supply Meter Point Demand**” is the quantity of gas estimated or (as the case may be) deemed to be offtaken on a Day at a Class 3 or 4 Supply Meter Point.

2.1.2 Subject to paragraph 2.1.3 NDM Supply Meter Point Demand will be determined (in accordance with paragraph 2.2):

- (a) before and (as appropriate) during the Gas Flow Day, for the purpose (“**Nomination Determination**”) of establishing Output Nominations for NDM Supply Point Groups, in accordance with Section C;
- (b) after the Gas Flow Day, for the purpose (“**Offtake Determination**”) of establishing UDQOs for NDM Supply Points, in accordance with Section E.

### 2.2 Supply Meter Point Demand Formula

2.2.1 NDM Supply Meter Point Demand ('SPD') for a Day (Day 't') shall be determined according to the following formula:

$$SPD = \frac{AQ}{365} \times ALP_t \times (1 + (DAF_t \times WCF_t))$$

where AQ is the Annual Quantity (in kWh) in respect of the relevant Class 3 or 4 Supply Meter Point;

and where for Day 't':

- $ALP_t$  is the value of the Annual Load Profile for the Applicable End User Category;
- $DAF_t$  is the value of the Daily Adjustment Factor for the Applicable End User Category;
- $WCF_t$  is the Weather Correction Factor for the relevant LDZ in accordance with paragraph 2.5.

2.2.2 The operation of the formula in paragraph 2.2.1 shall be reviewed by the Committee every three (3) years.

### 2.3 Annual Load Profile

2.3.1 The “**Annual Load Profile**” for an End User Category for a Day is a factor representing the Seasonal Normal Demand of the End User Category for that Day as a proportion of the average Seasonal Normal Demand (for all Days of the Gas Year) of the End User Category.

2.3.2 The Annual Load Profile for each Day and End User Category shall be determined in accordance with the NDM Demand Estimation Methodology.

### 2.4 Daily Adjustment Factor

2.4.1 The “**Daily Adjustment Factor**” for an End User Category for a Day is a factor representing the sensitivity of demand in that End User Category on that Day to weather as represented by the Composite Weather Variable.

2.4.2 The Daily Adjustment Factor for each Day and End User Category shall be determined in accordance with the NDM Demand Estimation Methodology.

### 2.5 Weather Correction Factor

2.5.1 For the purposes of paragraph 2.2 the “**Weather Correction Factor**” ( $WCF_t$ ) for an LDZ and a Day is a factor representing the difference between the Daily Value of the Composite Weather Variable for that LDZ for that Day (in accordance with paragraph 2.5.2) and the seasonal normal value of the Composite Weather Variable for that LDZ for that Day.

2.5.2 The Weather Correction Factor for an LDZ and a Day shall be determined in accordance with the NDM Demand Estimation Methodology.

2.5.3 The Daily Value of the Composite Weather Variable for an LDZ for a Day shall be determined (in accordance with the NDM Demand Estimation Methodology) by the CDSP:

- (a) for the purposes of Nomination Determination, by reference to forecast weather data (as referred to in paragraph 1.4.9(a));
- (b) for the purposes of Offtake Determination, by reference to recorded weather data (as referred to in paragraph 1.4.9(b)).

### 2.6 Unidentified Gas

2.6.1 The “**Unidentified Gas**” (UIG) for a LDZ and a Day shall be determined as follows:

$$\text{UIG} = \text{LDQO} - \text{AULOQ}$$

where

LDQO is the LDZ Daily Quantity Offtaken

AULOQ is the aggregate for all Users of the User LDZ Offtake Quantities for the Day.

2.6.2 The “**Forecast Unidentified Gas**” (FUIG) at any time for an LDZ and a Day shall be determined as follows:

$$\text{FUIG} = \text{AFLD} - \text{AULNQ}$$

where

AFLD is Forecast LDZ Demand for the Day (in accordance with paragraph 5.2.7(a)) at that time, adjusted to exclude forecast LDZ shrinkage and forecast stock change;

AULNQ is the aggregate for all Users of the User LDZ Nomination Quantity for the Day at that time.

### 3 NDM ANNUAL QUANTITIES

#### 3.1 Introduction

3.1.1 The Annual Quantity of a Class 3 or 4 Supply Meter Point shall be determined (on the basis of a standard 365 Day year) by seasonal normal adjustment of the metered quantity.

#### 3.2 Annual Quantity

3.2.1 Subject to paragraph 3.2.2, the Annual Quantity ('AQ') for a Class 3 or 4 Supply Meter Point shall be determined as follows:

$$AQ = AQMQ \times \frac{365}{\sum_{t=1}^M (ALP_t \times (1 + (DAF_t \times WCF_t)))}$$

where:

AQMQ is the AQ Metered Quantity;

M is the number of Days in the AQ Metered Period;

and where for each Day (Day 't') in the AQ Metered Period:

ALP<sub>t</sub> is the value for the year in which Day t falls (the “**relevant year**”) of the Annual Load Profile for the Applicable End User Category;

DAF<sub>t</sub> is the value for the relevant year of the Daily Adjustment Factor for the Applicable End User Category;

WCF<sub>t</sub> is the value for of the Weather Correction Factor (in accordance with paragraph 2.5).

3.2.2 Where for any LDZ, with effect from the start of a Gas Year, either:

- (a) the formula to determine the Composite Weather Variable is revised pursuant to paragraph 1.4.3, or
- (b) the seasonal normal value of the Composite Weather Variable for any Day is revised pursuant to paragraph 1.5.3,

the Annual Quantity for each Class 3 or 4 Supply Meter Point (except as provided in paragraph 3.2.3) shall be redetermined, on the basis of the updated values of the terms in the formula in paragraph 3.2.1 determined on the basis of the revision(s) referred to in paragraph (a) and (b); and such revised Annual Quantity shall apply with effect from the first Day of such Gas Year.

3.2.3 Paragraph 3.2.2 does not apply to a Supply Class 3 or 4 Supply Meter Point for which the last month of the Preceding Year was an AQ Calculation Month (because the revisions referred to in paragraph 3.2.2 will already have been taken into account in the determination in that AQ Calculation Month of the Annual Quantity).

## 4 NDM CAPACITY

### 4.1 Introduction

4.1.1 The Supply Point Capacity ('SPC') which a User is registered as holding at or (as the case may be) in respect of an NDM Supply Point on any Day in a Formula Year will be determined in accordance with the following formula:

$$SPC = FYAQ / PLF * 365$$

where:

FYAQ is the Formula Year Annual Quantity of the NDM Supply Point for the Formula Year;

PLF is the EUC peak load factor for the Applicable End User Category in accordance with paragraph 4.2 for the Gas Year in which that Day falls.

4.1.2 If the Formula Year Annual Quantity of the NDM Supply Point for a Formula Year is amended under Section G2.3.18, the Supply Point Capacity shall be redetermined with effect from the effective date of such amendment.

### 4.2 EUC peak load factor

4.2.1 The “EUC peak load factor” for an End User Category is a load factor reflecting the average daily load (on a seasonal normal basis) of any Supply Meter Point in that End User Category as a proportion of the 1-in-20 peak day demand of such Supply Meter Point.

- 4.2.2 For each Gas Year, the EUC peak load factor, and (for the purposes of calculating it) 1-in-20 peak day demand and average daily load, for each End User Category, shall be determined by the Committee in accordance with the NDM Demand Estimation Methodology.

## 5 DAILY DEMAND FORECASTING

### 5.1 Weather forecasting

- 5.1.1 Transporters will obtain (from a reputable meteorological services provider) at certain times within each Day:

- (a) forecasts of temperatures and wind speeds at a number of weather stations at intervals during the remainder of that Day and the following Day;
- (b) details of the temperatures and wind speeds recorded at such weather stations at intervals during that Day and the preceding Day.

- 5.1.2 The times at which each Transporter will obtain weather data under paragraph 5.1.1 include the following approximate times: 11:30 hours, 15:15 hours and 23:30 hours on the Preceding Day and 07:30 hours, 11:30 hours and 15:15 hours on the Gas Flow Day.

### 5.2 LDZ Demand Forecasting

- 5.2.1 Subject to paragraph 5.2.6, the Transporter will (during the Preceding Day and the Gas Flow Day in accordance with paragraph 5.2.3) forecast and notify to Users:

- (a) in the case of a DN Operator, demand in each relevant LDZ;
- (b) in the case of National Gas Transmission, demand for the Total System

for the Gas Flow Day, using Short Term Demand Models, on the basis of the weather data most recently obtained in accordance with paragraph 5.1 (in the case of LDZ demand, for the weather station(s) located in or closest to the relevant LDZ).

- 5.2.2 A **“Short Term Demand Model”** is a mathematical model established by the Transporters on the basis of historic demand and other data, which estimates (at a given time) for an LDZ and the Total System and for any Day demand, by reference to data including:

- (a) forecasts of temperature and wind speeds for the Gas Flow Day or the remainder thereof;
- (b) recorded temperature and wind speeds for the Preceding Day and (where relevant) the Gas Flow Day up to the time of forecasting; and
- (c) actual demand (assessed by reference to gas flows at NTS/LDZ Offtakes adjusted for estimated changes in LDZ stock) for the Preceding Day and (where relevant) the Gas Flow Day up to the time of forecasting.

- 5.2.3 The Transporter will notify demand under paragraph 5.2.1 after receipt of weather data under paragraph 5.1.1 not later than the following times: 12:00, 14:00, 18:00 hours, and 01:00 hours on the Preceding Day and 12:00 hours, 15:00 hours, 18:00 hours, 21:30 hours and 01:00 hours on the Gas Flow Day.

- 5.2.4 The Transporter may in addition and at its discretion notify demand (for a relevant System) at other times for any reason it considers appropriate including, but not limited to, where it appears to the Transporter that the prevailing Forecast LDZ Demand may be substantially inaccurate; and where it does so it will inform Users of the reasons for its view.
- 5.2.5 Where there is a delay in the provision of forecast and other information to the Transporter as described in paragraph 5.1, the Transporter may defer the time at which it notifies demand under paragraph 5.2.3 by a commensurate period.
- 5.2.6 Where any of the data items referenced in the Short Term Demand Model is unavailable to National Gas Transmission at the time that it notifies demand under paragraph 5.2.3, National Gas Transmission shall utilise the best available data (as it reasonably considers) in substitution for such unavailable data items in forecasting demand for the Total System pursuant to paragraph 5.2.1.
- 5.2.7 For the purposes of the Code:
- (a) **“Forecast LDZ Demand”** means aggregate demand for the Gas Flow Day in an LDZ, forecast in accordance with this paragraph 5;
  - (b) **“Forecast Total System Demand”** means aggregate demand for the Gas Flow Day on the Total System, forecast in accordance with this paragraph 5;
  - (c) **“Demand Forecast Time”** means any time at which (in accordance with paragraph 5.2.3 or 5.2.4) the Transporter notifies Forecast LDZ Demand under paragraph 5.2.1.
- 5.2.8 In forecasting demand under this paragraph 5, the Transporter will act in good faith and will exercise reasonable skill and care, but the Transporter will not be liable (as to any loss or liability incurred by a User or otherwise) to any User in respect of or in consequence of anything done or omitted to be done by the Transporter under this paragraph 5.

### 5.3 NDMA Accuracy Report

- 5.3.1 National Gas Transmission shall publish by no later than 1 January in each Gas Year a report containing a comparison between (i) the NDMA forecast for each Gas Flow Day during the preceding Gas Year as published at 14:00 hours on the relevant Preceding Day and 12:00 and 18:00 hours on the relevant Gas Flow Day in accordance with paragraph 5.2.3 and (ii) the aggregate UDQO for all NDM Supply Meter Points on the Total System in respect of each Gas Flow Day during the preceding Gas Year as published on the first information Day in accordance with Section E1.6.2(a) and on the Exit Close-Out Date in accordance with Section E1.6.3(b), together with a high level commentary in respect of the same.

## 6 CLASS A CONTINGENCIES

### 6.1 Class A Contingencies

- 6.1.1 During the period of a Class A Contingency, notification of demand for the Gas Flow Day pursuant to paragraph 5.2.3 will be provided in accordance with the relevant Contingency Procedures.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION I – ENTRY REQUIREMENTS****1 GENERAL****1.1 Introduction**

- 1.1.1 The provisions of this Section I shall apply in respect of the delivery of gas to the Total System at System Entry Points.
- 1.1.2 Users delivering gas to the Total System at a System Entry Point shall comply with the relevant requirements of this Section I.
- 1.1.3 Nothing in the Code confers on any person any entitlement to have any pipeline, plant or other installation connected to the Total System for the purposes of delivering gas to the Total System.
- 1.1.4 The provisions of this Section I shall not apply in respect of gas flows at Inter-System Offtakes.

**1.2 Connected Delivery Facility**

- 1.2.1 For the purposes of this Section I a "**Connected Delivery Facility**" is a single facility or system (comprising pipeline(s), plant and/or other installations), operated by one person (or jointly operated by several persons), and connected to the Total System at one or more Individual System Entry Points.
- 1.2.2 Without prejudice to paragraph 1.1.3, a Connected Delivery Facility may be:
- (a) a facility for processing gas produced (and transported to such facility) from offshore or onshore oil or gas fields;
  - (b) a facility for the storage of gas;
  - (c) the pipeline system operated by another gas transporter;
  - (d) a pipeline interconnector by which gas is transported from another country;
  - (e) any other pipeline or pipeline system;
  - (f) a facility for the commingling of gas, at which gas is offtaken from the NTS and commingled with other gas prior to the commingled gas being delivered to the NTS; or
  - (g) a facility for the storage and regasification of liquefied natural gas which delivers gas to a Scottish Independent Network located at Oban, Thurso, Wick or Campbeltown and in relation to which facility the DN Operator (of the relevant connected Scottish Independent Network) acts as the Delivery Facility Operator.
- 1.2.3 A "**Delivery Facility Operator**" is the operator of a Connected Delivery Facility.

- 1.2.4 A Connected Delivery Facility may (in accordance with Section J1.4.6) also be a Connected Offtake System.

### **1.3 Network Entry Agreement**

- 1.3.1 Subject to paragraphs 1.3.7 and 1.6, a User may not deliver gas to the Total System at any System Entry Point unless there is in force an Agreement ("**Network Entry Agreement**") to which the parties include both the Transporter and the Delivery Facility Operator, containing Network Entry Provisions and (if not incorporated into the Network Entry Provisions) Local Operating Procedures applicable in respect of the System Entry Point.
- 1.3.2 For the purposes of the Code "**Network Entry Provisions**" are terms and conditions or other provisions which specify requirements (for the purposes of the Code) in respect of the delivery of gas to the Total System.
- 1.3.3 Where in relation to a Connected Delivery Facility there is (in accordance with paragraph 1.4.2) more than one System Entry Point the Network Entry Provisions applicable in respect of each System Entry Point may be contained in one Network Entry Agreement.
- 1.3.4 A Network Entry Agreement may contain provisions other than Network Entry Provisions.
- 1.3.5 The existence of a Network Entry Agreement shall not relieve Users of any obligation under the Code, and the Transporter shall not be required (for itself or for the benefit of any User) to secure in a Network Entry Agreement any remedy against the Delivery Facility Operator nor to take steps to enforce any provision of a Network Entry Agreement.
- 1.3.6 There may be other persons (in addition to the Transporter and the Delivery Facility Operator) party to a Network Entry Agreement; but a User shall not (in its capacity as User) be required or entitled to be a party to a Network Entry Agreement.
- 1.3.7 Paragraph 1.3.1 shall not apply (and a Network Entry Agreement shall not be required) in respect of the delivery of gas to a Scottish Independent Network from any Connected Delivery Facility falling within the definition in paragraph 1.2.2(g) in circumstances where the relevant DN Operator (of that Scottish Independent Network) is also acting as the Delivery Facility Operator of such Connected Delivery Facility, provided always that the relevant DN Operator has in place (for each LDZ System Entry Point in respect of that Scottish Independent Network) Network Entry Provisions and, if applicable, Local Operating Procedures.

### **1.4 System Entry Point**

- 1.4.1 Subject to paragraph 1.4.2, a System Entry Point is the Individual System Entry Point or Individual System Entry Points at which a Connected Delivery Facility is connected to the Total System.
- 1.4.2 The Individual System Entry Points at which a Connected Delivery Facility is connected to the Total System may form more than one System Entry Point.
- 1.4.3 The Individual System Entry Point or Individual System Entry Points comprised in a

System Entry Point will be specified in the applicable Network Entry Provisions.

- 1.4.4 Where so specified pursuant to paragraph 1.4.3 by agreement of the Delivery Facility Operators, a System Entry Point may comprise the Individual System Entry Points at which more than one Connected Delivery Facility, each in operation at 1 March 1996, is connected to the Total System.

## **1.5 Aggregate System Entry Point**

- 1.5.1 An Aggregate System Entry Point is a System Entry Point, or (in the case where in relation to a Connected Delivery Facility there is more than one System Entry Point and/or there are several adjacent Connected Delivery Facilities) any two or more of the System Entry Points in respect of such Connected Delivery Facility(ies) so designated by National Gas Transmission pursuant to paragraph 1.5.2.
- 1.5.2 National Gas Transmission will designate the System Entry Point or System Entry Points which are comprised in an Aggregate System Entry Point, and may from time to time after consultation with Users change such designation upon notice to Users of not less than 12 months or a lesser period of notice if the Authority shall upon National Gas Transmission's application give Condition A11(18) Approval to its giving notice of such lesser period.
- 1.5.3 For the purposes of enabling a User to make a modification proposal pursuant to the Modification Rules in respect thereof, any designation or the absence of a designation pursuant to paragraph 1.5.2 shall be deemed to be a provision of and incorporated in the Code.

## **1.6 No Network Entry Agreement**

- 1.6.1 If in respect of any System Entry Point (other than a Storage Connection Point) at which gas was delivered to the Total System before 1 March 1996 a Network Entry Agreement had not for the time being been entered into:
- (a) paragraph 1.3.1 shall not apply;
  - (b) the Individual System Entry Points comprised in the System Entry Point will be as designated by National Gas Transmission on or before 1 March 1996;
  - (c) the Network Entry Provisions shall be those provisions which relate (in respect of the delivery of gas to the Total System) to the matters described in paragraphs 2.3.1(c)(iii), 2.4, and 2.5, of contractual arrangements (other than transportation agreements) in force immediately before 1 March 1996 (and disregarding any subsequent amendment unless made with the assent of National Gas Transmission and any other person which provide for or relate to the delivery of gas (in a commingled stream, where gas is so delivered) to the Total System at the relevant System Entry Point;
  - (d) Local Operating Procedures shall be such procedures as the Delivery Facility Operator and the Transporter shall separately establish;
  - (e) the further provisions of this paragraph 1.6 shall apply.
- 1.6.2 In respect of such a System Entry Point paragraph 2.1.1 shall apply only to the extent

that the Transporter shall, with the concurrence of all parties to the arrangements referred to in paragraph 1.6.1(c), have prepared a document setting out the Network Entry Provisions as referred to in that paragraph; and paragraph 2.1.2 shall nevertheless apply on the basis that the User is expected to have obtained details of such provisions from the person from whom it purchases gas for delivery to the Total System.

- 1.6.3 Nothing in the Code shall prevent the Transporter or its successor(s) in title from enforcing in accordance with its terms any such arrangement as is referred to in paragraph 1.6.1(c).
- 1.6.4 Where the Transporter subsequently proposes to enter into a Network Entry Agreement in respect of the relevant System Entry Point, such proposal shall be deemed to be a modification of the Network Entry Provisions for the purposes of paragraph 2.2.1 only to the extent that:
- (a) under such proposed Network Entry Agreement the Network Entry Provisions which will apply for the purposes of paragraphs 2.4 and 2.5 are different from those which applied pursuant to paragraph 1.6.1(c);
  - (b) such difference may reasonably be considered to be materially adverse to the interests of Users delivering gas to the Total System at the System Entry Point at the time of such proposal; and
  - (c) the effect of such difference, where the Network Entry Provisions which apply pursuant to paragraph 1.6.1(c) deviate from the Network Entry Specification Guidelines dated 21 February 1996, is not to reduce the extent of the deviation.

## **1.7 DNO Users**

In this Section I references to Users exclude DNO Users.

## **1.8 Trader User**

In this Section I references to Users exclude Trader Users.

## **2 NETWORK ENTRY PROVISIONS**

### **2.1 Availability of Network Entry Provisions**

- 2.1.1 Subject to paragraph 2.1.3, the Transporter will make available to any User (and the DNO will procure that the Delivery Facility Operator will make available to any LDZ System Entry Point User wishing to deliver gas at an LDZ System Entry Point) on request a copy of the Network Entry Provisions and Local Operating Procedures applicable to any System Entry Point, but shall not be required to provide to any User any other details of a Network Entry Agreement.
- 2.1.2 A User who applies (in accordance with Section B) for System Entry Capacity at an Aggregate System Entry Point, or delivers gas to the Total System at a System Entry Point, shall be responsible for obtaining and shall be deemed to have obtained and to be fully informed of the applicable Network Entry Provisions and Local Operating Procedures.
- 2.1.3 Paragraph 2.1.1 shall not apply in respect of any particular provision of the Network Entry Provisions applicable pursuant to paragraph 2.3.3 or Local Operating Procedures

where the disclosure of such provision would be materially prejudicial to the commercial interests of the Delivery Facility Operator or where the provision contains personal or confidential information relating to individuals or refers to any other agreement to which the Delivery Facility Operator is party.

## **2.2 Amendment of Network Entry Provisions**

2.2.1 Subject to paragraphs 1.6.4, 2.2.3 and 2.3.3(a), the Network Entry Provisions applicable pursuant to paragraph 2.3.1 in respect of any System Entry Point will not be modified other than by agreement between the Transporter and the relevant Delivery Facility Operator.

2.2.2 The Transporter will not agree (for the purposes of paragraph 2.2.1) to a modification of the Network Entry Provisions applicable pursuant to paragraph 2.3.1 except:

- (a) in relation to increases to any Permitted Ranges contained in the Network Entry Provisions:
  - (i) where, within five (5) Business Days of the Transporter notifying the proposed increases to the Permitted Ranges, none of the Users who are registered at the date of such notice as holding NTS Entry Capacity at the Aggregate System Entry Point in which the relevant System Entry Point is comprised object to the proposed increases to the Permitted Ranges; or
  - (ii) in accordance with paragraph 2.2.3;
- (b) in relation to the Network Entry Provisions (other than increases to the Permitted Ranges):
  - (i) with the consent in writing of all Users who are registered at the date when such amendment is to take effect as holding NTS Entry Capacity at the Aggregate System Entry Point in which the relevant System Entry Point is comprised; provided that where the proposed modification relates to one or more of the Gas Entry Conditions:
    - (1) the Transporter shall provide all Users and other persons who (in both cases), in the opinion of the Transporter, are likely to have an interest in the proposed modification, with a description of the proposed modification and analysis which demonstrates how the proposed modification may affect characteristics of gas within the NTS;
    - (2) the Transporter shall ask such Users and other persons to indicate, within ten (10) Business Days, whether they object to the proposed modification;
    - (3) if no such Users or persons shall, within ten (10) Business Days of being notified by the Transporter under (1) above, indicate that they do object to the proposed modification, the proposed modification shall proceed in accordance with (i) above;

- (4) if any such User or person shall, within ten (10) Business Days of being notified by the Transporter under (1) above, indicate that they do object to the proposed modification, the proposed modification shall proceed in accordance with paragraph 2.2.3

- (ii) in accordance with paragraph 2.2.3.

2.2.3 Where

- (a) the Transporter and the relevant Delivery Facility Operator have agreed (subject to a Code Modification) upon an amendment to any such Network Entry Provisions, such Network Entry Provisions may be amended for the purposes of the Code by way of Code Modification pursuant to the Modification Rules;
- (b) in respect of any Connected Delivery Facility, the Transporter agrees to a request by a Delivery Facility Operator to amend the Network Entry Provisions to contain revised Inert Gas Limits (without prejudice to any other conditions that have been agreed by the Transporter with the Delivery Facility Operator), then on the date of such agreement the Network Entry Provisions will be amended for the purposes of the Code;

and for which purposes only the Network Entry Provisions shall be deemed to form part of Code.

2.2.4 Such Network Entry Provisions may (in accordance with the provisions of the relevant Network Entry Agreement) be amended without the consent of any User insofar as may be required to enable:

- (a) the Transporter; or
- (b) the relevant Delivery Facility Operator to comply with any Legal Requirement.

2.2.5 Nothing in paragraph 2.2.1, 2.2.2, 2.2.3 or 2.2.4 applies to any Network Entry Provisions other than those applying pursuant to paragraph 2.3.1 nor to Local Operating Procedures or any other provision of a Network Entry Agreement; and such Network Entry Provisions or other provisions may be amended without the consent of any User.

2.2.6 The Transporter will notify to all Users:

- (a) any modification to the Network Entry Provisions (other than any such provisions to which paragraph 2.1.3 applies) applicable to any System Entry Point, not later than the date upon which such modification becomes effective; and
- (b) except to the extent prevented from doing so by any duty of confidence, any requirement for modification of Network Entry Provisions under paragraph 2.2.4(a) as soon as reasonably practicable after the Transporter becomes aware of such requirement.

2.2.7 For the purposes of this paragraph 2:

- (a) **“Inert Gas Limits”** means in the case of:

- (i) carbon dioxide, the limit shall be not more than 2.5% (molar);
  - (ii) nitrogen, there shall be no direct limit.
- (b) **“Permitted Ranges”** means the minimum and/or maximum ranges (as specified in the relevant Measurement Provisions) for each part of the Measurement Equipment.

## 2.3 Network Entry Provisions

### 2.3.1 Network Entry Provisions will:

- (a) identify the Connected Delivery Facility (by name, location or otherwise);
- (b) specify the Individual System Entry Points comprised in the relevant System Entry Point; and
- (c) specify for such System Entry Point:
  - (i) Gas Entry Conditions in accordance with paragraph 2.4;
  - (ii) Measurement Provisions in accordance with paragraph 2.5; and
  - (iii) the point or points of delivery in accordance with paragraph 3.6.1.

### 2.3.2 Network Entry Provisions may specify (unless separately specified) Local Operating Procedures in accordance with paragraph 2.6.

### 2.3.3 Network Entry Provisions may include:

- (a) procedures by and standards to which the Connected Delivery Facility is to be maintained, repaired and operated, but only insofar as material to the ability of the Transporter safely, efficiently and economically to operate the relevant System or to comply with any Legal Requirement;
- (b) terms entitling the Transporter and the Delivery Facility Operator to have access to each other's facilities for the purposes of verification of compliance with the requirements of the Network Entry Provisions, or requiring them to procure and facilitate audit of such compliance;
- (c) terms according to which, and circumstances in which, it is permitted to deviate or depart from any other Network Entry Provision;
- (d) any other terms or conditions which may be appropriate for the purposes of the Code in respect of the delivery of gas to the Total System or (in relation to such delivery) the Connected Delivery Facility; and
- (e) procedures applicable to gas flows applicable in the event of any emergency circumstances affecting the Transporter or the Delivery Facility Operator (including any Emergency in accordance with Section Q).

### 2.3.4 Where and for so long as:

- (a) any requirement (other than a requirement which is to be performed by the

Transporter, and save as regards Gas Entry Conditions where paragraph 3.3 shall apply) of the Network Entry Provisions is not for the time being complied with or is incapable of being complied with (other than as a result of a failure by the Transporter to perform any requirement under the Network Entry Agreement); and

- (b) either:
- (i) such non-compliance or inability to comply materially and adversely affects the ability of the Transporter to operate the relevant System or to comply with any Legal Requirement or any provision (other than a provision the failure to comply with which has no significant consequences for the Transporter or any User) of the Code; or
  - (ii) upon the Transporter's application, on the basis that in its opinion non-compliance or inability to comply adversely affects the interests pursuant to the Code of Users other than in respect of NTS Entry Capacity or the delivery of gas to the Total System at the relevant System Entry Point, the Authority has given Condition A11(18) Approval to its doing so,

the Transporter shall be entitled to refuse (until such time as the Transporter is reasonably satisfied that such non-compliance has been remedied) to accept delivery by Users to the Total System of gas at the relevant System Entry Point, in which case the Transporter will notify all affected Users of such refusal and (subject to any duties of confidence) the relevant circumstances (under paragraph (a)).

- 2.3.5 Any requirement of the Network Entry Provisions may be specified by reference to any published standard of a recognised body or other Recognised Standard, or standards or requirements from time to time published by the Transporter, and/or may be specified in terms of an objective or requirement to be achieved without specifying the manner by means of which such objective or requirement is to be achieved.
- 2.3.6 Nothing contained in a Network Entry Agreement shall be taken to constrain the basis upon which the Transportation Statement may provide for the determination of any Transportation Charges.
- 2.3.7 Network Entry Provisions may differ as between different System Entry Points.
- 2.3.8 Where:
- (a) a Connected Delivery Facility is or forms part of an Interconnected System; and
  - (b) at the relevant System Entry Point only gas which has first been offtaken from the relevant System can be delivered to the relevant System

certain Network Entry Provisions may not be required.

## 2.4 Gas Entry Conditions

- 2.4.1 The "**Gas Entry Conditions**" in respect of a System Entry Point are limits or other requirements as to the composition, pressure, temperature and other characteristics of gas delivered or tendered for delivery to the Total System at the point or points of

delivery (in accordance with paragraph 2.3.1(c)(iii)).

2.4.2 Gas Entry Conditions may include limits, prohibitions or requirements in respect of the following:

- (a) composition limits:
  - Gross calorific value (maximum and minimum, MJ/m<sup>3</sup>);
  - Wobbe number (maximum and minimum, MJ/m<sup>3</sup>);
  - Hydrogen Sulphide (maximum, ppm);
  - Hydrocarbon Dewpoint (maximum °C for specified maximum pressure);
  - Water Dewpoint (maximum °C for specified maximum pressure);
  - Total Sulphur (maximum volume, ppm expressed as H<sub>2</sub>S);
  - Oxygen (maximum volume, ppm);
  - Inert gases (maximum mol%), including:
    - Carbon Dioxide (maximum mol%); and
    - Nitrogen (maximum mol%);
- (b) delivery temperature (minimum and maximum °C);
- (c) contaminants - materials, dust or other solid or liquid matter;
- (d) odour; and
- (e) the pressure (maximum and minimum, bar g) at which and against which gas may be required to be delivered to the Total System.

2.4.3 Network Entry Provisions will include any tolerances within which (for any person or in any circumstances) deviations from any of the Gas Entry Conditions are permitted.

2.4.4 For the purposes of this Section I "**delivery characteristics**" are the characteristics of gas delivered or tendered for delivery to the Total System in respect of which Gas Entry Conditions apply in respect of any System Entry Point.

2.4.5 Where under any new or changed Legal Requirement there is any requirement, applicable to the characteristics (other than odour) of gas conveyed by means of or tendered for delivery to the Total System, which either does not apply or is more stringent than any which does apply under the prevailing Gas Entry Conditions, such requirement shall (unless expressly provided otherwise under any Special Delivery Arrangement) at the time at which it comes into force be deemed to be incorporated in the Gas Entry Conditions (which will be amended accordingly as soon as reasonably practicable thereafter).

## 2.5 Measurement Provisions

2.5.1 The "**Measurement Provisions**" in respect of a System Entry Point are the procedures, methods and standards by which:

- (a) gas delivered or tendered for delivery to the Total System at that point will be

measured, sampled and analysed;

- (b) the volume, calorific value, quantity, and delivery characteristics of such gas will be determined; and
- (c) the Transporter and the Delivery Facility Operator will inform each other of the determinations made under paragraph (b).

2.5.2 "**Measurement Equipment**" is the metering, sampling, analysis and other equipment required by the Measurement Provisions to be installed (whether at the Connected Delivery Facility or on the Total System).

2.5.3 The Measurement Provisions will provide for the Entry Point Daily Quantity Delivered to be determined and (if not determined by the Transporter) communicated to the Transporter.

2.5.4 Measurement Provisions may include:

- (a) standards of accuracy and procedures for testing and calibration of Measurement Equipment;
- (b) terms by which volume, calorific value, quantity or any delivery characteristic of gas delivered or tendered for delivery may be estimated in the case of failure or defect of any Measurement Equipment, non-compliance with any of the Measurement Provisions or otherwise; and
- (c) terms upon which any difference or dispute between the Delivery Facility Operator and the Transporter as to the volume, calorific value, quantity or delivery characteristic of gas delivered or tendered for delivery will be resolved (which may include resolution by agreement between them).

2.5.5 Each User acknowledges that the volume, calorific value, quantity and delivery characteristics of gas delivered or tendered for delivery (by Users in aggregate) to the Total System at a System Entry Point, and the compliance or non-compliance with the applicable Gas Entry Conditions in respect thereof, will be established (by the Transporter and the Delivery Facility Operator pursuant to the Network Entry Provisions) in accordance with the applicable Measurement Provisions and by means of the Measurement Equipment, and agrees to be bound (for the purposes of the Code) by what is so established.

## 2.6 Local Operating Procedures

2.6.1 The "**Local Operating Procedures**" in respect of a System Entry Point or System Entry Points are procedures for coordination between the Transporter and the Delivery Facility Operator in connection with the operation of the Connected Delivery Facility and the part of the Total System at which it is connected, including the exchange of information between the Transporter and the Delivery Facility Operator.

2.6.2 Local Operating Procedures will provide for the Delivery Facility Operator to provide information ("**Local Operating Information**") to the Transporter as to the rates at and quantities in which gas is expected to be delivered to the Total System at the System Entry Point at intervals during and at the end of the Gas Flow Day.

- 2.6.3 Except with the prior written consent of the Delivery Facility Operator the Transporter will not and will not be required to provide to any User any information provided by the Delivery Facility Operator under the Local Operating Procedures.
- 2.6.4 Local Operating Information (including any such information which is or appears to be inconsistent with the requirements in paragraph 3.10.2) may be relied on:
- (a) by National Gas Transmission (in accordance with Section D1.3) in operating and planning the operation of the NTS and for the purposes of Operational Balancing;
  - (b) by a DN Operator in the operating and planning the operation of its System(s).
- 2.6.5 Local Operating Procedures may provide for the Delivery Facility Operator and the Transporter to agree at any time:
- (a) for the purposes of enabling any inspection, repair or maintenance to be carried out in respect of the Connected Delivery Facility or any related part of a relevant System;
  - (b) for the purposes of avoiding a Transportation Constraint, or enabling the delivery of gas notwithstanding a Transportation Constraint; or
  - (c) in any other circumstances (affecting facilities upstream of the System Entry Point) provided for in such procedures,
- that the Delivery Facility Operator will arrange for the quantity of gas to be delivered to the Total System to be delivered at a rate which will vary during the Day, and/or during a part only of the Day.
- 2.6.6 Local Operating Procedures may contain procedures pursuant to which the Transporter may permit for limited periods the delivery of gas which does not comply with the applicable Gas Entry Conditions; and any such procedure shall not be a Special Delivery Arrangement for the purposes of paragraph 3.5.
- 2.6.7 The Transporter will be entitled to act in accordance with any such provision as is referred to in paragraph 2.6.5 or 2.6.6 or any agreement made with the Delivery Facility Operator pursuant thereto, and to assume that the terms on which any User may have purchased gas for delivery to the Total System or otherwise procured such delivery take account thereof; and will not be in breach of its obligation under paragraph 3.7 by reason of its so acting.

### **3 DELIVERY OF GAS TO THE TOTAL SYSTEM**

#### **3.1 Delivering Users**

- 3.1.1 Subject to Sections E2.3 and Q3.3.4, all gas delivered or tendered for delivery to the Total System at a System Entry Point on a Day shall be deemed to be delivered or tendered for delivery by the Delivering User(s), irrespective of any act or omission of the Delivery Facility Operator or any other person.
- 3.1.2 For the purposes of this Section I the "**Delivery Proportion**" for a Delivering User on a Day in respect of a System Entry Point is that User's UDQI for that Day divided by the

Entry Point Daily Quantity Delivered in accordance with Section E.

### **3.2 Delivered gas**

- 3.2.1 The gas delivered or tendered for delivery to the Total System at an Individual System Entry Point shall for all purposes of the Code be assumed to be a single homogenous gas stream.
- 3.2.2 Where on a Day more than one User delivers gas or tenders gas for delivery to the Total System at a System Entry Point:
- (a) each such User shall be treated as delivering or tendering for delivery at each Individual System Entry Point gas of the same delivery characteristics as that delivered or tendered for delivery at such System Entry Point by each other such User; and
  - (b) the gas delivered or tendered for delivery at each System Entry Point at any time on such Day shall, irrespective of differences in such delivery characteristics as between Individual System Entry Points, be treated as delivered or tendered for delivery by each Delivering User as to its Delivery Proportion thereof.
- 3.2.3 Subject to the terms of any Special Delivery Arrangement, where the delivery characteristics of gas delivered or tendered for delivery at Individual System Entry Points comprised in the same System Entry Point differ, the Transporter may exercise its rights under paragraph 3.3.2 separately in respect of each Individual System Entry Point.

### **3.3 Compliance with Gas Entry Conditions**

- 3.3.1 Subject to paragraphs 2.6.6 and 3.5, a User shall not deliver gas or tender gas for delivery to the Total System at a System Entry Point unless the applicable Gas Entry Conditions are complied with in respect of such gas.
- 3.3.2 Where non-compliant gas is tendered for delivery to the Total System at a System Entry Point (whether or not resulting from any procedures referred to in paragraph 2.6.6) the Transporter may, from time to time until such time as the relevant Gas Entry Conditions are complied with in respect of gas tendered for delivery at such point, in its discretion either:
- (a) refuse to accept delivery or continued delivery of such gas; or
  - (b) (subject to any Legal Requirement) accept such delivery or accept such delivery as to part only of what is tendered for delivery.
- 3.3.3 The Transporter's rights under paragraph 3.3.5 shall not be prejudiced by its election to accept delivery of non-compliant gas (whether or not it is aware that the gas is non-compliant).
- 3.3.4 The Transporter shall be entitled pursuant to paragraph 3.3.2 to take any steps available to it (including any steps pursuant to Local Operating Procedures) to limit the rate at which non-compliant gas is delivered to the Total System or to secure that such gas is not so delivered.

- 3.3.5 Subject to paragraph 3.4.6, where non-compliant gas has been delivered on any Day to the Total System, each Delivering User shall be liable to pay to the Transporter an amount determined in accordance with paragraph 3.4.
- 3.3.6 Where the Transporter first becomes aware (pursuant to the applicable Measurement Provisions or otherwise) that non-compliant gas is being or has been delivered to the Total System at a System Entry Point on any Day, the delivery of which is likely in the Transporter's opinion to entitle the Transporter to claim any material sum under paragraph 3.4, the Transporter will as soon as reasonably practicable inform Users of that fact; provided that no failure by the Transporter so to inform any User shall affect the Transporter's rights under paragraphs 3.3.5 and 3.4.
- 3.3.7 For the purposes of this paragraph 3, subject to paragraphs 3.3.8 and 3.4.6, "**non-compliant gas**" is gas delivered or tendered for delivery at an Individual System Entry Point, in respect of which or the delivery or tendered delivery of which (after taking account of any tolerance referred to in paragraph 2.4.3) any of the relevant Gas Entry Conditions is not or was not complied with.
- 3.3.8 Where and for so long as a Special Delivery Arrangement under paragraph 3.5.1 is in force and the terms thereof are being complied with, gas subject to such Special Delivery Arrangement shall not be non-compliant gas by reason only of its not complying with the Gas Entry Conditions as to the delivery characteristic(s) in respect of which the Special Delivery Arrangement was made.
- 3.3.9 Where on any Day on which non-compliant gas was delivered to the Total System at a System Entry Point an Unclaimed Entry Allocation Statement is submitted to the Transporter in accordance with Section E2.3, Delivering Users agree to cooperate with the Transporter in identifying any person who may be liable to the Transporter in respect of the delivery of non-compliant gas the subject of such statement; provided that no User shall be required to incur significant cost nor to breach any obligation of confidence in so doing, and that nothing so done shall be a breach of Section E2.3.6.

#### **3.4 Payment in respect of non-compliant gas**

- 3.4.1 Subject to paragraphs 3.4.2 and 3.4.3, the amount payable by a Delivering User to the Transporter under paragraph 3.3.5 shall be its Delivery Proportion of all reasonable costs and expenses reasonably incurred by the Transporter in consequence of the delivery of the non-compliant gas, including (without limitation) costs and expenses incurred:
- (a) in cleaning or clearing any part of the relevant System; and/or
  - (b) in taking reasonable measures (excluding any Operational Balancing Steps) to secure that the relevant System can be operated in accordance with applicable Legal Requirements notwithstanding the delivery or continued delivery of such non-compliant gas.
- 3.4.2 The amount payable by a Delivering User pursuant to paragraph 3.4.1 shall not exceed 10% of its Delivery Proportion of the amount calculated as the total quantity of non-compliant gas delivered to the Total System at the relevant System Entry Point on the relevant Day multiplied by the Applicable Liability Gas Price.
- 3.4.3 Where costs and expenses referred to in paragraph 3.4.1 are incurred in consequence of

the delivery of non-compliant gas to the Total System at a System Entry Point on more than one Day:

- (a) references in paragraphs 3.4.1 and 3.4.2 to a User's Delivery Proportion shall be deemed to be references to a weighted average Delivery Proportion determined for each Delivering User as the sum, for all such Days, of the User's Delivery Proportion for each Day multiplied by the Entry Point Daily Quantity Delivered, divided by the sum of the Entry Point Daily Quantities Delivered for all such Days;
- (b) the reference in paragraph 3.4.2 to the total quantity of non-compliant gas delivered on the relevant Day shall be to the total quantity of non-compliant gas delivered on all such Days.

3.4.4 Where any amount has become payable to the Transporter pursuant to paragraph 3.3.5:

- (a) the Transporter shall as soon as reasonably practicable after the Entry Close-out Date so notify each Delivering User specifying:
  - (i) the relevant System Entry Point and the Day or Days on which non-compliant gas was delivered to the Total System;
  - (ii) the total quantity of non-compliant gas referred to in paragraph 3.4.2, and reasonable details of the respect(s) in which the non-compliant gas did not comply with the applicable Gas Entry Conditions;
  - (iii) reasonable details of the costs and expenses referred to in paragraph 3.4.1 and the purposes for which they were incurred;
  - (iv) each Delivering User's Delivery Proportion; and
- (b) the amounts payable by each Delivering User shall be invoiced and are payable in accordance with Section S.

3.4.5 Any dispute (other than one resolved pursuant to Network Entry Provisions under paragraph 2.5.4) as to anything specified by the Transporter under paragraph 3.4.4(a) shall be referred to Expert Determination.

3.4.6 Paragraph 3.3.5 and this paragraph 3.4 do not apply and Delivering Users shall not be liable thereunder to the extent that the failure (of gas delivered or tendered for delivery) to comply with Gas Entry Conditions was a failure to comply with a requirement as to pressure or odour; and references in those paragraphs to non-compliant gas shall be construed accordingly.

3.4.7 Where for the purposes of clearing non-compliant gas from a System it is necessary for the Transporter to vent gas from the System, each Delivering User's Delivery Proportion of the quantity of gas so vented shall for the purposes of Sections E5 and F2 (but not otherwise) be treated as having been offtaken from the Total System by and accordingly deemed to be an UDQO of the Delivering User; and in such circumstances National Gas Transmission will inform all Users (or those who made Nominations for the relevant System Entry Point) as soon as reasonably practicable after such venting.

3.4.8 In the case of a System Entry Point designated by National Gas Transmission on or before 1 March 1996 for the purposes of this paragraph 3.4.8, where (in respect of a

Day or Days on which non-compliant gas was delivered to the Total System at a System Entry Point) not later than the Entry Close-out Date all Delivering Users jointly submit to a notice signed by or on behalf of all of them:

- (a) stating that some only of them (the "**Non-compliant Delivering Users**") are to be treated as having delivered non-compliant gas to the Total System at the System Entry Point; and
- (b) identifying the Non-compliant Delivering Users and specifying the proportions (aggregating to unity) in which they are to be treated as having delivered non-compliant gas to the Total System at a System Entry Point

paragraphs 3.4.1 to 3.4.7 shall (notwithstanding paragraph 3.2.2) be construed as though references to Delivering Users were to Non-compliant Delivering Users and references to Delivery Proportions were to the proportions specified pursuant to paragraph (b).

- 3.4.9 Each User who is for the time being a Delivering User in respect of such a System Entry Point as is referred to in paragraph 3.4.8 hereby irrevocably and unconditionally appoints the Delivery Facility Operator for the time being as User Agent to sign and submit on behalf of such User a notice for the purposes of that paragraph.

### **3.5 Special Delivery Arrangement**

- 3.5.1 Pursuant to an arrangement ("**Special Delivery Arrangement**") in relation to a System Entry Point or Individual System Entry Point therein, the Transporter may agree either to accept delivery of gas which does not comply with the applicable Gas Entry Conditions or that the applicable Gas Entry Conditions will permit the delivery of gas which does not comply with the conditions which the Transporter would otherwise require to be included, as to any of the delivery characteristics under paragraph 2.4.2(a), (b), (c), (d) or (e).
- 3.5.2 A Special Delivery Arrangement may be recorded in the Network Entry Provisions or in an Ancillary Agreement or both.
- 3.5.3 The terms of a Special Delivery Arrangement may include:
- (a) the basis on which the Transporter shall be remunerated (whether by the Delivery Facility Operator or Users) for the measures taken by it to allow, or otherwise for, acceptance of gas subject to the Special Delivery Arrangement;
  - (b) any restrictions or requirements as to, or by reference to, the rates, times, quantities and/or characteristics:
    - (i) of the gas or delivery of the gas subject to the Special Delivery Arrangement; and/or
    - (ii) of any other gas or the flow of any other gas flowing at any point in the relevant System; and
  - (c) any terms (in addition to those provided for in this Section I) upon which the delivery to the Total System of gas subject to the Special Delivery Arrangement may be required to be curtailed, suspended or discontinued.

- 3.5.4 Where a Special Delivery Arrangement is recorded in an Ancillary Agreement, the Transporter shall be entitled to require that a User shall not deliver gas to the Total System at the relevant System Entry Point unless it shall first have acceded to such Agreement in the manner provided (pursuant to Section V1.1.6) for therein.
- 3.5.5 A Special Delivery Arrangement in respect of any of the delivery characteristics specified in paragraph 2.4.2(a) or (b) will not be made where there is any System Exit Point (other than one in respect of which an appropriate Special Offtake Arrangement is in force in accordance with Section J2.3), located anywhere on the Total System between the relevant System Entry Point and the point on the Total System at which gas which would be subject to the Special Delivery Arrangement can be blended with other gas within the Total System so as to conform to the Standard Offtake Requirements under Section J2.1.
- 3.5.6 Nothing done by the Transporter in accordance with the terms of a Special Delivery Arrangement will constitute a breach of the Transporter's obligation to accept delivery of gas at the relevant System Entry Point.
- 3.5.7 Where:
- (a) under the terms of a Special Delivery Arrangement any amount (the "**Special Delivery Arrangement Charge**") payable to the Transporter is payable by Users pro rata to their UDQIs (in relation to the relevant System Entry Point); and
  - (b) a person appointed by any User or Users as User Agent submits to the Transporter a statement (differing from Users' Entry Allocation Statements) of the whole of the Entry Point Daily Quantity delivered to or between the User or Users appointing such Agent for the purpose of allocating the Special Delivery Arrangement Charge

then the Special Delivery Arrangement Charge shall be payable by such User or Users pro rata to their respective Special Delivery Arrangement Charging allocations and not pro rata to Users' UDQIs.

### **3.6 Delivery of gas**

- 3.6.1 The applicable Network Entry Provisions will identify (by description or a diagram or both) a point of delivery at each Individual System Entry Point comprised in a System Entry Point.
- 3.6.2 Title and (without prejudice to any other provision of this Section I) risk in gas delivered to the Total System at a System Entry Point shall pass to the Transporter at the relevant point of delivery established in accordance with paragraph 3.6.1.
- 3.6.3 Each User warrants to the Transporter:
- (a) that such User will have title (at the point of delivery) to all gas delivered or tendered for delivery to the Total System at any System Entry Point by that User; and
  - (b) that all such gas will (at such point) be free of any lien, charge, encumbrance or adverse claim (as to title or otherwise), including any claim for any tax, royalty

or other charge in respect of the production, gathering, processing and tendering of gas arising on or before delivery thereof to the Total System.

- 3.6.4 Each User shall indemnify the Transporter and hold it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by or made or brought against the Transporter in consequence of any breach of the warranties in paragraph 3.6.3.
- 3.6.5 The warranty in paragraph 3.6.3(a) shall be treated as satisfied where the User has arranged for delivery or tender for delivery of gas to the Total System by a person or persons who has or jointly have title (at the point of delivery) to such gas and such person passes or persons jointly pass title to such gas to the Transporter.

**3.7 Acceptance of gas delivered to the Total System**

- 3.7.1 Subject to the provisions of the Code, the Transporter will accept into the Total System at any time gas tendered for delivery by Users at the System Entry Points comprised in an Aggregate System Entry Point, at a rate (in kWh/Day) in aggregate not exceeding the aggregate Available Firm NTS Entry Capacity held by Users at that Aggregate System Entry Point, as Adjusted pursuant to Section B2.11.8.
- 3.7.2 Subject to the provisions of the Code, if for any period (a "**constraint period**") during any Day the Transporter fails to comply with its obligation under paragraph 3.7.1, National Gas Transmission will pay to relevant Users in accordance with paragraph 3.7.3 amounts which (subject to paragraph 3.7.4) in aggregate are equal to the amount ("**Aggregate Constraint Amount**") determined as:

$$A * B$$

where for each constraint period during the Day:

- A is the shortfall between (i) the quantity of gas of which delivery would have been accepted at rate  $X_t$  and (ii) the quantity of gas of which delivery was accepted at rate  $Y_t$  during the constraint period, determined by integrating  $(X_t - Y_t)$  with respect to time over the constraint period;  
 where at any time (t) during the constraint period:
- $X_t$  is the aggregate Available Firm NTS Entry Capacity held by Users at that Aggregate System Entry Point, as Adjusted pursuant to Section B2.11.8;
- $Y_t$  is the rate (in kWh/Day) in aggregate at which delivery of gas into the Total System at the Aggregate System Entry Point was accepted;
- B is the charge rate determined as the greater of the rates R1 and R2, where:
- R1 is  $(F1 * ADR)$ , where ADR is the Applicable Daily Rate determined as the weighted average price of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity in respect of capacity bids for which NTS Entry Capacity was allocated calculated as:

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

where:

- n is the number of successful relevant capacity bids;
- Q is the amount of NTS Entry Capacity allocated to each successful relevant capacity bid; and
- p is the bid price of each successful relevant capacity bid

and for the purposes of this paragraph 3.7.2, "**relevant capacity bid**" is a bid in respect of which relevant capacity was allocated and "**relevant capacity**" is that amount of capacity equal to the first 50% of the total NTS Entry Capacity allocated (determined in accordance with the provisions of paragraph 2.6.2 or 2.6.6 and paragraph 2.7.2);

R2 is the rate determined as:

$$F2 * (M + N) / Q$$

where:

- M is an amount determined as the aggregate notional surrender cost in relation to the constrained Aggregate System Entry Point in respect of an amount determined as one half of the Constrained Amount;
- N is an amount determined as the aggregate notional surrender cost in relation to the highest-priced Aggregate System Entry Point in respect of an amount determined as one half of Constrained Amount;
- Q is the Constrained Amount;
- F1 is six (6); and
- F2 is one decimal four (1.4)

and, for the purposes of determining the aggregate notional surrender costs on a Day in respect of an Aggregate System Entry Point, such costs shall include the exercise price (in pence/kWh/Day) payable by National Gas Transmission (pursuant to a Capacity Management Agreement were National Gas Transmission to exercise its rights thereunder) in respect of the surrender of System Entry Capacity on such Day (but shall not include any costs payable by National Gas Transmission pursuant to the Capacity Management Agreement by way of a premium and which for any other purpose under the Code is determined as attributable to such Day).

3.7.3 For the purposes of paragraph 3.7.2 a relevant User is a User holding Available Firm NTS Entry Capacity at the Aggregate System Entry Point for the Day; and subject to paragraph 3.7.4 the amount payable to each relevant User shall be the amount

determined as:

$$ACA * U / A$$

where:

ACA is the Aggregate Constraint Amount;

U is the User's Available Firm NTS Entry Capacity, as Adjusted pursuant to Section B2.11.8, at the Aggregate System Entry Point for the Day;

A is the aggregate Available Firm NTS Entry Capacity, as Adjusted pursuant to Sections B2.9.4, B2.10.4 and B2.11.8, held by Users at the Aggregate System Entry Point for the Day.

3.7.4 The amount payable by National Gas Transmission to a relevant User pursuant to paragraph 3.7.3 shall not exceed the amount determined as:

$$(U - ADQI) * B$$

where:

B has the meaning in paragraph 3.7.2;

U has the meaning in paragraph 3.7.3; and

ADQI is the aggregate of the User's UDQIs for the Day for each System Entry Point comprised in the Aggregate System Entry Point

and for the purposes of Section B2.14 the Aggregate Constraint Amount shall be reduced by the amount in aggregate by which the amounts payable (in accordance with this paragraph 3.7.4) to relevant Users are less than the amounts determined pursuant to paragraph 3.7.3.

3.7.5 The Transporter will be deemed not to comply with paragraph 3.7.1 for any period during which, as a result of steps taken by the Transporter pursuant to paragraph 3.9.1, the aggregate rate at which gas is delivered or tendered for delivery by Users at the System Entry Points comprised in an Aggregate System Entry Point is less than the aggregate Fully Adjusted Firm Available NTS Entry Capacity held by Users at that Aggregate System Entry Point.

3.7.6 Any dispute as to the amount 'A' in paragraph 3.7.2 shall be referred to Expert Determination.

3.7.7 For the purposes of paragraph 3.7.2:

(a) in relation to a particular Aggregate System Entry Point and a given quantity of the Constrained Amount, the "**aggregate notional surrender cost**" is the aggregate of the amounts which National Gas Transmission would have paid by way of Capacity Surrender Charges if National Gas Transmission had accepted remaining daily capacity offers for that quantity pursuant to and in accordance with Section B2.11; where subject to paragraph (b) "**remaining**" daily capacity offers are daily capacity offers remaining:

- (i) after acceptance of those daily capacity offers which National Gas Transmission did accept for the relevant Day;
  - (ii) for the purposes of determining 'N' in paragraph 3.7.2, after excluding daily capacity offers to the extent taken into account in determining 'M' in that paragraph; and
  - (iii) after excluding daily capacity offers to the extent taken into account in any earlier application (pursuant to any provision of the Code) of that paragraph in respect of that Day;
- (b) for the purposes of paragraph (a) above, where, after selection of all available capacity offers, there remains any outstanding unsatisfied Firm Capacity Shortfall amount, there shall be deemed (for the purposes only of paragraph (a)) to have been accepted a further notional daily capacity offer for the unsatisfied Firm Capacity Shortfall amount specifying an offer price equal to 'R1' (in relation to the particular Aggregate System Entry Point) in paragraph 3.7.2 above;
- (c) the "**Constrained Amount**" in relation to an Aggregate System Entry Point is the aggregate of the constrained amounts for all Users;
- (d) the "**highest-priced Aggregate System Entry Point**" in relation to quantity 'N' is the Aggregate System Entry Point for which the aggregate notional surrender costs for that quantity would be the highest.

### 3.8 ISEP capability

For the avoidance of doubt, the Transporter will not be in breach of its obligation under paragraph 3.7.1 by reason only of its being unable to accept delivery of gas at an Individual System Entry Point at a rate which exceeds the physical flow capability (determined without regard to any maintenance works in relation thereto) of the individual pipe at such Individual System Entry Point.

### 3.9 Restricted delivery of gas

- 3.9.1 Where the Transporter determines that (notwithstanding the steps if any taken under Section B2.9 and/or B2.10) a Transportation Constraint is imminent or has arisen at a System Entry Point the Transporter may take any available steps to curtail (or by so informing the Delivery Facility Operator or Users to secure the curtailment of) gas flow rates at the relevant System Entry Point.
- 3.9.2 Where a Transportation Constraint affects more than one System Entry Point and the Transporter takes any steps under paragraph 3.9.1, it will do so with a view so far as is practicable to apportioning the curtailment of gas flow rates in such manner as appears equitable to the Transporter.
- 3.9.3 Without prejudice to the applicable Local Operating Procedures and any applicable Legal Requirement, to the extent that the Transporter is not obliged (pursuant to paragraph 3.7.1) to accept delivery of gas at a System Entry Point, nothing in the Code shall be taken to require the Transporter to take any steps to prevent the increase of pressure within the Total System adjacent to a System Entry Point to a level at which gas will not flow from the Connected Delivery Facility into the Total System.

### 3.10 Rates of delivery

- 3.10.1 Each User shall use all reasonable endeavours to secure that the requirements of paragraph 3.10.2 are complied with, and in taking decisions as to Operational Balancing Steps National Gas Transmission may assume that Users will do so; provided that nothing in the Code shall require National Gas Transmission to verify whether such requirements have been complied with nor to take any action in respect of any failure to comply with such requirements.
- 3.10.2 The requirements referred to in paragraph 3.10.1 are that (after allowing for the time required to implement an increase or decrease in the rate of delivery), for each User:
- (a) the rate at which it delivers gas to the Total System at a System Entry Point changes only with effect from the start of the Day and (within the Day) with effect from the Renomination Effective Time of a Renomination in respect of that point; and
  - (b) gas is delivered to the Total System at the prevailing Implied Nomination Flow Rate.
- 3.10.3 A User shall not be in breach of paragraph 3.10.1 by reason of anything done pursuant to Local Operating Procedures in accordance with paragraph 2.6.5.

### 3.11 LDZ System Entry Points

- 3.11.1 For the purposes of the Code:
- (a) an "**LDZ System Entry Point**" is a System Entry Point on a DNO's System and that is not listed as an Entry Point in Appendix 1 of Special Condition 9.13 of National Gas Transmission's Gas Transporter's Licence;
  - (b) an "**LDZ System Entry Point User**" is a Delivering User at an LDZ System Entry Point;
  - (c) an "**LDZ System Network Entry Agreement**" is a Network Entry Agreement between a DNO and a Delivery Facility Operator of a Connected Delivery Facility at an LDZ System Entry Point containing Network Entry Provisions, including those to determine the quantities of gas which may be delivered and operation of gas flows to an LDZ System Entry Point.
- 3.11.2 A DNO will allow the delivery of gas at an LDZ System Entry Point both:
- (a) in accordance with an LDZ System Network Entry Agreement in respect of that LDZ System Entry Point (in accordance with Standard Special Condition D12 of the DNO's Gas Transporter Licence); and
  - (b) without the requirement for an LDZ System Network Entry Agreement, in the circumstances specified in Section I1.3.7 and Section I1.6 respectively, provided the delivery of such gas is in accordance with the relevant Network Entry Provisions and, if applicable, the relevant Local Operating Procedures.
- 3.11.3 In respect of an LDZ System Entry Point:

- (a) Section B1.2.7, Section B2 and paragraphs 3.7, 3.8 and 3.9 shall not apply;
- (b) an LDZ System Entry Point User will pay the relevant transportation charge (if any) as set out in the Transportation Statement.

3.11.4 An LDZ System Entry Point User wishing to deliver gas at an LDZ System Entry Point acknowledges and shall be subject to the terms of the Network Entry Provisions.

3.11.5 Subject to the provisions of the Code and the Network Entry Provisions, the DNO will accept at an LDZ System Entry Point at any time gas entered for delivery by an LDZ System Entry Point User at a rate (in kWh/Day) not exceeding the maximum permitted flow in accordance with the Network Entry Provisions.

3.11.6 Subject to the provisions of the Code and the Network Entry Provisions, if in respect of any Day the DNO fails to comply with its obligation under paragraph 3.11.5 the DNO will pay the LDZ System Entry Point User an amount which is equal to an amount determined as:

$$A * B * C$$

where for each such Day:

A is the shortfall between:

- (i) the Input Nomination of the LDZ System Entry Point User at the LDZ System Entry Point; and
- (ii) the LDZ System Entry Point User’s proportion of the Entry Point Daily Quantity Delivered at the LDZ System Entry Point as determined in accordance with E2;

B is the relevant daily transportation charge payable by the LDZ System Entry Point User;

C is five (5).

3.11.7 For the purposes of paragraph 3.11.6 only, where in respect of any Day the sum of the Input Nominations of all the LDZ System Entry Point Users exceeds the maximum permitted flow (in kWh/Day) at the LDZ System Entry Point, as determined accordance with the Network Entry Provisions, each LDZ System Entry Point User’s Input Nomination shall be determined as:

$$D/E * F$$

where for each such Day:

D is Input Nomination of the LDZ System Entry Point User;

E is the sum of the Input Nominations of all the LDZ System Entry Point Users;

F is the maximum permitted flow (in kWh/Day) at the LDZ System Entry Point, as determined in accordance with the Network Entry Provisions.

3.11.8 Any dispute as to the amount in “A” in paragraph 3.11.6 shall be referred to Expert Determination.

3.11.9 For the avoidance of doubt, the DNO will not be in breach of its obligations under

paragraph 3.11.5 in circumstances which render it unable to accept delivery of gas at an LDZ System Entry Point, including compliance with the Network Entry Provisions or the taking steps for the curtailment of gas flow rates where a Transportation Constraint is imminent or has arisen.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION J – EXIT REQUIREMENTS****1 GENERAL****1.1 Introduction**

- 1.1.1 The provisions of this Section J shall apply in respect of the offtake of gas from a System at System Exit Points.
- 1.1.2 Except as provided in the Independent Gas Transporters Arrangements Document, nothing in the Code confers on any person any entitlement to have any premises, pipeline, plant or other installation connected to a System for the purposes of offtaking gas from the Total System.

**1.2 System Exit Point**

- 1.2.1 In accordance with Section A3, a System Exit Point may be a Supply Point (or Supply Meter Point comprised therein) or a Connected System Exit Point, subject to paragraph 1.2.2.
- 1.2.2 In this Section J references to System Exit Points include Inter-System Offtakes.
- 1.2.3 Paragraphs 5, 6 and 7 set out provisions applying (in addition to other applicable provisions of this Section J) in respect of NExA Supply Points, Connected System Exit Points and Inter-System Offtakes respectively.
- 1.2.4 In this Section J "**Relevant User**" means:
- (a) in relation to a Supply Meter Point or Supply Point, the Registered User (or any of the Joint Registered Users);
  - (b) in relation to a Connected System Exit Point, a CSEP User;
  - (c) in relation to an Inter-System Offtake, the downstream DN Operator.

**1.3 Inter-System Offtakes**

- 1.3.1 In relation to any Inter-System Offtake or the flow of gas at an Inter-System Offtake from the NTS or an LDZ to an LDZ, at any time:
- (a) the upstream System is the NTS or (as the case may) the LDZ from which gas flows at such Inter-System Offtake;
  - (b) the downstream System is the LDZ to which gas flows at such Inter-System Offtake;
  - (c) the upstream Transporter is the Transporter which operates the upstream System;

- (d) the downstream DN Operator is the DN Operator which operates the downstream System (in its capacity, where the context requires, as DNO User).

1.3.2 Where gas flows at an Inter-System Offtake:

- (a) the gas is (and shall be treated as being) taken out of the upstream System and put into the downstream System by Shipper Users;
- (b) title and risk in such gas shall pass (as the gas is taken out of the upstream System) from the upstream Transporter to Shipper Users (in accordance with paragraph 3.7), and simultaneously (as the gas is put into the downstream System) from the Shipper Users to the downstream DN Operator (for which purposes only Section I3.6.3 shall apply as if the Inter-System Offtake were an LDZ System Entry Point);
- (c) no requirements apply as between any Transporter and any Shipper User as to the composition or pressure of such gas;
- (d) notwithstanding the fact that the upstream Transporter or downstream DN Operator may cause or permit such gas flow, no Transporter shall be treated as taking the gas out of the upstream System or putting it into the downstream System, and nothing in the Code shall be construed as having any contrary effect.

1.3.3 So far as it may be necessary for any purpose to determine the same, in relation to any Inter-System Offtake and any Day, the proportions in which Shipper Users:

- (a) take gas out of the upstream System;
- (b) put gas into the downstream System; and
- (c) have title and risk in such gas

shall be equal to the proportions of the sums respectively of their UDQOs in respect of the LDZ served by that Inter-System Offtake.

1.3.4 In this Section J, references to a downstream DN Operator offtaking gas from the upstream System at an Inter-System Offtake shall be construed as references to the DN Operator causing or permitting the flow, or a change in the flow, of gas from the upstream System to the downstream System, and otherwise in accordance with and subject to paragraph 1.3.2; and references to the offtake of gas (or to the upstream Transporter making gas available for offtake) at an Inter-System Offtake shall be construed accordingly.

1.3.5 For the avoidance of doubt, gas which (in an upstream System) is the subject of rights and obligations (pursuant to this Section J) as between an upstream Transporter and a downstream DN Operator may (in the downstream System) be the subject of rights and obligations (pursuant to this Section J) as between the downstream DN Operator and Users; and (without prejudice to GT Section B3) such rights and obligations shall take effect separately in relation to each System and shall not be affected by any breach or failure in respect of such rights or obligations in relation to any other System.

## 1.4 Connected System Exit Points

- 1.4.1 In accordance with Section A3.3, a Connected System Exit Point is a System Exit Point (other than an Inter-System Offtake) comprising one or more Individual System Exit Points which are not Supply Meter Points.
- 1.4.2 The Individual System Exit Point or Individual System Exit Points comprised in a Connected System Exit Point will be specified in the applicable Network Exit Provisions.
- 1.4.3 For the purposes of the Code a "**Connected Offtake System**" is a single system or facility (comprising pipeline(s), plant and/or other installations) operated by one person (or jointly operated by several persons) and connected to the relevant System at the Individual System Exit Point(s) comprised in a Connected System Exit Point.
- 1.4.4 Without prejudice to paragraph 1.1.2, a Connected Offtake System may be:
- (a) a facility for the storage of gas;
  - (b) the pipeline system operated by another gas transporter;
  - (c) a pipeline interconnector by which gas is transported to another country;
  - (d) any other pipeline (other than a pipeline connecting the relevant System directly to single premises) or pipeline system; or
  - (e) a facility for commingling gas, at which gas offtaken from the NTS and commingled with other gas prior to the commingled gas being delivered to the NTS.
- 1.4.5 A "**Connected System Operator**" is the operator of a Connected Offtake System.
- 1.4.6 A Connected Offtake System may also be a Connected Delivery Facility where gas can flow in either direction between such system and the Total System (for example in the case of a Storage Facility or a NTS Commingling Facility), in which case the provisions of the Network Entry Agreement and the Network Exit Provisions may be contained in a single document.
- 1.4.7 Without prejudice to any limitations under the CSEP Connection Arrangements (as referred to in IGTAD Section B) as to what connections may be made between a Connected Offtake System and a System where a Connected Offtake System is connected to a System at two or more Individual System Exit Points any of which is Unmetered, for the purposes of any provision of the Code which refers to a CSEP System Exit Point, such Individual System Exit Points collectively shall be treated as a single Unmetered Connected System Exit Point.
- 1.4.8 Where NTS Connected System Exit Points are comprised in an Aggregate NTS Exit Point, in this Section J:
- (a) references to NTS Exit (Flat) Capacity, are to NTS Exit (Flat) Capacity at that Aggregate NTS Exit Point (and references to any such NTS Connected System Exit Point are construed accordingly);
  - (b) in paragraphs 3.5, 3.6 and 3.10, and (if the context requires) in any other part of this Section J, references to quantities offtaken or nominated for offtake by a User or Users are to such quantities in aggregate at all of such NTS Connected

## System Exit Points.

**1.5 Network Exit Provisions**

1.5.1 For the purposes of the Code "**Network Exit Provisions**" are provisions relating to or to the offtake of gas from a System at a System Exit Point, made between the Transporter and:

- (a) in the case of a Supply Meter Point, either the consumer (subject to paragraph 1.5.7) or the Registered User (or, if the Transporter shall so agree, both of them);
- (b) in the case of a Connected System Exit Point, the Connected System Operator; or
- (c) in the case of an Inter-System Offtake, the downstream DN Operator.

1.5.2 Network Exit Provisions are required to be in force in respect of:

- (a) any Connected System Exit Point;
- (b) unless the Transporter otherwise determines in any case, any Supply Meter Point comprised in a VLDMC Supply Point;
- (c) each Inter-System Offtake; and
- (d) each Seasonal Large Supply Point;

and where Network Exit Provisions are required to be in force a User will not be entitled to offtake gas from the System at the relevant System Exit Point unless there are such provisions in force.

1.5.3 Network Exit Provisions may be in force in respect of any other Supply Meter Point.

1.5.4 Network Exit Provisions:

- (a) in relation to a Supply Meter Point or Metered Connected System Exit Point, are to be contained in an "**Network Exit Agreement**";
- (b) in relation to an Inter-System Offtake, are to be contained in the Offtake Arrangements Document and the relevant Supplemental Agreement;
- (c) in relation to an Unmetered Connected System Exit Point, are to be contained in the Independent Gas Transporters Arrangements Document and the relevant CSEP Registration.

and references to Network Exit Provisions being in force shall be construed accordingly.

1.5.5 A User shall not (in its capacity as User) be required or entitled to be a party to a Network Exit Agreement in respect of a Metered Connected System Exit Point or a Supply Meter Point where the consumer is already party to a Network Exit Agreement.

1.5.6 Nothing in the Code shall be taken to require the execution of a Network Exit

Agreement in respect of any Supply Meter Point which is not a New Supply Meter Point where there is a Registered User for the time being.

- 1.5.7 A Network Exit Agreement in respect of a Supply Meter Point (where not made with the Registered User) may be made with a person other than or in addition to the consumer, where such person is the operator of the Consumer's Plant; and in such a case references in paragraph 5 to the consumer shall be construed as references to such person.
- 1.5.8 Where Supply Point Network Exit Provisions are made between the Transporter and the Registered User:
- (a) the Network Exit Agreement shall be an Ancillary Agreement, and Section V1.1.6 shall apply in respect of the Network Exit Agreement as though that Section also referred to Ancillary Agreements in respect of Supply Meter Points; and
  - (b) the Registered User shall secure that the consumer is provided with a copy of the Network Exit Provisions and any amendments thereto.
- 1.5.9 References in this Section J to the termination, suspension or expiry of Network Exit Provisions:
- (a) in the context of a Supply Meter Point or a Metered Connected System Exit Point, are to the termination, suspension or expiry of the relevant Network Exit Agreement;
  - (b) in the context of an Inter-System Offtake, are to the upstream Transporter or downstream DN Operator ceasing to be party to the Offtake Arrangements Document or (as the case may be) the termination, suspension or expiry of the relevant Supplemental Agreement;
  - (c) in the context of an Unmetered Connected System Exit Point, are to the Independent Gas Transporter ceasing to be a party to the Independent Gas Transporter Arrangements Document or (as the case may be) the cancellation, cessation or expiry of the relevant CSEP Registration.
- 1.5.10 For the purposes of this Section J:
- (a) a "**NExA Supply Meter Point**" is a Supply Meter Point in respect of which there are Network Exit Provisions in force;
  - (b) "**Supply Point Network Exit Provisions**" are Network Exit Provisions in respect of a Supply Meter Point;
  - (c) "**CSEP Network Exit Provisions**" are Network Exit Provisions in respect of a Connected System Exit Point.

## 1.6 Offtake metering at Supply Points

Section M applies in respect of the metering of gas offtaken at Supply Points.

## 1.7 Antifluctuators, etc

- 1.7.1 Each User shall as soon as reasonably practicable notify the Transporter if such User becomes aware in relation to any Supply Meter Point of which it is the Registered User:
- (a) that any requirement applying to the relevant consumer under paragraph 17 of the Gas Code has not been or is not being complied with; or
  - (b) of circumstances in which the relevant Transporter would be entitled to exercise its rights under paragraph 18 of the Gas Code.
- 1.7.2 Where pursuant to paragraph 17 of the Gas Code the Transporter seeks to give any notice to or exercise any other entitlement in relation to any consumer the Registered User in respect of the relevant Supply Point agrees to extend reasonable cooperation to the Transporter so as to facilitate the exercise of such entitlements (and in particular but without limitation agrees if so requested to secure that there is conveyed on behalf of the Transporter to the relevant consumer any communication to be given by the Transporter pursuant to such paragraph 17).
- 1.7.3 The Transporter will inform the Registered User before or as soon as reasonably practicable after giving any notice to or exercising any other entitlement in relation to any consumer pursuant to paragraph 17 or 18 of the Gas Code.
- 1.7.4 Users acknowledge that where Network Exit Provisions are in force in relation to a Supply Point such provisions may provide for additional terms in respect of the matters subject to paragraphs 17 and 18 of the Gas Code.
- 1.7.5 If so requested on reasonable grounds by the Transporter, the Registered User in respect of any Supply Point shall (within a reasonable period specified by the Transporter) make reasonable enquiries of the consumer or supplier with a view to ascertaining and obtaining reasonable evidence as to whether the requirements of paragraph 17 of the Gas Code are applicable or (where applicable) are being complied with, and inform the Transporter of the outcome of such enquiries; and where the Registered User fails so to make reasonable enquiries or inform the Transporter of such outcome within such period the User shall reimburse to the Transporter any expenses reasonably incurred by the Transporter in ascertaining any such matter itself (including without limitation any expenses paid by the Transporter pursuant to paragraph 17(6) of the Gas Code).

## **1.8 Entitlements under the Act**

- 1.8.1 Nothing in the Code shall prevent a Transporter from exercising any entitlement or discharging any duty under the Gas Code or otherwise under the Act or pursuant to the Transporter's Licence which may involve the disconnection of or refusal to convey gas to or to allow gas to be conveyed to any premises.
- 1.8.2 Where under the Gas Code or otherwise under the Act or pursuant to the Transporter's Licence a Transporter is not required to connect or to maintain a connection of, or has exercised or is entitled to exercise any right to disconnect, or is required to disconnect, any premises, or (having disconnected them) is not required to reconnect any premises, or is entitled to refuse to convey gas to or to allow gas to be conveyed to any premises, the Transporter will not be in breach of its obligation to make gas available for offtake from the Total System at the relevant System Exit Point(s).
- 1.8.3 The Transporter will inform the Relevant User(s) as soon as reasonably practicable after exercising an entitlement (as described in paragraph 1.8.2) to disconnect or refuse to

convey gas or allow gas to be conveyed.

## **1.9 Reduction of Offtake at Firm Supply Points**

1.9.1 Where, in relation to any Firm Supply Point (but without prejudice to Section C in relation to Renominations), the Registered User or supplier:

- (a) exercises (other than pursuant to an instruction from a Transporter pursuant to Section Q) any entitlement to require the consumer to discontinue consuming gas offtaken from the Total System on a Day; or
- (b) having exercised such entitlement, authorises the consumer to resume such consumption

the Registered User will as soon as reasonably practicable, and in accordance with paragraph 1.9.3, inform the Transporter (and not the CDSP) of the matters set out in paragraph 1.9.2, provided that the Registered User shall use reasonable endeavours to inform the Transporter not more than one hour after such discontinuance and/or not less than one hour before such resumption.

1.9.2 The matters to be informed by the Registered User to the Transporter pursuant to paragraph 1.9.1 are:

- (a) the identity of the Firm Supply Point;
- (b) the time with effect from which the consumer will be required to discontinue, or authorised to resume, consumption; and
- (c) an estimate of the amount by which the quantity of gas offtaken will increase or decrease as a result of such discontinuance or resumption.

1.9.3 For the purposes of paragraph 1.9.1 the User will give the relevant information to the Transporter by means of telephone or facsimile, unless it has given to the Transporter not less than one month's notice of its intention to give such information by Batch Transfer Communication, in which case such User shall give information to the Transporter for the purposes of paragraph 1.9.1 only by Batch Transfer Communication, and will promptly inform the Transporter by telephone or facsimile of the transmission of each such Batch Transfer Communication.

1.9.4 Where the Transporter notifies a User that it is unable satisfactorily to access a Batch Transfer Communication transmitted pursuant to paragraph 1.9.3, that User will promptly send to the Transporter by facsimile the information contained in that Batch Transfer Communication.

## **1.10 DNO Users**

In this Section J references to Users shall include DNO Users.

## **1.11 Trader User**

In this Section J references to Users exclude Trader Users.

## **1.12 CSEP Supply Points**

For the avoidance of doubt, in this Section J, references to Supply Meter Points and Supply Points do not include CSEP Supply Meter Points or CSEP Supply Points, unless expressly so provided.

## 2 OFFTAKE REQUIREMENTS

### 2.1 Applicable Offtake Requirements

2.1.1 For the purposes of the Code, the "**Applicable Offtake Requirements**" are:

- (a) subject to paragraph 2.1.1(b):
  - (i) except as provided in paragraph (ii), the Standard Offtake Requirements;
  - (ii) subject to paragraph 2.1.5, as respects the pressure of gas made available for offtake:
    - (1) at NTS Supply Meter Points, a pressure of 25 bar;
    - (2) at NTS/LDZ Offtakes, the Assured Offtake Pressure in accordance with paragraph 2.5;
- (b) to the extent inconsistent with paragraph 2.1.1(a), but subject to paragraph 2.1.5:
  - (i) any requirement as to the pressure of gas made available for offtake at a Supply Meter Point which applies pursuant to paragraph 2.2.5;
  - (ii) the specification applicable pursuant to any Special Offtake Arrangement in accordance with paragraph 2.3;
  - (iii) any provision contained in Network Exit Provisions as to the pressure of gas made available for offtake at a System Exit Point.

2.1.2 The "**Standard Offtake Requirements**" are the requirements as to gas composition and pressure of the regulations from time to time applying pursuant to Section 16(1) of the Act as they apply in respect of gas made available by the Transporter for offtake at any System Exit Point which requirements shall be treated for the purpose of the Code as applying (subject to paragraph 2.1.1(b)) in respect of any LDZ Connected System Exit Point.

2.1.3 Network Exit Provisions or an Ancillary Agreement may include any tolerances within which (for any periods or in any circumstances) deviation from any of the Applicable Offtake Requirements are permitted.

2.1.4 The "**Applicable Offtake Pressure**" is the requirement as to pressure of gas made available for offtake from the System at an Individual System Exit Point for the time being applicable in accordance with this paragraph 2.1.

2.1.5 Where at any time, by reason of any building, mining or engineering developments (other than a development planned by the Transporter), or changes in population density, in the vicinity of any part of the System, it is not or ceases or will cease to be feasible safely or in accordance with any Recognised Standard to maintain at any

Individual System Exit Point a pressure of at least the Applicable Offtake Pressure (applicable at the time in accordance with paragraph 2.1.1, this paragraph 2.1.5, or paragraph 2.2.5):

- (a) the Transporter will, as soon as reasonably practicable after becoming aware that (by reason of such circumstances) such pressure cannot be maintained, so inform the Relevant User(s) specifying the date with effect from which it will be necessary to reduce such pressure and the reduced pressure which can (after such date) be so maintained; and
- (b) with effect from the date specified by the Transporter (and as respects any User who may become the Relevant User), the reduced pressure so specified shall be the Applicable Offtake Pressure.

2.1.6 The Transporter will not be in breach of its obligation to make gas available for offtake from a System at a System Exit Point if for any reason the pressure of the gas immediately downstream of the point of offtake (in accordance with paragraph 3.7) exceeds the Applicable Offtake Pressure.

## 2.2 Special offtake pressure

2.2.1 Upon the request of the Registered User in respect of a Supply Point, specifying (in respect of a Supply Meter Point comprised in the Supply Point) a particular pressure (the "**specified pressure**") greater than the prevailing Applicable Offtake Pressure, the Transporter will advise the User:

- (a) whether the anticipated normal offtake pressure is greater or less than the specified pressure; and
- (b) insofar as it is reasonably practicable to do so, of the circumstances (other than Excluded Offtake Circumstances in accordance with paragraph 3.2.2) in which the Transporter anticipates at the time of the request that the pressure of gas available for offtake at the Supply Meter Point may fall below the specified pressure.

2.2.2 Where the Transporter has advised a User under paragraph 2.2.1 that anticipated normal offtake pressure is not less than the specified pressure, the Transporter will advise the User, not less than 24 months (in the case of an LDZ Supply Point) or 36 months (in the case of an NTS Supply Point) before such change, of any reduction in anticipated normal offtake pressure below the specified pressure (but without prejudice to the Applicable Offtake Pressure).

2.2.3 In this paragraph 2.2, "**anticipated normal offtake pressure**" means the pressure or (within a range of pressures) lowest pressure at which the Transporter expects (having regard to the period of notice of any reduction required under paragraph 2.2.2) that, under normal System operating conditions, gas will be available for offtake at a Supply Meter Point.

2.2.4 Where a User makes a request to the Transporter under paragraph 2.2.1, the User may in addition propose to the Transporter to enter into an Ancillary Agreement pursuant to which the Transporter would undertake the works in respect of the relevant System necessary to enable it to make available for offtake under all operating conditions (other than Excluded Offtake Circumstances) gas at the specified pressure.

2.2.5 Where, following the proposal of a User under paragraph 2.2.4, the User and the Transporter so agree, they shall enter into an Ancillary Agreement (upon such terms including terms as to payment by the User as shall be agreed between them), and the Applicable Offtake Pressure will (for such period as may be specified in such Ancillary Agreement) be the specified pressure or such other pressure as shall be specified in such Ancillary Agreement.

### 2.3 Special Offtake Arrangement

2.3.1 Pursuant to an arrangement ("**Special Offtake Arrangement**") provided for in Network Exit Provisions, a Transporter may agree to make gas available for offtake from the System at a System Exit Point in circumstances where the Standard Offtake Requirements are not complied with pursuant to the terms of any Network Exit Provisions, or where the Standard Offtake Requirements are not (and are not treated pursuant to paragraph 2.1.2 as being) appropriate.

2.3.2 Without prejudice to any Legal Requirement, a Special Offtake Arrangement may be in force where, by reason of a Special Delivery Arrangement under Section I3.5, gas available for offtake at a System Exit Point does not or will not comply with the Standard Offtake Requirements.

### 2.4 Notice of specification change

2.4.1 Where:

- (a) the Registered User wishes to be informed of changes in particular characteristics ("**relevant characteristics**") of gas offtaken from the Total System at a Supply Meter Point comprised therein; and
- (b) the User so requests the Transporter, specifying the Supply Meter Point and the relevant characteristics,

the Transporter will, where in its reasonable opinion it is feasible to do so, and upon such reasonable terms (if any) as it may notify to the User, agree that paragraph 2.4.3 shall apply.

2.4.2 Where the Transporter notifies any terms to the User pursuant to paragraph 2.4.1, paragraph 2.4.3 shall apply only if the User notifies the Transporter of its acceptance of such terms, which terms (if so accepted) shall form an Ancillary Agreement between the Transporter and such User.

2.4.3 Where this paragraph applies, the Transporter will use reasonable endeavours to notify the Registered User as soon as reasonably practicable after the Transporter becomes aware that a change in relevant characteristics of gas available for offtake at the Supply Point has occurred or will occur.

2.4.4 Where paragraph 2.4.3 applies the Transporter reserves the right at any time and from time to time to make a charge to the User (for so long as it is the Registered User) in respect of the reasonable costs incurred by the Transporter in performing its obligations under that paragraph.

### 2.5 Assured Offtake Pressure and Significant Offtakes

- 2.5.1 For the purpose of the Code, in relation to an NTS/LDZ Offtake:
- (a) 0600 and 2200 pressures are pressures at 06:00 hours and 22:00 hours on a Day;
  - (b) for each Day in any Gas Year, the "**Assured Offtake Pressures**" are the 0600 and 2200 pressures specified for that Gas Year in the Offtake Pressure Statement;
  - (c) the requirement to make gas available for offtake at the Assured Offtake Pressure is the requirement that the pressure (of gas made available, at the point of offtake):
    - (i) at 06:00 hours is not less than the 0600 pressure; and
    - (ii) at all other times is not less than the 2200 pressure;comprised in the Assured Offtake Pressure.
- 2.5.2 National Gas Transmission shall issue to each DNO User, by not later than 30 September in each Gas Year (Y), a statement ("**Offtake Pressure Statement**") specifying for each DNO User and NTS/LDZ Offtake:
- (a) the Assured Offtake Pressures for each of Gas Years Y+1 to Y+6 (inclusive); and
  - (b) whether the NTS/LDZ Offtake is a Significant Offtake (as such term is defined in OAD Section I4.1.1) for Gas Year Y+1.
- 2.5.3 The Assured Offtake Pressures (in relation to any NTS/LDZ Offtake) specified in respect:
- (a) of any Gas Year in an Offtake Pressure Statement (subject to any amendment in accordance with this paragraph 2.5) shall be the same as the Assured Offtake Pressures specified in the preceding year's statement for such Gas Year;
  - (b) of Gas Year Y+6 in an Offtake Pressure Statement shall be the same as the Assured Offtake Pressures for Gas Year Y+6 in the preceding year's statement.
- 2.5.4 The Assured Offtake Pressures at an NTS/LDZ Offtake may be revised in accordance with this paragraph 2.5 (and where so revised the Offtake Pressure Statement shall be deemed, in respect of the NTS/LDZ Offtake, to be revised accordingly).
- 2.5.5 National Gas Transmission may apply for:
- (a) a permanent decrease in the Assured Offtake Pressures in relation to an NTS/LDZ Offtake in April in a Gas Year for Gas Years Y+1 to Y+6;
  - (b) a temporary decrease in the Assured Offtake Pressures in relation to an NTS/LDZ Offtake (for a period in accordance with paragraph 2.5.8(b)).
- 2.5.6 A DNO User may apply for a permanent increase in the Assured Offtake Pressures in relation to an NTS/LDZ Offtake during the period 1 July to 31 July (inclusive) in a Gas Year for Gas Years Y+1 to Y+6.

- 2.5.7 An application under paragraph 2.5.5(a) or 2.5.6 for a permanent increase or decrease to the Assured Offtake Pressures can only be made for a period commencing on the first Day of a Gas Year.
- 2.5.8 An application under paragraph 2.5.5 or 2.5.6 shall be submitted specifying:
- (a) the NTS/LDZ Offtake;
  - (b) where submitted by National Gas Transmission, whether the application is for a permanent or temporary decrease, and where the application is for a temporary decrease, the period in respect of which the decrease is applied for (which shall not be less than a Day and no longer than 30 Days);
  - (c) where the application is for a permanent increase or decrease, the first Day of the Gas Year in respect of which the increase or decrease is applied for;
  - (d) where the application is submitted by a DNO User, the increased pressure applied for; and
  - (e) where the application is submitted by National Gas Transmission, the decreased pressure applied for.
- 2.5.9 Where a DNO User submits an application in accordance with paragraph 2.5.6 National Gas Transmission shall accept such application for an increase in the Assured Offtake Pressures in respect of the NTS/LDZ Offtake by not later than the following 30 September unless National Gas Transmission determines it would not be possible (under all credible operating conditions) to operate the NTS in a safe and efficient manner during the relevant period at the increased Assured Offtake Pressures applied for.
- 2.5.10 Where National Gas Transmission submits an application in accordance with paragraph 2.5.5 the DNO User shall accept such application for a decrease in the Assured Offtake Pressures in respect of the NTS/LDZ Offtake:
- (a) in the case of an application for a permanent decrease, by not later than the following 30 June;
  - (b) in the case of an application for a temporary decrease, by not later than ten (10) days following the application
- unless the DNO User determines it would not be possible (under all credible operating conditions) to operate the relevant LDZ in a safe and efficient manner during the relevant period at the decreased Assured Offtake Pressures applied for.
- 2.5.11 For the purposes of paragraphs 2.5.9 and 2.5.10, the reference to all credible operating conditions is to all conditions other than a condition the existence of which would amount to Force Majeure affecting the relevant system.
- 2.5.12 National Gas Transmission and the DNO User agree to cooperate in respect of the application of this paragraph 2.5 for the purposes of optimising the safe and efficient operation of the NTS and the LDZ.
- 2.5.13 National Gas Transmission will in the case of an application under paragraph 2.5.6:
- (a) as soon as reasonably practicable thereafter notify the DNO User where it

believes it is unlikely to be able to meet the application in full, providing details of;

- (i) the circumstances surrounding any restrictions; and
  - (ii) the maximum available increase in the Assured Offtake Pressure;
- (b) within 15 Business Days following the last Day of July in which the application is made provide an indicative statement notifying the DNO User whether its application is accepted in whole or in part, or rejected, specifying the indicative available Assured Offtake Pressure;
- (c) the DNO User will then have an opportunity to seek clarification, reconsider and resubmit its application for an increase in the Assured Offtake Pressure within ten (10) Business Days following notification from National Gas Transmission under paragraph (b);
- (d) National Gas Transmission will use reasonable endeavours to consider and where necessary discuss an application made under paragraph (c) with the DNO User with a view to agreeing by 30 September an increased Assured Offtake Pressure in the Offtake Pressure Statement to be issued by such date in accordance with paragraph 2.5.2.

2.5.14 National Gas Transmission and the DNO User will discuss in good faith which of the NTS/LDZ Offtakes are to be given Significant Offtake status for Gas Year Y+1 with a view to agreeing by 30 September a list of Significant Offtakes for inclusion in the Offtake Pressure Statement to be issued by such date in accordance with paragraph 2.5.2.

2.5.15 At any time following the publication of the Offtake Pressure Statement by National Gas Transmission pursuant to paragraph 2.5.2 and otherwise during Gas Year Y+1 to which such Offtake Pressure Statement relates either National Gas Transmission or the DNO User may notify the other that an NTS/LDZ Offtake shall be given Significant Offtake status from the date specified in such notification and no approval or consent in respect of such change in status shall be required from National Gas Transmission or the DNO User (as the case maybe).

### **3 OFFTAKE OF GAS FROM THE SYSTEM**

#### **3.1 Offtaking User**

3.1.1 For the purposes of this Section J an "**Offtaking User**" is:

- (a) in respect of a Supply Meter Point, the Registered User of the Supply Point (or, in the case of a Shared Supply Meter Point, of any of the Supply Points) in which the Supply Meter Point is comprised;
- (b) in respect of a Connected System Exit Point, on any Day, any Offtaking CSEP User; and
- (c) in respect of an Inter-System Offtake, the downstream DN Operator.

3.1.2 The "**Offtake Proportion**" of an Offtaking User for a Day in respect of a System Exit

Point is:

- (a) in the case of a Supply Meter Point:
  - (i) except as provided in paragraph (ii), one (1);
  - (ii) in the case of a Shared Supply Meter Point, the proportion which the quantity allocated to that User in respect of the Day in accordance with the Shared Supply Meter Notification bears to the Supply Point Daily Quantity;
- (b) in the case of a Connected System Exit Point, that User's UDQO for that Day divided by the CSEP Daily Quantity Offtaken in accordance with Section E3.2; and
- (c) in the case of an Inter-System Offtake, one (1) .

3.1.3 For the purposes of this Section J:

- (a) references to quantities of gas offtaken on a Day at an Class 1 or Class 2 Supply Point are to the quantities determined to have been offtaken pursuant to Section H2;
- (b) no adjustments to any amount, payment or quantity ascertained under this Section J shall be made by reason of Offtake Reconciliation;
- (c) references to quantities of gas offtaken on a Day at an Inter-System Offtake are to the quantities determined to have flowed pursuant to the measurement provisions contained in the Network Exit Provisions (and not, for the avoidance of doubt, by reference to quantities treated as offtaken by Shipper Users from the downstream System pursuant to Section E).

3.1.4 In relation to an Unmetered Connected System Exit Point:

- (a) a reference to the Connected Offtake System in Section J3 will include any indirectly-connected IGT System downstream of that Connected Offtake System; and
- (b) references to Connected System Operator and (in Section J3.11) Connected System Premises will be construed accordingly.

## **3.2 Obligation to make gas available for offtake**

3.2.1 Subject to the provisions of the Code, the Transporter will make gas available for offtake by User(s) from the System at the point of offtake (in accordance with paragraph 3.7) in accordance with the requirements of paragraph 3.3.1 at each System Exit Point where the requirements (other than requirements to be complied with by the Transporter) of this Section J are complied with.

3.2.2 For the purposes of the Code, "**Excluded Offtake Circumstances**" are circumstances in which, in accordance with the Code, the Transporter is not obliged or not in breach of its obligation to make gas available for offtake at a System Exit Point or is not liable in respect of any failure to do so.

3.2.3 For the avoidance of doubt, a User's obligations to pay Capacity Charges shall not be affected by the existence of any Excluded Offtake Circumstances except as provided in paragraph 3.6 in respect of Force Majeure.

### 3.3 Compliance with offtake requirements

3.3.1 Gas made available by the Transporter for offtake at any System Exit Point will comply with the Applicable Offtake Requirements, subject to paragraph 3.3.6.

3.3.2 Where non-compliant gas is made available for offtake from the relevant System at a System Exit Point, the Offtaking User(s) may, from time to time until such time as the Applicable Offtake Requirements are complied with in respect of gas made available for offtake at such point, in its or their discretion, either:

(a) offtake or continue to offtake such gas, in which case paragraph 3.4 shall apply;  
or

(b) decline to offtake or to continue to offtake such gas, in which case paragraph 3.5 shall apply.

3.3.3 A User's rights under paragraph 3.3.2 shall not be prejudiced by its election to offtake non-compliant gas (whether or not it is aware that the gas is non-compliant).

3.3.4 Subject to paragraph 3.4.7, where non-compliant gas has been offtaken on any Day from the System, the Transporter shall be liable to pay to each Offtaking User an amount determined in accordance with paragraph 3.4.

3.3.5 Where the Transporter becomes aware that non-compliant gas is being made available for offtake at any System Exit Point (other than where the failure to comply is not material), the Transporter will endeavour to inform the Relevant User(s) (and, in the case of a Connected System Exit Point, the Connected System Operator) of that fact as soon as reasonably practicable, but in the case of a Supply Point whose Annual Quantity does not exceed 732,000 kWh (25,000 therms) or an Unmetered Connected System Exit Point at which the sum of the Annual Quantity at each CSEP Supply Points does not exceed 732,000 kWh (25,000 therms) a notice to all Shipper Users generally that gas in any part of the relevant System is non-compliant shall be sufficient.

3.3.6 Subject to paragraph 3.4.7, for the purposes of this paragraph 3 "**non-compliant gas**" is gas made available for offtake from a System in respect of which (after taking account of any tolerance referred to in paragraph 2.1.3) any of the Applicable Offtake Requirements is not or was not complied with.

3.3.7 In assessing whether the hydrocarbon dewpoint and water dewpoint of gas conveyed in the NTS will interfere with the integrity or operation of the pipes comprised in an LDZ, National Gas Transmission will (and shall be entitled to) assume that the DNO will operate the LDZ so as to secure that, at all points on the LDZ at which the pressure of gas is reduced, the temperature of the gas does not (at any time during such pressure reduction) fall below zero degrees celcius (0°C).

### 3.4 Payment in respect of non-compliant gas

3.4.1 Subject to paragraphs 3.4.3 and 3.4.4, the amount payable by the Transporter to an Offtaking User under paragraph 3.3.4 shall be all reasonable costs and expenses

reasonably incurred by the User in consequence of the offtake of non-compliant gas, including (without limitation) costs and expenses incurred:

- (a) in cleaning or clearing any part of the relevant offtake facility; and/or
- (b) in taking reasonable measures (excluding in the case of a Connected Offtake System or a downstream System any measures equivalent to Operational Balancing Steps) to secure that:
  - (i) in the case of a Supply Point, the non-compliant gas can be made fit for use in the relevant offtake facility;
  - (ii) in the case of a Connected System Exit Point or Inter-System Offtake, the relevant offtake facility can be operated in accordance with applicable Legal Requirements notwithstanding the offtake or continued offtake of such non-compliant gas; and/or
- (c) in relation to an Inter-System Offtake (to the extent that, as a result of the offtake of non-compliant gas, the downstream DN Operator as Offtaking User itself makes non-compliant gas available for offtake from the downstream System), by way of liability to Users
  - (i) under paragraphs (a) and (b) (pursuant to paragraph 3.3.2(a)); and/or
  - (ii) under paragraph 3.5 (pursuant to paragraph 3.3.2(b))

provided that (in either case) the downstream DN Operator acts and has acted as a Reasonable and Prudent Operator with a view to avoiding or limiting the effects of its offtake (at the Inter-System Offtake) of non-compliant gas on its ability to make gas (complying with the Applicable Offtake Requirements) available for offtake from the downstream System.

3.4.2 For the purposes of paragraph 3.4.1:

- (a) "relevant offtake facility" means:
  - (i) in the case of a Supply Point, the Consumer's Plant;
  - (ii) in the case of a Connected System Exit Point, the Connected Offtake System; and
  - (iii) in the case of an Inter-System Offtake, the downstream System;
- (b) references to costs and expenses incurred by an Offtaking User include costs and expenses incurred by:
  - (i) in the case of a Supply Point, the supplier or consumer;
  - (ii) in the case of a Connected System Exit Point, the Connected System Operator.

3.4.3 The amount payable by the Transporter to an Offtaking User (excluding amounts under paragraph 3.4.1(c)(ii)) shall not exceed 10% of the amount calculated as the User's Offtake Proportion of the total quantity of non-compliant gas offtaken from the System

at the relevant System Exit Point on the relevant Day multiplied by the Applicable Liability Gas Price.

3.4.4 Where costs and expenses referred to in paragraph 3.4.1 are incurred in consequence of the offtake of non-compliant gas from the relevant System on more than one Day at a Shared Supply Meter Point or Connected System Exit Point:

- (a) references in paragraphs 3.4.1 and 3.4.3 to a User's Offtake Proportion shall be deemed to be references to a weighted average Offtake Proportion determined for each Offtaking User as the sum, for all such Days, of the User's Offtake Proportion for each Day multiplied by the Supply Point Daily Quantity or (as the case may be) CSEP Daily Quantity Offtaken, divided by the sum of the Supply Point Daily Quantities or (as the case may be) CSEP Daily Quantities Offtaken for all such Days; and
- (b) the reference in paragraph 3.4.3 to the total quantity of non-compliant gas offtaken on the relevant Day shall be to the total quantity of non-compliant gas offtaken on all such Days.

3.4.5 Where any amount has become payable to an Offtaking User pursuant to paragraph 3.3.4:

- (a) the User shall as soon as reasonably practicable after the Exit Close-out Date so notify the Transporter, specifying:
  - (i) the relevant System Exit Point and the Day or Days on which non-compliant gas was offtaken from the System;
  - (ii) the total quantity of non-compliant gas referred to in paragraph 3.4.3, and reasonable details of the respect(s) in which the non-compliant gas did not comply with the Applicable Offtake Requirements;
  - (iii) reasonable details of the costs and expenses referred to in paragraph 3.4.1 and the person(s) by whom and purposes for which they were incurred;
  - (iv) the Offtaking User's Offtake Proportion; and
- (b) the amount payable by the Transporter shall be invoiced and paid in accordance with Section S.

3.4.6 Any dispute as to anything specified by a User under paragraph 3.4.5(a) (other than a dispute as to anything specified under paragraph 3.4.5(a)(i) or (ii) which was resolved pursuant to Network Exit Provisions) shall be referred to Expert Determination.

3.4.7 Paragraph 3.3.4 and this paragraph 3.4 (with the exception of this paragraph 3.4.7) do not apply and the Transporter shall not be liable thereunder to the extent that the failure (of gas offtaken) to comply with Applicable Offtake Requirements was a failure to comply with the Applicable Offtake Pressure; and references in those paragraphs to non-compliant gas shall be construed accordingly.

3.4.8 Where non-compliant gas was offtaken from the Total System and for the purposes of clearing such non-compliant gas from the Consumer's Plant or a Connected Offtake System it is necessary for the consumer or (as the case may be) the Connected System

Operator to vent gas from such plant or system, the quantity of gas which each Offtaking User is treated as having offtaken from the Total System on the relevant Day shall be reduced by its Offtake Proportion of the quantity of gas so vented (and the User's UDQO shall be determined accordingly).

**3.5 Gas not made available for offtake**

3.5.1 Where:

- (a) the Transporter is or has been in breach of its obligation to make gas available for offtake from the System at an LDZ System Exit Point; or
- (b) gas made available for offtake from the System at a System Exit Point does not comply with the Applicable Offtake Requirements and an Offtaking User declined (in accordance with paragraph 3.3.2(b)) to offtake such gas

the further provisions of this paragraph 3.5 shall apply.

3.5.2 For the purposes of section 3.5.3 section V 11.1.6 will apply.

3.5.3 In the case of an LDZ Supply Point at Non-domestic Premises whose Annual Quantity exceeds 73,200 kWh (2,500 therms) per annum, the Transporter will pay to the Registered User an amount determined as:

- (a) subject to paragraph (b), the amount calculated according to the following formula:

$$C * (1 - X/Y) * P * F$$

where:

C is the amount of the Supply Point Capacity held by the User at the Supply Point on the relevant Day, less, in the case of an Interruptible Supply Point, and in respect of a Day on which Interruption was required at such Supply Point, the aggregate amount of the Interruptible Tranches which were subject to Interruption on the Day;

X is in the case of a DM Supply Point, the quantity of gas which was made available for offtake from the System on the relevant Day;

Y is in the case of a DM Supply Point, the Nominated Quantity (subject to paragraph 3.5.4) under the Output Nomination for the relevant Supply Point, provided that:

- (i) no account shall be taken of any Renomination, on the Day when the failure occurred or first occurred, made after the time at which the Registered User first became aware of such failure; and
- (ii) Y shall not exceed the amount of the User's Registered Supply Point Capacity at the Supply Point, disregarding any increase therein applied for after the relevant failure first occurred;

X/Y is, in the case of an NDM Supply Point, zero;

P is the sum of the Applicable Daily Rates of:

- (i) the Capacity Variable Component of the Customer Charge; and
- (ii) the LDZ Capacity Charge;

F is ten (10) in relation to a Firm Supply Point and five (5) in relation to an Interruptible Supply Point;

(b) where:

- (i) as a result of the relevant failure gas is not available for offtake for a period of 24 hours; and
- (ii) the amount determined under paragraph (a) would for each consecutive period of 24 hours during which the relevant failure continued to be less than £50 in relation to an NDM Supply Point and £250 in relation to a DM Supply Point

for each consecutive period of 24 hours or part of such a period, commencing with the expiry of the first 24 hours of such failure, during which the relevant failure continued, an amount of £50 in relation to an NDM Supply Point and an amount of £250 in relation to a DM Supply Point.

3.5.4 For the purposes of this paragraph 3.5:

- (a) in determining 'Y' in paragraph 3.5.3, in the case of a DMA Supply Point there shall be deemed to be a Nomination Quantity in respect of each DMA Supply Point in the relevant DMA Supply Point Group, determined by apportioning the Nomination Quantity for such Supply Point Group between such Supply Points in proportion to their respective Annual Quantities;
- (b) for the purposes of paragraph 3.5.3(b), any such period of 24 hours as is referred to in Section L4.3.2(e) is concurrent with and not in addition to the first 24 hours referred to in paragraph 3.5.3(b), and accordingly (notwithstanding Section L4.3.1) any period of Programmed Maintenance (in respect of the Supply Point) shall count towards such first 24 hours.

3.5.5 In the case of an LDZ Connected System Exit Point, the Transporter will pay to each CSEP User an amount determined as:

$$C \times (1 - X / Y) \times P$$

where:

- C is the amount of the Relevant Exit Capacity held by the CSEP User at the Connected System Exit Point on the relevant Day;
- X is the relevant proportion of the quantity of gas which was made available for offtake from the Total System by CSEP Users in aggregate on the relevant Day;

- Y is the Nominated Quantity (subject to paragraph 3.5.4) under the CSEP User's Output Nomination for the Connected System Exit Point, provided that:
- (i) no account shall be taken of any Renomination, on the Day when the failure occurred or first occurred, made after the time at which the CSEP User first became aware of such failure; and
  - (ii) Y shall not exceed the amount of the User's Relevant Exit Capacity at the Connected System Exit Point, disregarding any increase therein applied for after the relevant failure first occurred;
- P is the sum of the Applicable Daily Rates of:
- (i) the CSEP Charge to the extent of any component thereof which varies with Relevant Exit Capacity;
  - (ii) in the case of an LDZ Connected System Exit Point, the LDZ Capacity Charge; and
  - (iii) the applicable NTS Exit Capacity Charge.

3.5.6 For the purposes of paragraph 3.5.5:

- (a) a CSEP User's "**Relevant Exit Capacity**" is its Registered LDZ Capacity at such Connected System Exit Point; and
- (b) the relevant proportion of a CSEP User is the amount determined as 'Y' for the User on the relevant Day in accordance with paragraph 3.5.5 divided by the aggregate of the amounts so determined as 'Y' for all CSEP Users.
- (c) in relation to an Unmetered Connected System Exit Point, for the purposes of determining Y, a CSEP User's Nominated Quantity shall be the sum of the Nominated Quantities for all relevant CSEP Supply Points.

3.5.7 Where paragraph 3.5.1(b) applies in the case of NTS Supply Points and NTS Connected System Exit Points the Transporter will pay to each relevant User holding Available NTS Exit (Flat) Capacity at the relevant NTS Supply Point or NTS Connected System Exit Point on the relevant Day, an amount determined as:

$$C * (1 - X / Y) * P * F$$

where:

- C is the amount of Fully Adjusted Available NTS Exit (Flat) Capacity held by the User at the NTS Supply Point or NTS Connected System Exit Point at the time paragraph 3.5.1 first applied on the relevant Day;
- X is the User Daily Exit Quantity;
- Y is, at the time paragraph 3.5.1 first applied, the User's Nominated Quantity;
- P is the weighted average bid price for all accepted capacity bids in respect of

which NTS Exit (Flat) Capacity was allocated at the relevant NTS Supply Point or NTS Connected System Exit Point for the Day;

- F is ten (10) in relation to a Firm NTS Exit (Flat) Capacity and five (5) in relation to an Off-peak NTS Exit (Flat) Capacity.

3.5.8 In the case of an Inter-System Offtake, where:

- (a) as a result of the relevant failure the downstream Transporter itself fails to make gas available for offtake (in accordance with its obligations under the Code) at any System Exit Point on the downstream System; and
- (b) the downstream Transporter acts and has acted as a Reasonable and Prudent Operator with a view to avoiding or limiting the effect of such failure (of the upstream Transporter) on its ability so to make gas available for offtake

the Transporter shall pay to the Offtaking User an amount equal to the amounts for which the downstream Transporter was liable pursuant to this paragraph 3.5 in respect of the downstream Transporter's failure to make gas available for offtake, to the extent to which such failure resulted from the relevant failure of the upstream Transporter.

3.5.9 For the purposes of paragraphs 3.4.1(c)(ii), 3.5.8 and 7.4.1, references to amounts for which a downstream DN Operator or National Gas Transmission is liable pursuant to this paragraph 3.5:

- (a) (other than in relation to paragraph (b)) shall be determined subject to the effect of Section V10;
- (b) shall be deemed to include amounts for which the downstream DN Operator or National Gas Transmission was liable by way of compensation under (and pursuant to regulations made under) Section 33AA of the Act.

3.5.10 For the purposes of Section V10, the rules in paragraphs 3.5.3 and 3.5.5 (but not paragraph 3.5.8, but without prejudice to paragraph 3.5.9(a)) are Compensation Rules within Compensation Group J; and in relation thereto the 'payment month' is the second month following the month in which the relevant failure commenced.

3.5.11 For the purposes of paragraphs 3.5.3, 3.5.5 and 3.5.8, any dispute as to the quantity of gas which was made available for offtake at the relevant DM Supply Point, Connected System Exit Point, NTS Exit Point or Inter-System Offtake on the relevant Day shall be referred to Expert Determination.

### **3.6 Force Majeure**

3.6.1 Where:

- (a) by reason of Force Majeure affecting the Transporter, the Transporter is relieved from liability in respect of its obligation to make gas available for offtake from the Total System at a System Exit Point; and
- (b) the occurrence of Force Majeure continues for a period of more than 7 Days,

for each Day after the 7th Day on which the Transporter continues to be relieved of such

obligation, the User(s) registered as holding System Capacity at such point will cease to be liable to pay the Capacity Charges referred to in paragraph 3.6.2.

3.6.2 Subject to paragraph 3.6.3, the relevant Capacity Charges are:

- (a) in the case of any System Exit Point, the LDZ Capacity Charges (where relevant) and the Capacity Variable Component of the Customer Charge payable by the User in respect of such point; and
- (b) in the case of a System Exit Point other than an Interruptible Supply Point, NTS Exit Capacity Charges in respect of an amount of NTS Exit Capacity (in respect of the relevant NTS Exit Point) equal to the User's Registered LDZ Capacity.

3.6.3 Where in relation to any Day (after the 7th Day) the effect of the occurrence of Force Majeure is a partial (rather than total) reduction in the availability of gas for offtake from the Total System, the relevant Capacity Charges will be that proportion of those described in paragraph 3.6.2 determined as:

$$(C - X) / C$$

where:

- C is the amount of the User's Registered LDZ Capacity (as at the Day when the occurrence of Force Majeure commenced) at the relevant System Exit Point; and
- X is the quantity of gas which was made available for offtake from the relevant System at the relevant System Exit Point on the Day.

### 3.7 Point of offtake

3.7.1 The point of offtake in respect of each Individual System Exit Point comprised in any System Exit Point shall be:

- (a) in the case of a Supply Point:
  - (i) except as provided in paragraph (ii), the outlet of the customer control valve on the service pipe;
  - (ii) where there is in force a Network Exit Agreement which identifies (by description or a diagram or both) the point(s) of offtake, the point or points so identified; and
- (b) in the case of a Connected System Exit Point or Inter-System Offtake, the point of offtake identified in accordance with paragraph 3.7.2.

3.7.2 The Network Exit Provisions in force in respect of a Connected System Exit Point or Inter-System Offtake will identify (by description or a diagram or both) a point of offtake in respect of each Individual System Exit Point comprised in the Connected System Exit Point or Inter-System Offtake.

- 3.7.3 Title and (without prejudice to paragraph 3.4) risk in gas offtaken from the relevant System at a System Exit Point (other than an Inter-System Offtake) shall pass to the Offtaking User at the relevant point of offtake in accordance with paragraph 3.7.1.
- 3.7.4 The Transporter warrants to each Shipper User that the Transporter will have title (at the point of offtake) to all gas:
- (a) made available for offtake from the Total System at any System Exit Point by that User; and
  - (b) taken out of the upstream System by that User at an Inter-System Offtake
- and that all such gas will (at such point) be free of any lien, charge, encumbrance or adverse claim (as to title or otherwise), including any claim for any tax, royalty or other charge in respect of the production, gathering, processing and tendering of gas arising on or before offtake thereof from the relevant System.
- 3.7.5 The Transporter shall indemnify each User and hold it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by or made or brought against such User in consequence of any breach of the warranty in paragraph 3.7.4.

### **3.8 User offtake obligations: LDZ DM Supply Points**

- 3.8.1 A User is not entitled to offtake gas from the Total System at a DM Supply Point comprised in an LDZ Supply Point at a rate which exceeds the Supply Point Offtake Rate, and shall take all reasonable steps to ensure that gas is not offtaken at such a rate.
- 3.8.2 Where:
- (a) the Transporter believes on reasonable grounds that gas is being or will be offtaken from the Total System at a DM Supply Point comprised in an LDZ Supply Point at a rate which exceeds the Supply Point Offtake Rate; and
  - (b) in the Transporter's reasonable judgement the security of the relevant System may be prejudiced as a result
- the Transporter may take any steps available to it to secure the required reduction in the rate of or the discontinuance of the offtake of gas from the relevant System at the Supply Point.
- 3.8.3 The steps referred to in paragraph 3.8.2 include the disconnection of the relevant premises; but (without prejudice to any provision of the Gas Code) the Transporter will endeavour not to take this step where alternative steps are available and adequate in the circumstances.
- 3.8.4 The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System by a User at a DM Supply Point comprised in an LDZ Supply Point:
- (a) at any time, at a rate which exceeds the Permitted Supply Point Offtake Rate; or
  - (b) on any Day, in a quantity which exceeds the User's Registered Supply Point

Capacity.

- 3.8.5 In relation to a DM Supply Point which comprises a Shared Supply Meter Point, a User shall not be in breach of paragraph 3.8.1, and paragraph 3.8.2 shall not apply, if the aggregate rate at which gas is offtaken from the Total System at all of the DM Supply Points which comprise such Shared Supply Meter Point does not exceed the aggregate of the Supply Point Offtake Rates in respect of such Supply Points.
- 3.8.6 In paragraph 3.8.1, a DM Supply Point includes a CSEP Supply Point (for clarity but without prejudice to the application of paragraphs 3.9.2 and 3.9.3 in respect of the Unmetered Connected System Exit Points).

### **3.9 User offtake obligations: LDZ CSEPs**

- 3.9.1 A CSEP User is not entitled to offtake gas from the Total System at a Metered LDZ Connected System Exit Point at a rate which exceeds the maximum rate permitted (for that CSEP User) in accordance with the CSEP Network Exit Provisions.
- 3.9.2 Where:
- (a) the Transporter believes on reasonable grounds that gas is being or will be offtaken from the Total System at a rate which exceeds the maximum aggregate rate permitted in accordance with the CSEP Network Exit Agreement; and
  - (b) in the Transporter's reasonable judgement the security of the relevant System may be prejudiced as a result,

the Transporter may (subject to and/or in accordance with any provisions of the CSEP Network Exit Agreement) take any steps available to it to secure the required reduction in the rate of or discontinuance of offtake of gas from the LDZ Connected System Exit Point.

- 3.9.3 The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System at a LDZ Connected System Exit Point:
- (a) by CSEP Users in aggregate, at any time, at a rate which exceeds the maximum aggregate rate permitted in accordance with the CSEP Network Exit Agreement; and
  - (b) by a CSEP User, on any Day, in a quantity which exceeds the User's Registered LDZ Capacity.

### **3.10 User offtake obligations: NTS Exit Points and Inter-System Offtakes**

- 3.10.1 A:
- (a) Shipper User is not entitled to offtake gas from an NTS Supply Point or NTS Connected System Exit Point;
  - (b) DNO User is not entitled to offtake gas from the upstream System at an Inter-System Offtake

at a rate which exceeds the maximum permitted rate in accordance with paragraph

3.10.2 or 3.10.3 (as applicable), and shall take all reasonable steps to ensure that gas is not offtaken at such a rate.

3.10.2 The maximum permitted rate in respect of:

(a) an NTS/LDZ Offtake, is a rate calculated as:

$$(C_{\text{FLAT}} / 24) + (C(M)_{\text{FLEX}} / 4)$$

where:

$C_{\text{FLAT}}$  is the DNO User's NTS Exit (Flat) Capacity;

$C(M)_{\text{FLEX}}$  is the magnitude of the DNO User's NTS Exit (Flexibility) Capacity;

(b) an NTS Supply Point or a NTS Connected System Exit Point, is a rate calculated as:

$$(C_{\text{FLAT}} / 24)$$

where  $C_{\text{FLAT}}$  is the Shipper User's NTS Exit (Flat) Capacity.

3.10.3 The maximum permitted rate in respect of an LDZ/LDZ Offtake is the rate specified in or determined pursuant to the Network Exit Provisions.

3.10.4 Where:

- (a) the upstream Transporter believes on reasonable grounds that gas is being or will be offtaken from the upstream System at an Inter-System Offtake at a rate which exceeds the maximum permitted rate;
- (b) in the upstream Transporter's reasonable judgement the security of the upstream System may be prejudiced as a result;

the upstream Transporter may take any steps available to it in accordance with (and subject to) the provisions of the Offtake Arrangements Document to secure the required reduction in the rate of or the discontinuance of the offtake of gas from the upstream System at the Inter-System Offtake.

3.10.5 In the case of an NTS Exit Point National Gas Transmission will not be obliged under any provision of the Code to make gas available for offtake from the NTS by a User:

- (a) at any time, at a rate which exceeds the maximum permitted rate (in accordance with paragraph 3.10.2);
- (b) on any Day, in a quantity which exceeds the User's Fully Adjusted Available NTS Exit (Flat) Capacity;
- (c) in the period between 06:00 hours and 22:00 hours on any Day, in a quantity which exceeds  $(NEFC + 16/24 * Q_D)$  (as those terms are defined in Section B3.13);
- (d) at any time, at a rate which exceeds the Maximum NTS Exit Point Offtake Rate.

3.10.6 In the case of an LDZ/LDZ Offtake the upstream Transporter will not be obliged under any provision of the Code to make gas available for offtake from the upstream System:

- (a) at any time, at a rate which exceeds the maximum permitted rate (in accordance with paragraph 3.10.3);
- (b) on any Day, in a quantity which exceeds the maximum permitted quantity in accordance with the Network Exit Provisions.

### **3.11 Alternative arrangements for CSEPs**

3.11.1 This paragraph 3.11 shall apply, in addition to and (to the extent in conflict with) in substitution for the provisions of paragraphs 3.4 and 3.5, in the case of an LDZ Connected System Exit Point, where the Connected System Operator is the holder of a Gas Transporter's Licence and the Connected Offtake System is a pipeline system the conveyance of gas in which is either authorised by such licence or exempt (from the requirement to be so licensed) pursuant to an order (under Section 6A of the Act) granting temporary exemption from such requirement.

3.11.2 For the purposes of paragraph 3.4, where the condition in paragraph 3.11.4 is satisfied:

- (a) subject to the limit in paragraph 3.4.3, the costs and expenses referred to in paragraph 3.4.1 shall include costs and expenses incurred in cleaning or clearing plant and/or equipment at Connected System Premises in which the non-compliant gas has been used;
- (b) the limit in paragraph 3.4.3 shall apply only in relation to the amount of the costs and expenses in paragraph 3.11.2(a);
- (c) the amount payable by the Transporter to an Offtaking User in relation to the costs and expenses referred to in paragraph 3.4.1 (including subject to the limit in paragraph 3.4.3 those within paragraph (a)) shall be the User's Offtake Proportion of the CSEP Liability Sharing Proportion of such costs and expenses.

3.11.3 For the purposes of paragraph 3.5, where the condition in paragraph 3.11.4 is satisfied:

- (a) paragraph 3.5.5 shall not apply;
- (b) the Transporter shall pay to each CSEP User an amount calculated as the CSEP Liability Sharing Proportion of:
  - (i) the amount determined under paragraph 3.11.6, where that paragraph applies; and
  - (ii) the User's Offtake Proportion of any costs and expenses incurred by the Connected System Operator, directly as a consequence of the failure by the Transporter to make gas available for offtake at the Connected System Exit Point, so that the Connected Offtake System can be operated in accordance with applicable Legal Requirements.

3.11.4 The condition referred to in paragraphs 3.11.2 and 3.11.3 is that the Connected System Operator:

- (a) shall (to the maximum extent permitted by law) fully and effectively have waived any claim against the Transporter in respect of any liability (in contract, tort or otherwise) in respect of the making available for offtake from the Total System of non-compliant gas, or (as the case may be) the failure to make gas available for offtake, or (in either case) the event or circumstances giving rise thereto;
- (b) shall have taken all such steps as are reasonable in the circumstances and having regard to any such provisions of the CSEP Network Exit Agreement as are referred to in paragraph 4.3.3(d) to avoid or limit the consequences of the relevant occurrence in relation to which such costs and expenses referred to in paragraph 3.11.2 or 3.11.3 are incurred, and to limit such costs and expenses;
- (c) shall have agreed insofar as is reasonable in the circumstances that, if the Transporter so requires, all or some of the works necessitated by the relevant occurrence shall be undertaken by the Transporter at the Transporter's cost (offsetting the cost of such works against the amounts payable by the Transporter pursuant to paragraphs 3.11.2(c) and 3.11.3(b)(ii)) and on such other terms as shall be reasonable for the Transporter and the Connected System Operator to agree.

3.11.5 Paragraph 3.11.6 applies where:

- (a) in consequence of the failure (for whatever period of time) to make gas available for offtake from the Total System at the Connected System Exit Point, the Connected System Operator fails to make gas available for offtake from the Connected Offtake System at Connected System Premises; and
- (b) a commitment exists on the part of the Connected System Operator or a relevant supplier to make a payment, in consequence of such failure, to the consumer at the Connected System Premises.

3.11.6 Where this paragraph applies, the amount referred to in paragraph 3.11.3(b)(i) is the aggregate, for all of the Connected System Premises to which the CSEP User has (at the relevant time) arranged for gas to be conveyed by the Connected System Operator and where the rate at which gas is expected to be supplied to the consumer at those Connected System Premises exceeds 73,200 kWh (2,500 therms) per annum, of the amount (in respect of each such premises) equal to the lesser of the amount which the Connected System Operator or relevant supplier (as described in paragraph 3.11.5(b)) committed to pay to the consumer, and the amount which (if the Connected System Premises were connected to the System at a Supply Point) the Transporter would be required to pay pursuant to paragraph 3.5.3.

3.11.7 For the purposes of this paragraph 3.11:

- (a) the "**CSEP Liability Sharing Proportion**" in relation to a Connected System Exit Point at any time shall be the proportion from time to time specified in or determined pursuant to the CSEP Network Exit Provisions, or determined (for the purposes of this paragraph 3.11) by the Transporter with Condition A11(18) Approval of the Authority (where the CSEP Network Exit Provisions do not so specify or provide for such determination);
- (b) "**Connected System Premises**" are premises connected to the Connected

Offtake System.

3.11.8 For the purposes of Section V10, the rule in paragraph 3.11.3 is a Compensation Rule within Compensation Group J; and in relation thereto the "**payment month**" is the second month following the month in which the relevant failure commenced.

## **4 REQUIREMENTS UNDER NETWORK EXIT PROVISIONS**

### **4.1 General**

4.1.1 Requirements (further to those in the foregoing provisions of this Section J) in respect of the plant and equipment to be installed at and the offtake of gas from the relevant System at certain System Exit Points are set out:

- (a) in relation to NExA Supply Meter Points, Connected System Exit Points and Inter-System Offtakes generally, in this paragraph 4;
- (b) in relation to NExA Supply Meter Points specifically, in paragraph 5;
- (c) in relation to Connected System Exit Points specifically, in paragraph 6;
- (d) in relation to Inter-System Offtakes specifically, in paragraph 7.

4.1.2 The relevant requirements referred to in paragraph 4.1.1 apply:

- (a) in the case of a NExA Supply Meter Point, as and to the extent so required by the Transporter pursuant to the Network Exit Provisions (and, in the case of each of paragraphs 4.5 to 4.7 and 5.6 to 5.8, where the Network Exit Provisions contains provisions, whether or not expressly referring to such paragraph, by reference to which such paragraph is capable of applying);
- (b) in the case of a Connected System Exit Point, where the relevant Network Exit Provisions provide for that requirement to apply (or where the application of such requirement is not limited to 'relevant' Connected System Exit Points);
- (c) in the case of all NTS/LDZ Offtakes, and to the extent provided in the Network Exit Provisions in the case of a LDZ/LDZ Offtake.

4.1.3 For the purposes of any provision of paragraphs 4.5 to 4.7, a "relevant" System Exit Point is an Inter-System Offtake, a NExA Supply Meter Point or a Connected System Exit Point in respect of which such provision is (in accordance with paragraph 4.1.2) to apply.

### **4.2 Failure to comply**

4.2.1 Where and for so long as:

- (a) any requirement applying pursuant to this paragraph 4 or paragraph 5, 6 or 7 (other than a requirement applying to the Transporter) of the Network Exit Provisions is not for the time being complied with or is incapable of being complied with in relation to a NExA Supply Meter Point, Connected System Exit Point or Inter-System Offtake; and

- (b) in the Transporter's reasonable opinion such non-compliance or inability to comply may prejudice the security of the relevant System

the Transporter shall (until such time as it is reasonably satisfied that such non-compliance has been remedied) be entitled to require by notice to the Relevant User that the offtake of gas shall, subject to any contrary provisions in the Network Exit Provisions, be discontinued or its rate reduced, and may in any event take any steps available to it to secure such discontinuance or reduction, provided that where the Transporter takes such steps it will so notify the Relevant User as soon as reasonably practicable after so doing.

### **4.3 Network Exit Provisions**

#### **4.3.1 Network Exit Provisions in respect of a NExA Supply Meter Point, Connected System Exit Point or Inter-System Offtake:**

- (a) will specify the point of offtake in accordance with paragraph 3.7.1(a);
- (b) will specify the plant and equipment installed pursuant to paragraph 4.4;
- (c) may provide (whether by express reference to such provisions or otherwise) for the application of any of paragraphs 4.5 to 4.7;
- (d) may provide for a Special Offtake Arrangement in accordance with paragraph 2.3.1;
- (e) may specify requirements (without prejudice to paragraph 2.1.5) as to the pressure at which gas is to be made available for offtake from the relevant System, and/or stipulate that the point at which the Applicable Offtake Pressure is to apply is a point other than the point of offtake;
- (f) will specify (in the case of a Connected System Exit Point or NTS Exit Point) for the purposes of Section L4.3.2(a) the numbers of Days of permitted Planned Maintenance in any Planned Maintenance Period and any three consecutive Planned Maintenance Periods, or (in the case of an NTS/LDZ Offtake) for the purposes of Section L4.3.2(b) the number of Days of permitted Flow Relevant Maintenance in any Gas Year;
- (g) may specify other matters relating to the offtake of gas for purposes of commissioning the Consumer's Plant, Connected Offtake System or (as the case may be) downstream System, or any plant or equipment referred to in paragraph (b); and
- (h) may specify procedures applicable in the event of any emergency circumstances affecting the Transporter or the consumer, Connected System Operator or (as the case may be) downstream DN Operator (including any Emergency in accordance with Section Q).

#### **4.3.2 Network Exit Provisions may also provide for:**

- (a) the Transporter and the consumer, Connected System Operator or (as the case may be) downstream DN Operator to have access to each other's facilities for the purposes of verification of compliance with the requirements of the Network

## Exit Provisions;

- (b) terms according to which and circumstances in which the Network Exit Provisions may be terminated or expire; and
  - (c) any other terms or conditions which may be appropriate for the purposes of the Code in respect of the offtake of gas from the System or (in relation to such offtake) the Consumer's Plant, Connected Offtake System or (as the case may be) downstream System.
- 4.3.3 In addition to or in substitution of provisions pursuant to paragraph 4.3.1, Network Exit Provisions in relation to a Connected System Exit Point or Inter-System Offtake:
- (a) except in the case of an Unmetered LDZ Connected System Exit Point, will specify the procedures, methods and standards by which the volume and quantity of gas offtaken each Day, and in the case of an NTS Connected System Exit Point and an Inter-System Offtake the quantity offtaken between 06:00 hours and 22:00 hours each Day, from the relevant System at the System Exit Point is to be determined;
  - (b) may specify the basis on which the pressure and composition of gas made available for offtake each Day at the System Exit Point is to be determined;
  - (c) will specify the measurement equipment required to be installed (whether on the Connected Offtake System or downstream System, or on the relevant System) in connection with the requirements (where applicable) specified under paragraphs (a) and (b);
  - (d) may require plant and equipment (in addition to or substitution of that contemplated in paragraph 4.4) to be installed, maintained and operated by the Connected System Operator, downstream DN Operator or the Transporter;
  - (e) may contain provisions (including operating procedures, requirements as to notifications by the Connected System Operator or downstream DN Operator, and provisions as to the control or setting of any plant, equipment or installation installed pursuant to paragraph (d)) pursuant to which the offtake of gas from the System at the System Exit Point may be discontinued or restricted, or changes (including reductions) in the rate of such offtake limited; and the Transporter will not be in breach of its obligation to make gas available for offtake at the System Exit Point by virtue of the operation (in accordance with its terms) of any such provision;
  - (f) may specify requirements as to the rate or rates at which gas is permitted to be offtaken from the relevant System at the Connected System Exit Point.
- 4.3.4 In the case of a NExA Supply Meter Point (where the Supply Point Network Exit Agreement is made with the consumer) or a Connected System Exit Point, the Transporter shall not be required (for itself or for the benefit of any User) to secure in the Network Exit Agreement any remedy against the relevant consumer or Connected System Operator, nor to take any steps to enforce any provision of such a Network Exit Agreement.
- 4.3.5 The Transporter will not be required to make gas available for offtake at a NExA

Supply Meter Point, Connected System Exit Point or Inter-System Offtake where (other than by reason of a breach by the Transporter thereof) the applicable Network Exit Provisions have been suspended or terminated in accordance with its terms.

- 4.3.6 The Transporter will not agree to a modification of the Network Exit Provisions applicable to a System Exit Point except:
- (a) in relation to increases to any Permitted Ranges contained in the Network Exit Provisions:
    - (i) where, within five (5) Business Days of the Transporter notifying the proposed increases to the Permitted Ranges, none of the Registered Users or CSEP Users (as the case may be) at the System Exit Point object to the proposed increases to the Permitted Ranges; or
    - (ii) in accordance with paragraph 4.3.7;
  - (b) in relation to the Network Exit Provisions (other than increases to the Permitted Ranges):
    - (i) with the consent in writing of all Users who are the Registered Users or CSEP Users (as the case may be) at the date when such amendment is to take effect at the System Exit Point; or
    - (ii) in accordance with paragraph 4.3.7.

For the purposes of this paragraph 4.3.6, “**Permitted Ranges**” means the minimum and/or maximum ranges (as specified in the Network Exit Provisions) for each part of the metering, sampling, analysis and other equipment required by the Network Exit Provisions to be installed in respect of the relevant NExA Supply Meter Point.

- 4.3.7 Where the Transporter and the relevant consumer or Connected System Operator (as the case may be) have agreed (subject to a Code Modification) upon an amendment to any such Network Exit Provisions, such Network Exit Provisions may be amended for the purposes of the Code by way of Code Modification pursuant to the Modification Rules.
- 4.3.8 Paragraphs 4.3.6 and 4.3.7 shall not apply in respect of the IGTAD.

#### **4.4 Plant and equipment**

- 4.4.1 The plant and equipment installed at a NExA Supply Meter Point or Connected System Exit Point may include:
- (a) volumetric control or override, by means of which the instantaneous rate (in terms of volume) at which gas may be offtaken may be limited (and such limit set remotely by the Transporter);
  - (b) remote isolation valve, by means of which the Transporter may remotely cause the offtake of gas to be discontinued;
  - (c) calorimetric equipment, by means of which the calorific value of gas offtaken may be continuously monitored; and
  - (d) preheating equipment, by means of which the temperature of gas offtaken may

be maintained (having regard to the operation of any other plant or equipment installed pursuant to this paragraph 4.4.1 or paragraph 4.4.2) at a given temperature (not less than 0°C).

- 4.4.2 The plant and equipment installed or to be installed pursuant to paragraph 4.4.1 will be specified in the relevant Network Exit Provisions (and may where so provided in such Network Exit Provisions be or have been furnished and installed by the Transporter).
- 4.4.3 Where volumetric control or override is installed pursuant to paragraph 4.4.1(a), the Transporter may, but (subject to any provision of the Network Exit Provisions) shall not be required to, set such control or override, or require it to be set, so as to limit the rate (in volume terms) at which gas is offtaken to a rate equivalent (on the basis of the applicable calorific value) to the Prevailing Offtake Rate, or otherwise as may be provided in the Network Exit Provisions.
- 4.4.4 Where a remote isolation valve is installed pursuant to paragraph 4.4.1(b), the Transporter may, but (subject to any provision of the Network Exit Provisions) shall not be required to, operate such valve in any circumstances in which, in accordance with the Code or the Act, the Transporter is permitted to interrupt or cause the discontinuance or reduction of offtake, or disconnect the Supply Point Premises or (as the case may be) Connected Offtake System.
- 4.4.5 The Transporter will not be in breach of its obligation to make gas available for offtake at the NExA Supply Meter Point or (as the case may be) Connected System Exit Point:
- (a) where and to the extent that:
    - (i) any plant or equipment installed pursuant to paragraph 4.4.1 operates (in accordance with any provisions of the Network Exit Provisions as to such operation or the control or setting of such plant or equipment) so as to limit or discontinue the offtake of gas from the Total System; or
    - (ii) the Transporter takes any action in accordance with any provisions of this paragraph 4 or of Network Exit Provisions which limits or discontinues the offtake of gas from the Total System; and
  - (b) in the event of any failure of or defect in any plant or equipment installed by the Transporter at the System Exit Point, or requirement for maintenance thereof, until and unless:
    - (i) the User, the Connected System Operator or the consumer has notified the Transporter of such failure, defect or requirement; and
    - (ii) following such notice the Transporter has not, within 24 hours after such notification or such other period as may be provided in the Network Exit Provisions, and subject to having such access as shall be reasonable in the circumstances, repaired or replaced the relevant plant or equipment or carried out the required maintenance (but so that nothing in the Code or the Network Exit Provisions shall require the Registered User to pay for any such repair, replacement or maintenance).

## 4.5 Offtake Profile Notice

- 4.5.1 In relation to a relevant System Exit Point or NTS/LDZ Offtake:
- (a) a notification ("**Offtake Profile Notice**") shall be provided to the Transporter, not later than the time on the Preceding Day specified in the Network Exit Provisions, setting out rates of offtake throughout the Gas Flow Day, and
  - (b) a notification ("End of Day Demand Forecast Notice") shall:
    - (i) not later than 13:00 hours on the Preceding Day, be provided by the DNO User in respect of the NTS/LDZ Offtakes into each LDZ, and submitted to National Gas Transmission setting out the aggregate Forecast LDZ Demand for that LDZ; and
    - (ii) not later than 12:00 hours on the Preceding Day, be secured by the Shipper User in respect of any other relevant System Exit Point, and submitted to the Transporter setting out the estimated total amount of gas to be offtaken at that System Exit Point during the Gas Flow Day.
- 4.5.2 The rates of offtake set out in an Offtake Profile Notice (or revised such notice) shall not exceed the Permitted Offtake Rate.
- 4.5.3 For the purposes of this paragraph 4, "**rate of offtake**" means the instantaneous rate (expressed in MW or, in the case of notifications to National Gas Transmission only, expressed in MW, MCM, GWh or such other units of rate of offtake as set out in the Network Exit Provisions) of offtake of gas from a System at a relevant System Exit Point (and references to the rate of offtake include a rate of zero where gas is not offtaken, and references to a change in rate of offtake shall be construed accordingly).
- 4.5.4 In relation to a relevant System Exit Point, the Network Exit Provisions will prescribe a period of notice to be given (by way of modified Offtake Profile Notice) to the Transporter of any change ("**Offtake Rate Change**"), by reference to the prevailing Offtake Profile Notice, in the rate of offtake of gas, which period of notice may depend:
- (a) on whether the Offtake Rate Change is an increase or a decrease in rate of offtake;
  - (b) on the amount of the Offtake Rate Change, expressed as an absolute amount or a percentage of a rate determined from the Permitted Offtake Rate or otherwise; and
  - (c) on whether any earlier change in the rate of offtake has been notified or occurred within any specified period before the Offtake Rate Change.
- 4.5.5 The Offtake Profile Notice may be modified, as to the rate of offtake from and after any time, by notice before that time of the period referred to in paragraph 4.5.4 but (without prejudice to paragraph 5.6 or 5.8 where either applies) not otherwise.
- 4.5.6 Where, upon a request to that effect, the Transporter determines that it is feasible, consistently (so far as the Transporter can judge in the circumstances) with the expectation in paragraph 4.5.7 to make gas available for offtake:

- (a) at the relevant System Exit Point at a changed rate of offtake (specified in such request) upon a lesser period of notice than that referred to in paragraph 4.5.4, the Offtake Profile Notice may be modified in accordance with such request;
- (b) at an NTS/LDZ Offtake an Offtake Profile Notice may be submitted or modified in accordance with such request.

4.5.7 The expectation referred to in paragraph 4.5.6 is that:

- (a) for the purposes of paragraph 4.5.6(a), the change in rate of offtake on such lesser period of notice
- (b) for the purposes of paragraph 4.5.6(b), the offtake of gas at the rates of offtake in the requested Offtake Profile Notice should not, of itself and at the time, give rise to an Operational Balancing Requirement (but it is recognised that such change in rates of offtake may contribute to any such requirement at any later time).

4.5.8 In this paragraph 4.5 “**Permitted Offtake Rate**” means:

- (a) in relation to an LDZ Supply Meter Point, the Supply Point Offtake Rate;
- (b) in relation to an LDZ Connected System Exit Point, the maximum permitted rate of offtake in accordance with the Network Exit Provisions;
- (c) in relation to a NTS Supply Point and NTS Connected System Exit Point, the maximum permitted rate of offtake in accordance with paragraph 3.10.2(b);
- (d) in relation to an Inter-System Offtake, the maximum permitted rate of offtake in accordance with paragraph 3.10.2(a) or 3.10.3.

4.5.9 Without prejudice to this paragraph 4, a User shall at times ensure that as much notice as is reasonably practicable is given to the Transporter of any change in the rate of offtake.

4.5.10 No communication to the Transporter pursuant to this paragraph 4.5 shall be (or shall be treated as in substitution for) a Nomination or Renomination under Section C.

#### **4.6 Prevailing Offtake Rate**

4.6.1 At any time on the Gas Flow Day the "**Prevailing Offtake Rate**" is the rate of offtake set out in respect of such time in the Offtake Profile Notice (as from time to time modified pursuant to paragraph 4.5.5).

4.6.2 Subject (in the case of a NExA Supply Meter Point) to paragraph 5.6 and 5.8, gas may not be offtaken from a System:

- (a) at a relevant System Exit Point; and
- (b) at certain NTS/LDZ Offtakes (as specified in the Network Exit Provisions) in aggregate;
- (c) at any time on any Day at a rate of offtake (or aggregate rate of offtake) which exceeds or is less than the Prevailing Offtake Rate (or aggregate of the

Prevailing Offtake Rates) by more than the relevant tolerance specified (for the purposes of this requirement) in the Network Exit Provisions.

4.6.3 Subject (in the case of a NExA Supply Meter Point) to paragraph 5.8, the Transporter will not be required to make gas available for offtake from the System:

- (a) at a relevant System Exit Point; and
- (b) at certain NTS/LDZ Offtakes (as specified in the Network Exit Provisions) in aggregate

at any time on any Day at a rate of offtake (or aggregate rate of offtake) which exceeds the Prevailing Offtake Rate (or aggregate of the Prevailing Offtake Rates).

#### **4.7 Ramp Rates**

4.7.1 Network Exit Provisions may prescribe maximum rates of change (expressed in MW/minute or other units of rate of change) of the rate of offtake.

4.7.2 In relation to a relevant System Exit Point, subject (in the case of a NExA Supply Meter Point) to paragraph 5.8, at any time on the Gas Flow Day at which there is a change (pursuant to the Offtake Profile Notice) in the Prevailing Offtake Rate, the rate of change of the rate of offtake shall not exceed the rate of change prescribed (in accordance with paragraph 4.7.1) in the Network Exit Provisions.

4.7.3 Subject (in the case of a NExA Supply Meter Point) to paragraph 5.8, the Transporter will not be required to make gas available for offtake from the System at a relevant System Exit Point at an increasing rate the rate of change of which exceeds the rate of increase prescribed (in accordance with paragraph 4.7.1) in the Network Exit Provisions.

### **5 NEXA SUPPLY METER POINTS – SPECIAL PROVISIONS**

#### **5.1 General**

5.1.1 Subject to paragraph 5.6, nothing in paragraph 4 or this paragraph 5 affects the application of any provision of the Code to any Supply Meter Point that is not a NExA Supply Meter Point.

5.1.2 An agreement pursuant to IGTAD Section E3.2.2 in relation to an IGTS Supply Meter Point shall be treated as a Network Exit Agreement in relation to the corresponding CSEP Supply Meter Point for the purposes of paragraph 4 and this paragraph 5 (and for such purposes references to a Supply Meter Point) shall include such CSEP Supply Meter Point).

#### **5.2 Network Exit Provisions – general provisions**

5.2.1 Where Supply Point Network Exit Provisions made with the consumer are in force and there is a Registered User in respect of the NExA Supply Meter Point, the Transporter will not agree to any modification of the Network Exit Provisions except in accordance with Section J4.3.6.

5.2.2 Where a User submits a Supply Point Nomination or (as the case may be) a Detail

Registration Nomination in respect of a Proposed Supply Point which comprises a NExA Supply Meter Point, the Transporter will inform the User of the existence (but not of the terms) of the Network Exit Provisions, and the User shall be responsible for ascertaining the terms thereof from the relevant consumer; and where the User subsequently becomes Registered User of the Supply Point the User shall be deemed to be fully informed of such terms.

- 5.2.3 Except as provided in paragraph 5.2.2 the Transporter will not, unless the terms of the Network Exit Provisions expressly so permit, disclose the provisions of Supply Point Network Exit Provisions to any User (including a User who has submitted a Supply Point Nomination or Supply Point Confirmation or (as the case may be) a Base Registration Nomination or Detail Registration Nomination) other than the Registered User.

### **5.3 Application**

- 5.3.1 The Registered User, or (where relevant) the Sharing Registered Users jointly, shall be responsible for securing that the requirements of paragraphs 4.5, 4.6, 4.7 and 5.7 are complied with in respect of a NExA Supply Meter Point.
- 5.3.2 The requirements of paragraphs 4.5, 4.6, 4.7, 5.7 and 5.8 apply as to the offtake of gas from the Total System at a NExA Supply Meter Point in aggregate by all Sharing Registered Users (where applicable).

### **5.4 Further Network Exit Provisions**

- 5.4.1 Network Exit Provisions in respect of a NExA Supply Meter Point:
- (a) may contain provisions applicable for the purposes of paragraph 5.5;
  - (b) may specify details and/or standards for the design, specification and manufacture and/or the accuracy of the Supply Meter, and/or contain provisions (which may differ from those of Section M) as to any of the matters provided for in Section M;
  - (c) where the Consumer's Plant is generating plant, will specify the basis for determining the date at which commissioning of the Consumer's Plant shall be treated as completed (by reference to the successful completion of that part of the commissioning programme which tests the ability of the Consumer's Plant to run reliably for a continuous period of 30 days).

### **5.5 Requirement for User Agent**

- 5.5.1 The Transporter may agree, pursuant to Network Exit Provisions, that no person shall be a Registered User in respect of a NExA Supply Meter Point unless such person has agreed (together with any other Sharing Registered User):
- (a) to appoint the consumer or any other person as User Agent for such purposes as may be specified in the Network Exit Provisions, and/or to cooperate in such manner as may be prescribed in the Network Exit Provisions with the consumer and (where there are Sharing Registered Users) with each other Sharing Registered User to secure coordinated communications with the Transporter in respect of the offtake of gas from the Total System; and

- (b) to enter into or accede to any agreement in writing with the relevant consumer and any other Sharing Registered User for the purposes of paragraph 4.3.3(a) (to which agreement the Transporter may or may not be party).

5.5.2 The Transporter shall be entitled to reject a Supply Point Confirmation or (as the case may be) a Detail Registration Nomination made by a User who has not complied with any such requirement as is referred to in paragraph 5.5.1.

## **5.6 Preheating offtake**

5.6.1 Where in accordance with the Network Exit Agreement preheating equipment is installed (whether or not pursuant to paragraph 4.4.1(d)) at a NExA Supply Meter Point:

- (a) the point at which gas is offtaken from the Total System for consumption by such preheating equipment shall be a Supply Meter Point (in respect of which the Network Exit Agreement shall specify the point of offtake for the purposes of paragraph 3.7.1);
- (b) Daily Read Equipment will be installed at such Supply Meter Point (which shall accordingly be a Class 1 Supply Meter Point);
- (c) such Supply Meter Point shall be treated for all purposes of the Code as comprised in a separate Supply Point to the Supply Point comprising the NExA Supply Meter Point; and
- (d) the gas offtaken from the Total System at such Supply Meter Point shall for all purposes of the Code be treated as offtaken by the Registered User or Sharing Registered Users.

5.6.2 Where the NExA Supply Meter Point is a Shared Supply Meter Point, the Supply Meter Point referred to in paragraph 5.6.1 shall be deemed to be a Shared Supply Meter Point and subject to the same Shared Supply Meter Notification.

## **5.7 Intertripping and forced outages**

5.7.1 Supply Point Network Exit Provisions may prescribe particular circumstances in which, by reason of a sudden interruption in the operation of the Consumer's Plant, the rate of offtake may be reduced suddenly.

5.7.2 Where this paragraph 5.7 applies, in such circumstances and subject to such requirements as may be so prescribed in the Network Exit Provisions:

- (a) the requirements (as to notice and rate of reduction of rate of offtake) of paragraphs 4.5.4 and 4.7 shall not apply; and
- (b) the requirements (as to notice of increase of rate of offtake) of paragraph 4.5.5 shall not apply in respect of a subsequent increase in the rate of offtake not exceeding such amount, and within such period (after the occurrence of the sudden interruption referred to in paragraph 5.7.1), as may be prescribed in the Network Exit Provisions.

## **5.8 Frequency Response**

- 5.8.1 Where the Consumer's Plant is gas fired generating plant subject to Central Despatch by the National Gas Transmission, Scottish and Southern Energy plc or Scottish Power plc acting as operators of the electricity transmission in Great Britain ("**the Grid Operators**"), it may be required, at the request of the Grid Operators, to respond automatically and rapidly to changes in the electrical frequency of such system by rapidly increasing or subsequently decreasing the rate of offtake, by up to 25% of the Supply Point Offtake Rate ("**Frequency Response**"). "**Central Despatch**" is the process of scheduling and issuing direct instructions by the Grid Operators in accordance with their grid codes.
- 5.8.2 Where this paragraph 5.8 applies:
- (a) there shall be Network Exit Provisions in force at the NExA Supply Meter Point;
  - (b) the Registered User of the NExA Supply Meter Point shall notify the Transporter by Conventional Notice that it requires the Frequency Response service subject to the conditions set out in paragraphs (c) to (i) below;
  - (c) the Registered User shall pay such amount (if any) as is identified in the Transportation Statement for Frequency Response;
  - (d) where the Registered User has so elected, the requirements of paragraphs 4.6.2, 4.7 and 5.6 shall be disapplied during any period (not exceeding one hour) when the Consumer's Plant is responding to a specific request by a Grid Operator to provide Frequency Response ("**Frequency Response Period**");
  - (e) except as set out in this paragraph 5.8 the requirements set out in the Network Exit Agreement shall apply;
  - (f) during any Frequency Response Period any provision contained in the Network Exit Agreement as to the pressure of gas made available for offtake at the NExA Supply Meter Point shall be suspended;
  - (g) during any Frequency Response Period any provision contained in the Network Exit Agreement as to the ramp rates, in accordance with paragraph 4.7, shall be amended such that the rate of increase or decrease in the rate of offtake shall not exceed 25% of the maximum offtake rate in a period of 10 seconds during any Frequency Response Period;
  - (h) in respect of any Frequency Response Period any provision contained in the Network Exit Agreement as to the period of notice to be given to the Transporter in accordance with paragraph 4.5.4 shall be amended such that:
    - (i) the Registered User(s) shall notify the Transporter within 30 minutes of a Frequency Response Period having commenced at the NExA Supply Meter Point; and
    - (ii) the Offtake Profile Notice submitted on the Day following any Day on which a Frequency Response Period was actually provided shall state the time and duration of any period(s) of Frequency Response; and

- (i) during any Frequency Response Period any provision contained in the Network Exit Agreement as to the temperature of gas, where preheating equipment has been installed in accordance with paragraph 5.6, shall be suspended.
- 5.8.3 The Transporter may, on written notice, or verbal notice subsequently confirmed in writing, to the Registered User withdraw the right of the Registered User, to take Frequency Response at the Consumer's Plant where the Transporter considers that there has been, or is likely to be, a serious detrimental effect on the safe and effective operation of the Total System by reason of the provision of Frequency Response at the Consumer's Plant.
- 5.8.4 The Transporter may temporarily suspend, by giving 10 Working Days' notice in writing (or immediately on verbal notice in the case of an Emergency, subsequently confirmed in writing) to the Registered User(s), provision of Frequency Response where maintenance activities on the relevant System may impact the Transporter's ability to provide Frequency Response at the Customer's Plant.
- 5.8.5 In providing Frequency Response, or following any material change in the Supply Point Offtake Rate at the Specified Exit Point, the Transporter shall require that a flow test be performed at the Specified Exit Point. Following any material change in the operating conditions of the Total System, the Transporter may require that a flow test be performed at the Specified Exit Point. Any charges for provision of the flow test (if any) shall be set out in the Transportation Statement. If the results of the flow test are unsatisfactory, the Transporter may decline to provide or withdraw Frequency Response at the Specified Exit Point with effect from a specified date.

## **5.9 Metering and Measurement**

- 5.9.1 Where (in accordance with paragraph 5.4.1(b)) the Network Exit Agreement contains provisions alternative to those contained in Section M, such provisions shall apply as between the Transporter and the Registered User (and any inconsistent provisions of Section M shall not apply).

## **6 CONNECTED SYSTEM EXIT POINTS – SPECIAL PROVISIONS**

### **6.1 Network Exit Provisions**

- 6.1.1 The Transporter will make available to any User on request a copy of the CSEP Network Exit Provisions applicable to a Connected System Exit Point where the Connected System Operator either is a Gas Transporter or has consented to the Transporter's doing so, but not otherwise.
- 6.1.2 A User who becomes a CSEP User (in accordance with paragraph 6.3) in respect of a Connected System Exit Point shall be responsible for obtaining and shall be deemed to have obtained and to be fully informed of the applicable CSEP Network Exit Provisions.
- 6.1.3 Each CSEP User acknowledges and shall be bound by the terms of the CSEP Network Exit Provisions as they apply pursuant to the Code, including those relating to the determination of System Capacity held by the User, nomination of quantities for offtake by the User and measurement or determination of quantities of gas offtaken by the User.
- 6.1.4 CSEP Network Exit Provisions may contain provisions in addition to those

contemplated by the Code; and in such a case references in this paragraph 6.1 to the Network Exit Provisions are to those of the provisions which are contemplated by the Code.

## 6.2 Eligible Connected System Exit Point

6.2.1 For the purposes of any provision of the Code:

- (a) a "**relevant**" Connected System Exit Point is a Connected System Exit Point to which, pursuant to the applicable Network Exit Provisions, that provision is to apply;
- (b) an "**eligible**" Connected System Exit Point is a Connected System Exit Point:
  - (i) at which immediately prior to the coming into effect of the Code Modification pursuant to which this paragraph has effect, a CSEP User may, pursuant to the applicable Network Exit Agreement (as applied at such date), have offered to buy or sell gas to the Transporter by offtaking, by increasing the offtake or by decreasing the offtake of gas from the Total System; and
  - (ii) which, pursuant to the applicable Network Exit Agreement, is to be such a Connected System Exit Point.

## 6.3 CSEP User

6.3.1 No User may apply for or hold System Capacity at or offtake gas at a Connected System Exit Point unless the User has given notice (but subject to paragraphs 6.3.4 and 6.6.1) to the Transporter of its intention to do so.

6.3.2 Where a User has given notice under paragraph 6.3.1 the notice shall not be withdrawn other than in accordance with the relevant CSEP Network Exit Provisions.

6.3.3 In respect of any Connected System Exit Point a "**CSEP User**" is a User who has given and has not withdrawn notice under paragraph 6.3.1 in respect of that Connected System Exit Point (or a User for whom such notice is treated as given in accordance with IGTAD Section D3.1.5).

6.3.4 A User shall not be entitled to give notice pursuant to paragraph 6.3.1 until and unless the User has complied with such conditions as may be specified in the relevant CSEP Network Exit Provisions and (where required pursuant to paragraph 6.6.1) has acceded to the CSEP Ancillary Agreement.

## 6.4 Amendment of Network Exit Provisions

6.4.1 The Transporter will not agree with the Connected System Operator to amend any provision of CSEP Network Exit Provisions which governs or otherwise is directly relevant to the arrangements between the Transporter and Users pursuant to the Code except in accordance with Section J4.3.6.

6.4.2 Paragraph 6.4.1 shall not apply in respect of any amendment of CSEP Network Exit Provisions made in order to comply with any Legal Requirement.

- 6.4.3 Where the Connected System Operator is a Gas transporter a CSEP Network Exit Agreement may provide:
- (a) for the Transporter or the Connected System Operator to propose a modification to its own code where a modification (affecting the Connected System Exit Point) is proposed to the other's code (for the purposes of which the Transporter's own code is the Code and the Connected System Operator's own code is its relevant network code); and
  - (b) (so far as consistent with each Gas Transporter's Licence) for the coordination of such modifications.

6.4.4 This paragraph 6.4 does not apply in respect of the Independent Gas Transporters Arrangements Document.

## **6.5 Further Network Exit Provisions and Provisions Relating to Unmetered CSEPs**

6.5.1 CSEP Network Exit Provisions:

- (a) may contain any provision contemplated by any other Section of the Code;
  - (b) may provide for any Code Communication to be made at a different time from that applicable under the usual provisions of the Code;
  - (c) may provide for the Connected System Operator to implement any reduction in the rate of or discontinuance of offtake of gas from the Connected Offtake System (including disconnection of any premises therefrom) where the Transporter or the Connected System Operator believes on reasonable grounds that gas is being or will be offtaken from the System by a CSEP User or CSEP Users in aggregate at a rate which exceeds the maximum rate or maximum aggregate rate (as the case may be) permitted in accordance with the CSEP Network Exit Agreement and in the Transporter's judgement the security of the Total System may be prejudiced as a result;
  - (d) may provide for the Connected System Operator to implement any disconnection of premises from the Connected Offtake System in connection with any Termination Notice given by the Transporter under Section V4.3;
  - (e) may provide for the CSEP User to be relieved from liability to pay LDZ CSEP Overrun Charges pursuant to arrangements for commissioning referred to in paragraph 4.3.1(g); and
  - (f) will for an NTS CSEP specify the method by which NTS Exit Capacity shall be allocated and registered to the CSEP User or shall reference the CSEP Ancillary Agreement which specifies the method by which NTS Exit Capacity shall be booked by the CSEP User.
- 6.5.2 A CSEP Network Exit Agreement may provide for the Connected System Operator or any other person (including the Transporter) to be appointed as User Agent by each User intending to hold System Capacity or offtake gas at the Connected System Exit Point for such purposes as are specified in the Network Exit Agreement, and may provide for each such User to be party to a specified Agreement for the purposes of such appointment (which Agreement may contain terms upon which such person is so

appointed including terms as to remuneration of such person); and where the CSEP Network Exit Agreement so provides a User shall not be entitled to give notice pursuant to paragraph 6.3.1 until and unless the User has appointed such person as agent for such purposes and (if so required) has entered into or acceded to such agreement.

## **6.6 CSEP Ancillary Agreement**

- 6.6.1 The Transporter may require, as a condition of a User's giving notice pursuant to paragraph 6.3.1, that the User enter into or accede to an Ancillary Agreement ("**CSEP Ancillary Agreement**") in a form designated by the Transporter with Condition A11(18) Approval of the Authority setting out terms (in addition to or by way of variation of the terms of the Code) in relation to the use of the relevant System for the purposes of offtake of gas at a Connected System Exit Point.
- 6.6.2 A CSEP Ancillary Agreement shall be deemed to be a part of the Code for the purposes of enabling such Agreement to be modified pursuant to the Modification Rules.
- 6.6.3 A CSEP Ancillary Agreement may contain any provision which may be included in a CSEP Network Exit Agreement, in which case any requirement that the CSEP Network Exit Agreement contain such a provision shall not apply.
- 6.6.4 The Transporter will make available to any User on request a copy of any CSEP Ancillary Agreement.

## **6.7 NTS Exit Capacity at relevant NTS Connected System Exit Points**

- 6.7.1 In accordance with paragraph 3.9, the aggregate of the maximum permitted rates (for each CSEP User) of offtake at a relevant NTS Connected System Exit Point shall not exceed the maximum instantaneous rate at which it is feasible for National Gas Transmission to make gas available for offtake at the relevant NTS Connected System Exit Point; and the aggregate amount of NTS Exit Capacity which Users may be holding at a relevant NTS Connected System Exit Point shall not exceed the maximum aggregate amount of gas which it is feasible for National Gas Transmission to make available for offtake at the Connected System Exit Point in a period of 24 hours.
- 6.7.2 The CSEP Network Exit Agreement or a CSEP Ancillary Agreement may include a requirement to the effect that a User applying for NTS Exit Capacity at a relevant NTS Connected System Exit Point shall demonstrate (as a condition of such application) to the reasonable satisfaction of National Gas Transmission that it, or a person purchasing gas from it, is entitled to have gas which has been offtaken by such User from the Total System at the relevant NTS Connected System Exit Point (in the maximum amounts and at the maximum rates commensurate with the NTS Exit Capacity applied for and for a period commensurate with the proposed capacity period) conveyed in the Connected Offtake System.

## **7 NTS EXIT POINTS AND INTER-SYSTEM OFFTAKES – SPECIAL PROVISIONS**

### **7.1 General**

The obligations of the upstream Transporter and downstream Transporter under this Section J in relation to the offtake and availability of gas for offtake at an Inter-System Offtake are subject to the provisions of the Offtake Arrangements Document.

**7.2 Offtake Profile Notice**

- 7.2.1 In addition to the requirements in paragraph 4.5, an Offtake Profile Notice submitted in relation to an NTS/LDZ Offtake must satisfy the requirement in paragraph 7.2.2.
- 7.2.2 The requirement is that the offtake of gas (at the NTS/LDZ Offtake) from the NTS at the rates of offtake specified in the Offtake Profile Notice would not result in an NTS Exit (Flexibility) Overrun.

**7.3 Short-term increase in NTS Exit (Flexibility) Capacity**

- 7.3.1 In relation to an NTS/LDZ Offtake, for the purposes of 4.5.5:
- (a) a request referred to in paragraph 4.5.6(b) is a request for an increase in the amount of NTS Exit (Flexibility) Capacity held by the DN Operator at the NTS/LDZ Offtake for the Day;
  - (b) such a request may be made by submitting a proposed Offtake Profile Notice which (in the absence of such an increase in NTS Exit (Flexibility) Capacity) would not comply with the requirement in paragraph 7.2.2;
  - (c) National Gas Transmission may accept such request by accepting such proposed Offtake Profile Notice, in which case the DN Operator's NTS Exit (Flexibility) Capacity for the purposes only of the application of Section B3.13.4, for the Day shall be increased by the lowest amount which results in the requirement in paragraph 7.2.2 being satisfied in relation to the Offtake Profile Notice.
- 7.3.2 Where (at any time) more than one User has made a request pursuant to paragraph 4.5.6(a) or (b), National Gas Transmission shall consider such requests on the basis of such allocation principles as National Gas Transmission shall from time to time establish and publish for the purposes of this paragraph 7.3.2.
- 7.3.3 The allocation principles established in accordance with TPD Section J7.3.2 shall include provisions for National Gas Transmission to issue a notice on the Preceding Day. Such notice shall indicate that requests pursuant to paragraph 4.5.6(a) or (b) or OAD Section I2.7.2 may not be accommodated by National Gas Transmission on the relevant Day specified in the notice.
- 7.3.4 The allocation principles established in accordance with TPD Section J7.3.2 shall include details of how National Gas Transmission shall consider requests made in accordance with OAD Section I2.7.2.

**7.4 Liability of Users**

- 7.4.1 If and to the extent that, on any Day, in relation to an NTS Exit Point:
- (a) there is a Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun;
  - (b) as a result of the offtake of gas giving rise to such Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun, National Gas Transmission itself fails to make gas available for offtake (in accordance with its obligations under the Code) at any other NTS Exit Point; and

- (c) National Gas Transmission acts and has acted as a Reasonable and Prudent Operator with a view to avoiding or limiting the effect of such offtake (by the relevant User, giving rise to the Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun) on its ability so to make gas available for offtake;

then the relevant User(s) at the NTS Exit Point at which a Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun has occurred shall be liable to National Gas Transmission for all amounts (if any) incurred by National Gas Transmission as a result of any Exit Constraint Management Actions taken by National Gas Transmission at any other NTS Exit Point where National Gas Transmission has failed to make gas available for offtake as a consequence of such Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun.

- 7.4.2 Amounts for which a User is liable pursuant to paragraph 7.4.1 shall be invoiced and are payable in accordance with Section S.
- 7.4.3 Where there is more than one User at the NTS Exit Point at which such Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun has occurred, each User's proportion of the aggregate liability in accordance with paragraph 7.4.1 shall be equal to the User's individual flat overrun as a proportion of the aggregate flat overrun at such NTS Exit Point.

## **8 NTS CSEP ANCILLARY AGREEMENTS**

### **8.1 Purpose**

- 8.1.1 With effect from 1 October 2012 ("**relevant date**") the provisions of paragraph 8.2 shall apply in respect of each CSEP Ancillary Agreement relating to an NTS Connected System Exit Point in existence immediately prior to such date ("**relevant agreement**").

### **8.2 Effect**

- 8.2.1 With effect from the relevant date the provisions of each relevant agreement shall be deemed to be modified in the following manner:
- (a) any provision relating to Interruption shall cease to have effect;
  - (b) any provision relating to the determination of the amount of NTS Exit Capacity held by a CSEP User in respect of the period following the relevant date shall cease to have effect; and
  - (c) the amount of NTS Exit Capacity held by a CSEP User at a Connected System Exit Point shall be determined in accordance with Section B3

(and for the purposes of the Code any equivalent provision in a Network Exit Agreement in place at the NTS Connected System Exit Point shall be disregarded).

- 8.2.2 Paragraph 8.2.1 shall not affect the rights and obligations of National Gas Transmission and the CSEP User in respect of the period prior to the relevant date under the Code, the

Framework Agreement and the CSEP Ancillary Agreement accrued up to the relevant date which shall continue to be enforceable notwithstanding the other provisions of this paragraph 8.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION K – OPERATING MARGINS****1 GENERAL****1.1 Introduction**

1.1.1 National Gas Transmission shall be entitled:

- (a) to enter into arrangements ("**Operating Margins Capacity Arrangements**") pursuant to which National Gas Transmission will hold Operating Margins Capacity in Operating Margins Facilities, and may input (whether by injection, unloading of sea-going vessels or otherwise) gas into, hold gas in, and withdraw gas from such Operating Margins Facilities; and
- (b) to enter into arrangements ("**Operating Margins Gas Delivery Arrangements**") pursuant to which:
  - (i) Users will hold Operating Margins Capacity in Operating Margins Facilities, and may input (whether by injection, unloading of sea-going vessels or otherwise) gas into, hold gas in and withdraw gas from such Operating Margins Facilities, for delivery to the NTS in such quantities and at such times as National Gas Transmission and the User in question may agree; and/or
  - (ii) Users will increase the delivery of gas into the NTS or reduce or delay the offtake of its nominated quantity of gas from the NTS in such quantities and at such times as National Gas Transmission and the User in question may agree

in each case subject to and in accordance with this Section K, for the purpose of meeting the requirements ("**Operating Margins Requirements**") set out in paragraph 2.1.

1.1.2 For the purposes of the Code:

- (a) anything done or to be done by National Gas Transmission pursuant to any provision of this Section K for the purposes of meeting or otherwise in connection with Operating Margins Requirements is done or to be done for "**Operating Margins Purposes**";
- (b) references to "**Operating Margins**" are to the Operating Margins Capacity Arrangements and gas which National Gas Transmission holds in storage at Operating Margins Facilities for Operating Margins Purposes, or to the Operating Margins Gas Delivery Arrangements and the gas that National Gas Transmission Gas NTS may utilise pursuant to such Operating Margins Gas Delivery Arrangements at Operating Margins Facilities for Operating Margins Purposes;

- (c) a reference to the utilisation of Operating Margins is to:
- (i) the withdrawal of gas from an Operating Margins Facility in which National Gas Transmission holds Operating Margins pursuant to any Operating Margins Capacity Arrangement; and/or
  - (ii) the delivery of gas by Users to the NTS from an Operating Margins Facility pursuant to any Operating Margins Gas Delivery Arrangements; and/or
  - (iii) the reduction or delay in the offtake of gas by Users to an Operating Margins Facility from the NTS pursuant to any Operating Margins Gas Delivery Arrangements;
- (d) references to **“Operating Margins Gas”** are references to:
- (i) the gas which National Gas Transmission holds in storage at Operating Margins Facilities pursuant to Operating Margins Capacity Arrangements;
  - (ii) the gas whether in storage or otherwise which National Gas Transmission may utilise pursuant to Operating Margins Gas Delivery Arrangements;
- (e) references to **“Operating Margins Capacity”** are references to Storage Capacity and LNG Importation Capacity;
- (f) references to **“Operating Margins Facilities”** are references to Storage Facilities, LNG Importation Facilities and other facilities (connected to one or more System Points) which can be utilised by National Gas Transmission acting for Operating Margins Purposes through arrangements with Users to provide either the delivery of gas into the NTS or a reduction or delay in the offtake of the nominated quantity of gas from the NTS;
- (g) references to **“Operating Margins Space”** are references to Storage Space and LNG Importation Space;
- (h) references to **“Operating Margins Injectability”** are references to Storage Injectability and LNG Importation Injectability;
- (i) references to **“Operating Margins Deliverability”** are references to Storage Deliverability, LNG Importation Deliverability, Entry Facility Deliverability and Exit Facility Deliverability; where:
- (i) **“Entry Facility Deliverability”** is the capability of the relevant Operating Margins Facility (as agreed in the relevant Operating Margins Facility Terms) to deliver an increase in the nominated quantity of gas to the NTS, expressed as a rate or a quantity in a given period; and
  - (ii) **“Exit Facility Deliverability”** is the capability of the relevant Operating Margins Facility (as agreed in the relevant Operating Margins Facility Terms) to reduce or delay the offtake of the nominated quantity of gas from the NTS, expressed as a rate or

quantity in a given period;

- (j) references to "**Operating Margins Facility Terms**" are references to Storage Terms, LNG Importation Terms and any other such terms and conditions entered into between National Gas Transmission and Users for Operating Margins Purposes;
- (k) references to "**Operating Margins Year**" are references to the period of 12 Months commencing on the date set out in the Operating Margins Statement.

1.1.3 Certain costs incurred and/or revenues received by National Gas Transmission for Operating Margins Purposes will be recovered from or paid to Users in accordance with paragraph 4.

## **1.2 National Gas Transmission as Storage User or LNG Importation User**

1.2.1 Subject to paragraph 1.2.2, National Gas Transmission shall be entitled to be a Storage User or a LNG Importation User (as the case may be) in respect of Operating Margins Facilities for Operating Margins Purposes, and in particular National Gas Transmission:

- (a) may apply for and hold Operating Margins Capacity in, and inject and withdraw gas to and from Operating Margins Facilities; and
- (b) may make Storage Gas Transfers pursuant to the relevant Operating Margins Facility Terms.

1.2.2 For the purposes of Section R4, no Constrained Storage Renomination may be made for withdrawal of gas-in-storage held by National Gas Transmission for Operating Margins Purposes.

1.2.3 Not Used.

1.2.4 Not Used.

1.2.5 References to the amount of Storage Space or LNG Importation Space held by a Relevant System Manager are to the amount held pursuant to the relevant provisions of this Section K.

## **1.3 National Gas Transmission as NTS User**

1.3.1 National Gas Transmission will be a User for the purposes of the Code in respect of the NTS for Operating Margins Purposes; and in particular National Gas Transmission:

- (a) may apply for and hold NTS Entry Capacity at System Entry Points (subject to paragraph 1.3.2) and NTS Exit Capacity at Storage Connection Points in accordance with Section B;
- (b) will make Nominations in accordance with Section C;
- (c) may make Acquiring Trade Nominations in accordance with Section C;
- (d) will pay and receive Balancing Charges in accordance with Section F.

- 1.3.2 In particular, on any Day on which National Gas Transmission withdraws gas from an Operating Margins Facility for delivery to the Total System (pursuant to Operating Margins Capacity Arrangements) or has gas delivered to it by a third party (pursuant to Operating Margins Gas Delivery Arrangements) for Operating Margins Purposes, National Gas Transmission will (by virtue of the fact that it does not and is not deemed to offtake gas from the Total System and does not make Disposing Trade Nominations) have a Daily Imbalance equal (subject to anything else done by it) to the quantity of gas so withdrawn or delivered, and will receive Daily Imbalance Charges accordingly.
- 1.3.3 The general provisions of the Code are (as provided in the relevant Section) modified in respect of their application to National Gas Transmission for Operating Margins Purposes as follows:
- (a) Balancing Neutrality Charges and Reconciliation Neutrality Charges are not payable by or to National Gas Transmission for Operating Margins Purposes;
  - (b) Initial Input Nominations may be made at any time up to 03:00 hours on the Gas Flow Day.
- 1.3.4 National Gas Transmission will not take Market Balancing Actions for Operating Margins Purposes.

#### **1.4 DNO User**

In this Section K references to Users includes DNO Users unless otherwise expressly stated.

#### **1.5 Relevant System Managers**

For the purposes of this Section K, references to a “**Relevant System Manager**” unless otherwise expressly stated shall mean National Gas Transmission acting for Operating Margins Purposes.

#### **1.6 Trader User**

In this Section K references to Users exclude Trader Users.

## **2 OPERATING MARGINS**

### **2.1 Operating Margins Requirements**

- 2.1.1 Operating Margins Requirements are requirements for quantities of gas to be delivered to the NTS or for quantities of gas nominated to be offtaken from the NTS to be reduced or delayed:
- (a) for the purposes of Operational Balancing to the extent that National Gas Transmission determines at any time on the Gas Flow Day that there is an Operational Balancing Requirement which cannot be satisfied by the taking of any Market Balancing Action (because there are no or insufficient Market Offers which are operationally suitable);
  - (b) for the purposes of Operational Balancing where and for so long as National Gas Transmission determines that, as a result of damage to or failure of any part of the NTS (other than Programmed Maintenance) occurring on the Gas Flow Day, there is an Operational Balancing Requirement, whether or not capable of

being satisfied by the taking of a Market Balancing Action;

- (c) in an Emergency (in accordance with Section Q), for the purposes of maintaining safe pressures in the NTS during the period in which (pursuant to Emergency Steps in relation to demand under Section Q3.4 and 3.5) the NTS is run down.

2.1.2 For the purposes of paragraph 2.1.1(b) damage or failure to the NTS includes the failure of any compression facility within the NTS to operate (or continue to operate) or a break in any pipe forming part of the NTS.

## 2.2 Annual estimation of Operating Margins Requirements

2.2.1 For each Operating Margins Year National Gas Transmission will estimate:

- (a) an aggregate quantity of gas required for Operating Margins Requirements for the Operating Margins Year;
- (b) the maximum rate of delivery to, or reduction or delay in the offtake of gas from the NTS required for Operating Margins Requirements on any Day;
- (c) on the basis of the amounts under paragraphs (a) and (b), the aggregate amounts of Operating Margins Gas and Operating Margins Deliverability required for Operating Margins Requirements (irrespective of whether such Operating Margins Gas and Operating Margins Deliverability is held or is to be held by National Gas Transmission pursuant to Operating Margins Capacity Arrangements or by a third party pursuant to Operating Margins Gas Delivery Arrangements); and
- (d) a profile ("**Operating Margins Profile**") of the quantity of Operating Margins Gas for Operating Margins Requirements at different times during the Operating Margins Year, and the aggregate ("**Aggregate Operating Margins Profile**"), the maximum amount of which being the quantity under paragraph (a) of such profiles for all Operating Margins Facilities.

2.2.2 The estimates under paragraph 2.2.1 will be made:

- (a) on the basis of such assumptions as National Gas Transmission shall (in the light of the circumstances prevailing at the time and experience of a number of years) reasonably determine to be appropriate as to the probable extent and frequency of occurrence of the circumstances in which Operating Margins Requirements under paragraphs 2.1.1(a) and (b) may arise;
- (b) having regard to the need to balance the costs of Operating Margins with the risk of there being insufficient Operating Margins Gas and/or Operating Margins Deliverability for such requirements;
- (c) having regard to the location on the Total System and operational characteristics of each Operating Margins Facility;
- (d) on the basis of the estimate of 1-in-50 Severe Annual Demand as may be published from time to time by National Gas Transmission (provided publication occurs at an interval of not more than 12 months); and

- (e) on the basis of such other reasonable assumptions as National Gas Transmission shall determine to be appropriate in the circumstances (but for the avoidance of doubt assuming that shrinkage requirements will be provided for by NTS Shrinkage Provider).
- 2.2.3 National Gas Transmission will, not later than 1 March in each Operating Margins Year, provide to Users and the Authority a statement (an "**Operating Margins Statement**") containing details of:
- (a) the assumptions made pursuant to paragraph 2.2.2; and
  - (b) the amounts estimated under paragraph 2.2.1 and (on the basis of the assumptions referred to in paragraph (a)) the calculation of such estimated amounts.
- 2.2.4 National Gas Transmission's assumptions and estimates under paragraphs 2.2.1 and 2.2.2 will be made in good faith; but (provided that National Gas Transmission has entered into Operating Margins Capacity Arrangements and/or Operating Margins Gas Delivery Arrangements on the basis of such assumptions and estimates, and procured and injected gas, in accordance with paragraph 3) to the extent that on any Day:
- (a) the quantities or rates of delivery of gas or reduction in the offtake of gas required to be utilised for Operating Margins Requirements exceed the quantities of Operating Margins Gas and/or the Operating Margins Deliverability held by, or available to, National Gas Transmission pursuant to Operating Margins Capacity Arrangements and/or Operating Margins Gas Delivery Arrangements for Operating Margins Purposes; and
  - (b) as a result, National Gas Transmission is unable (after utilising in accordance with paragraph 2.3.1 such Operating Margins as are available) to maintain an Operational Balance in the Total System or any part thereof (or to do so without taking Emergency Steps)

National Gas Transmission (and each other Transporter) will not be liable under Section J3.2.1 in respect of any resulting failure to make gas available for offtake from the Total System.

### **2.3 Utilisation of Operating Margins**

- 2.3.1 National Gas Transmission shall be entitled to utilise Operating Margins (in such Operating Margins Facilities as it shall determine to be operationally appropriate in the circumstances) with a view to meeting Operating Margins Requirements in accordance with the relevant provisions of paragraph 2.1.1.
- 2.3.2 National Gas Transmission may only utilise Operating Margins for the requirements in paragraph 2.1.1(b) within 24 hours of the time that the damage or failure referred to in that paragraph occurs.
- 2.3.3 The costs that National Gas Transmission may recover for the utilisation of Operating Margins through the Daily Margins Recovery Amount are set out at paragraph 4.3 below.

## **3 PROCUREMENT OF OPERATING MARGINS ARRANGEMENTS**

### 3.1 General

- 3.1.1 Nothing shall prevent National Gas Transmission from entering into Operating Margins Capacity Arrangements and Operating Margins Gas Delivery Arrangements in respect of the same Operating Margins Facility for the same or an overlapping period.
- 3.1.2 National Gas Transmission will in or before the Operating Margins Year enter into such Operating Margins Capacity Arrangements and/or Operating Margins Gas Delivery Arrangements as it shall determine to be appropriate with a view to balancing the cost of such arrangements with the need to secure the availability of gas, the need to secure injection in accordance with the provisions of the relevant Operating Margins Facility Terms, requirements of flexibility as to the delivery of gas and such other factors as it may reasonably determine to be relevant to the discharge of its functions under this Section K.
- 3.1.3 Where National Gas Transmission has entered into an Operating Margins Gas Delivery Arrangement or an Operating Margins Capacity Arrangement, nothing shall (subject to the relevant Operating Margins Facility Terms) prevent National Gas Transmission from:
- (a) terminating such Operating Margins Gas Delivery Arrangement or Operating Margins Capacity Arrangement;
  - (b) transferring or otherwise disposing of any Operating Margins Capacity; or
  - (c) entering either into alternative Operating Margins Gas Delivery Arrangements or Operating Margins Capacity Arrangements

in respect of such quantities of Operating Margins Gas or Operating Margins Capacity or Operating Margins Deliverability as National Gas Transmission may determine at the relevant time, and procuring and disposing of such amounts of Operating Margins Gas as is required by National Gas Transmission (provided always that such procurement and disposal is carried out in accordance with this Section K).

### 3.2 Procurement of Operating Margins Gas Delivery Arrangements

- 3.2.1 National Gas Transmission may enter into Operating Margins Gas Delivery Arrangements in respect of the amounts (when aggregated with those amounts subject to Operating Margins Capacity Arrangements) as National Gas Transmission may reasonably determine to be necessary to meet the Operating Margins Requirements as set out at paragraph 2.2.1(c) above.
- 3.2.2 National Gas Transmission will in or before the Operating Margins Year make such arrangements ("**Margins Delivery Procurement Arrangements**") for the delivery of gas to or a reduction or delay in offtake of gas from the NTS pursuant to paragraph 3.2.1 as it shall determine to be appropriate with a view to balancing the cost of such arrangements with the need to secure the availability of gas, the need to secure delivery of gas to the NTS or reduction or delay in the offtake of gas from the NTS in accordance with the provisions of the relevant Operating Margins Facility Terms, requirements of flexibility as to the delivery of gas and such other factors as it may reasonably determine to be relevant to the discharge of its functions under this Section K.

- 3.2.3 In particular National Gas Transmission may (with a view to meeting the objectives in paragraph 3.2.2):
- (a) contract with Users for the delivery of gas to the NTS, or reduction or delay in the offtake of gas from the NTS on such terms (as to price, quantities, rates and times of delivery or offtake of gas, payment for gas which it was unable to take, and otherwise) as it shall determine;
  - (b) contract for the delivery of gas or the reduction or delay in the offtake of gas (as to all or any part of its requirements) under agreement(s) providing for the delivery of gas or the reduction or delay in the offtake of gas from the NTS over such period as it may determine, and/or on a spot basis; and
  - (c) conduct a tender for the award of a contract under paragraph (b) (the terms of which need not require National Gas Transmission to accept the lowest priced or any offer where in its reasonable opinion a prudent purchaser in comparable circumstances would not do so).
- 3.2.4 National Gas Transmission may procure delivery of gas for Operating Margins Purposes and on behalf of the NTS Shrinkage Provider and/or another Relevant System Manager on an integrated basis; but National Gas Transmission shall in any event maintain separate records of the quantities of deliveries of gas procured for Operating Margins Purposes and for the NTS Shrinkage Provider and/or another Relevant System Manager.

### **3.3 Procurement of Operating Margins Capacity Arrangements**

- 3.3.1 For the purposes of paragraphs 3.3 to 3.9:
- (a) references to a User shall exclude DNO Users; and
  - (b) relevant WACOG is Operating Margins WACOG at the end of the preceding Storage Year.
- 3.3.2 National Gas Transmission may apply for and be registered as holding Operating Margins Capacity in respect of the amounts (when aggregated with those amounts subject to Operating Margins Gas Delivery Arrangements) as National Gas Transmission deems is reasonably required for Operating Margins Purposes under paragraph 2.2.1(c), together with such amounts of Operating Margins Injectability as National Gas Transmission may deem necessary.
- 3.3.3 For the purposes of avoiding or reducing the liability of a Relevant System Manager to pay Storage Overrun Charges under Operating Margins Facility Terms in respect of the withdrawal of gas on any Day from an Operating Margins Facility, National Gas Transmission may on behalf of a Relevant System Manager make, subject to the relevant Operating Margins Facility Terms, a Storage Gas Transfer in favour of another Relevant System Manager.
- 3.3.4 For the purposes of this Section K, in respect of each Operating Margins Facility the "**Carry-over Margins Gas**" is the amount of Relevant Residual Gas (as defined in paragraph 3.6.1) held by National Gas Transmission for Operating Margins Purposes after taking account of any Storage Gas Transfer under paragraphs 3.6 and 3.8 and less the amount of the Residual Surplus Gas (if any) under paragraph 3.7.

3.3.5 National Gas Transmission will in or before the Storage Year make such arrangements ("**Margins Gas Procurement Arrangements**") for the procurement of gas (in excess of the aggregate Carry-over Margins Gas) for injection into Operating Margins Capacity held by it pursuant to paragraph 3.3.2 as it shall determine to be appropriate with a view to balancing the cost of such arrangements with the need to secure the availability of gas, the need to secure injection in accordance with the provisions of the relevant Operating Margins Facility Terms, requirements of flexibility as to the delivery of gas and such other factors as it may reasonably determine to be relevant to the discharge of its functions under this Section K.

3.3.6 In particular National Gas Transmission may (with a view to meeting the objectives in paragraph 3.3.5):

- (a) contract with Users or others for the purchase of gas on such terms (as to price, quantities and times of delivery of gas, payment for gas which it was unable to take, and otherwise) as it shall determine;
- (b) contract for the purchase of gas (as to all or any part of its requirements) under agreement(s) providing for delivery over a period of up to 12 months and/or on a spot basis;
- (c) conduct a tender for the award of a contract under paragraph (b) (the terms of which need not require National Gas Transmission to accept the lowest priced or any offer where in its reasonable opinion a prudent purchaser of gas in comparable circumstances would not do so);
- (d) make Acquiring Trade Nominations on any terms as to payment and quantity;
- (e) make Storage Gas Transfers (as transferee) on terms requiring payment and upon any other terms as to payment and quantity; and
- (f) where permitted under this Section K, make Output Nominations (for injections at a Storage Connection Point) for a Day without delivering gas to the NTS or making an Acquiring Trade Nomination.

3.3.7 National Gas Transmission may procure gas (in accordance with paragraph 3.6) for Operating Margins Purposes and on behalf of the NTS Shrinkage Provider on an integrated basis; but National Gas Transmission shall in any event maintain separate records of the quantities of gas procured for Operating Margins Purposes and the NTS Shrinkage Provider.

#### **3.4 Injection – general (Operating Margins Capacity Arrangements)**

National Gas Transmission will arrange its injections of gas (in accordance with the relevant Operating Margins Facility Terms) in respect of Operating Margins Space allocated to it under paragraph 3.3 (after taking account of Carry-over Margins Gas and any Margins Gas Procurement Arrangement under paragraph 3.3.6(e)) on such basis as it shall in its discretion determine having regard to:

- (a) the requirement to secure injection of quantities in aggregate equal to its Operating Margins Space;
- (b) the injection rules under the relevant Operating Margins Facility Terms;

- (c) the extent to which it has (under paragraph 3.3.6) chosen to purchase gas under term and not spot arrangements (and the delivery terms of such term arrangements); and
- (d) any differences in the rates of injection charges at different times in the relevant injection periods.

### 3.5 Reprofilling of Existing Gas-in-Storage across Storage Years prior to the start of or during the Storage Year for Operating Margins Capacity Arrangements

3.5.1 Following 1 February in a Storage Year, National Gas Transmission may, in respect of each Operating Margins Facility, estimate:

- (a) the Relevant Residual Gas that will be held by each Relevant System Manager in the Operating Margins Facility at the end of the Storage Year (the "**estimated Relevant Residual Gas**");
- (b) the amount (if any) (the "**pre-Storage Year estimated surplus**") by which the estimated Relevant Residual Gas of a Relevant System Manager (the "**pre-Storage Year transferor**") exceeds the amount of Operating Margins Space that National Gas Transmission estimates will be held for the following Storage Year in that Operating Margins Facility by the Relevant System Manager.

3.5.2 In respect of an Operating Margins Facility where there exists a pre-Storage Year estimated surplus, National Gas Transmission may on behalf of a pre-Storage Year transferor seek to make a transfer in favour of a User(s) in respect of the pre-Storage Year estimated surplus before the end of the Storage Year by way of:

- (a) Storage Gas Transfer(s);
- (b) Storage Gas Transfer(s) between relevant Operating Margins Facilities; or
- (c) withdrawal from a relevant Operating Margins Facility and Trade Nominations in respect of the quantity of gas withdrawn by conducting a tender or a series of tenders.

3.5.3 If, following the termination or expiry of any Operating Margins Capacity Arrangements or the transfer of any Operating Margins Capacity at any time during a Storage Year, National Gas Transmission, in respect of an Operating Margins Facility, estimates that the amount of gas-in-storage held by each Relevant System Manager at that Operating Margins Facility may exceed the amount of Operating Margins Space that National Gas Transmission estimates will be held in that Operating Margins Facility following such termination or transfer, (the "**post transfer estimated surplus**") then National Gas Transmission may seek to make a transfer in favour of a User(s) in respect of the post transfer estimated surplus by way of:

- (a) Storage Gas Transfer(s);
- (b) Storage Gas Transfer(s) between relevant Operating Margins Facilities; or
- (c) withdrawal from a relevant Operating Margins Facility and Trade Nominations in respect of the quantity of gas withdrawn by conducting a tender or a series of tenders.

- 3.5.4 For the purposes of the tenders referred to in paragraphs 3.5.2 and 3.5.3, the provisions of paragraph 3.7.2(a) to (h) shall apply as if the references therein to Residual Surplus Gas were references to the pre-Storage Year estimated surplus and/or post transfer estimated surplus as if references to Residual Gas Transfer were references to transfers under paragraphs 3.5.2 and 3.5.3 and as if the reference at paragraph 3.7.2(f)(ii) to paragraph 3.7.6(b) did not apply.
- 3.5.5 If after any Storage Gas transfers or tenders pursuant to paragraph 3.5.3, there is any remaining post transfer estimated surplus, National Gas Transmission (on behalf of Relevant System Managers) may take such other reasonable action as it shall think fit to dispose thereof (it being apparent that no User is willing at any price to enter into a Storage Gas Transfer thereof); and any reasonable costs incurred by National Gas Transmission in so doing (including costs incurred by reason of having gas-in-storage in excess of its Storage Space or LNG Importation Space) shall be costs of the Relevant System Manager for the purposes of this Section K.

### **3.6 Re-Profiling Existing Gas-In-Storage at the start of the Storage Year for Operating Margins Capacity Arrangements**

- 3.6.1 At the start of each Storage Year National Gas Transmission will determine, in respect of each Storage Facility and LNG Importation Facility:
- (a) the amount (the "**Relevant Residual Gas**") of gas-in-storage held at the end of the preceding Storage Year by each Relevant System Manager;
  - (b) whether, and if so the amount (the "**relevant surplus**") by which the Relevant Residual Gas of a Relevant System Manager (the "**transferor**") exceeds the amount of Storage Space or LNG Importation Space held for the Storage Year in that Storage Facility or LNG Importation Facility by that Relevant System Manager; and
  - (c) whether, and if so the amount (the "**relevant deficit**") by which the Relevant Residual Gas of another Relevant System Manager (the "**transferee**") is less than the amount of Storage Space or LNG Importation Space held for the Storage Year in that Storage Facility or LNG Importation Facility by that Relevant System Manager.
- 3.6.2 Subject to the relevant Storage Terms or LNG Importation Terms, a transferor may effect from the start of the Storage Year a Storage Gas Transfer in favour of a transferee in respect of the lesser of the relevant surplus and the relevant deficit, and the transferee shall pay to the transferor an amount determined by multiplying the amount of the transferred gas-in-storage by the relevant WACOG of the transferor.
- 3.6.3 Where in relation to a Storage Facility or an LNG Importation Facility there is more than one transferor or transferee paragraph 3.6.2 shall apply to each so far as practicable pro rata their respective relevant surpluses or relevant deficits.
- 3.6.4 Following National Gas Transmission's determination pursuant to paragraph 3.6.1, National Gas Transmission shall (subject to paragraph 3.7.6) determine in respect of each Relevant System Manager:
- (a) for each Storage Facility and LNG Importation Facility (a "**surplus**" Storage Facility or LNG Importation Facility) whether, and if so the amount (the

**"remaining surplus"**) by which, any relevant surplus exceeds the amount(s) to be transferred by the Relevant System Manager in accordance with paragraph 3.6.2; and

- (b) for each Storage Facility and LNG Importation Facility (a **"deficit"** Storage Facility and LNG Importation Facility) whether, and if so the amount (the **"remaining deficit"**) by which, any relevant deficit exceeds the amount(s) to be transferred to the Relevant System Manager in accordance with paragraph 3.6.2.

3.6.5 Where this would be consistent with the requirements of paragraph 3.3.5 a Relevant System Manager may choose to make all or part of its Margins Gas Procurement Arrangements in respect of any deficit Storage Facility or LNG Importation Facility by arranging for the withdrawal from a surplus Storage Facility or LNG Importation Facility and injection into a deficit Storage Facility or LNG Importation Facility in the relevant Storage Year of a quantity of gas not in aggregate exceeding the lesser of the remaining surplus and the remaining deficit (the aggregate quantity of gas which is to be so withdrawn and injected, the **"Carry-Across Gas"**).

### **3.7 Disposal of residual gas at the start of a Storage Year (Operating Margins Capacity Arrangements)**

3.7.1 For the purposes of this Section K:

- (a) in relation to a Storage Year **"Residual Surplus Gas"** is the amount (if any) of a Relevant System Manager's Relevant Residual Gas in a Storage Facility or LNG Importation Facility at the end of the preceding Storage Year which after taking account of any Storage Gas Transfer and any Carry-Across Gas (in relation to which the Storage Facility is the surplus facility) under paragraph 3.5 and/or 3.6 and/or paragraph 3.8 exceeds the Storage Space or LNG Importation Space held by the Relevant System Manager for the Storage Year in that facility;
- (b) a **"Residual Gas Transfer"** is a transfer in favour of a User by National Gas Transmission on behalf of a Relevant System Manager in respect of Residual Surplus Gas by way of:
  - (i) a Storage Gas Transfer; or
  - (ii) withdrawal from a relevant Storage Facility or LNG Importation Facility and Trade Nominations in respect of the quantity of gas withdrawn.

3.7.2 National Gas Transmission on behalf of each Relevant System Manager will before, or as soon as reasonably practicable after, the start of each Storage Year make such arrangements for, Residual Gas Transfers as it shall determine to be the most economic for the discharge of its functions under this Section K.

3.7.3 Where National Gas Transmission, with a view to meeting the objectives in paragraph 3.7.2, conducts a tender:

- (a) National Gas Transmission will issue a tender document to all Users specifying the aggregate amount of Residual Surplus Gas in each Storage Facility or LNG

Importation Facility and inviting each User to bid a price at which it would be willing to enter into a Residual Gas Transfer in respect of a quantity of gas, to be specified by such User, not exceeding the aggregate amount of the Residual Surplus Gas in each Storage Facility or LNG Importation Facility;

- (b) the terms of the tender document (including the tranches of Residual Surplus Gas, if any, for which bids may be made, the times at or periods within which bids are to be made and accepted, the times at or periods within which Residual Gas Transfers will be made, and the terms of payment by Users whose bids are accepted) will be determined by National Gas Transmission;
- (c) a bid submitted by a User pursuant to the tender document shall be an offer capable of acceptance by National Gas Transmission, and may not be made conditional (save as to any condition provided for in the tender document) in any respect;
- (d) any bid shall be capable of acceptance as to all, or (for the purpose of paragraph (g), and unless the User expressly states otherwise) any part of the quantity specified by the User;
- (e) the terms of the tender document will set out the basis on which Residual Gas Transfers are to be made pursuant to an accepted bid, and may authorise National Gas Transmission to make such a Residual Gas Transfer on behalf of any User;
- (f) the tender document:
  - (i) will not (but without prejudice to paragraph 3.7.6) provide for any reserve price below which bids would not be accepted;
  - (ii) may (where it provides for alternative times or forms of Residual Gas Transfer, and/or offers Residual Surplus Gas in more than one Storage Facility or LNG Importation Facility, at the bidding User's option) provide for adjustments to the bid price payable by a User (in respect of a bid accepted by National Gas Transmission in accordance with paragraph (g)) to reflect different costs incurred (as a result of the option chosen by the User) by Relevant System Managers (or National Gas Transmission on their behalf) in making the Residual Gas Transfer and/or (where paragraph 3.7.6 applies) in Margins Gas Procurement Arrangements;
- (g) National Gas Transmission shall not be required to accept the highest priced or any bid where in its reasonable opinion a prudent seller of gas in comparable circumstances would not do so; and
- (h) if after the tender the Residual Surplus Gas, or any part of it, is unsold, National Gas Transmission (on behalf of Relevant System Managers) will take such other reasonable action as it shall think fit to dispose thereof.

3.7.4 A Relevant System Manager will not transfer or surrender Storage Capacity or LNG Importation Capacity when making Residual Gas Transfers in respect of Residual Surplus Gas.

- 3.7.5 Reasonable costs incurred by National Gas Transmission in making Residual Gas Transfers (including costs incurred be reason of having gas in storage in excess of its Storage Space or LNG Importation Space) shall be costs of the Relevant System Manager for the purposes of this Section K.
- 3.7.6 Where more than one Relevant System Manager holds Residual Surplus Gas in a Storage Facility or LNG Importation Facility, the gas-in-storage subject to Residual Gas Transfers and the proceeds of the Residual Gas Transfers will be apportioned pro rata their respective quantities of Residual Surplus Gas in the facility.
- 3.7.7 National Gas Transmission may provisionally determine the amount of the Residual Surplus Gas for the purposes of the tender document under paragraph 3.7.3 before determining (under paragraph 3.6.4) the amount of Carry-Across Gas in which case:
- (a) the tender document shall state that the amounts of Residual Surplus Gas subject to tender are liable to be reduced following determination of the amounts of Carry-Across Gas; and
  - (b) the amounts of Carry-Across Gas may be determined having regard to the prices which are bid pursuant to such tender.

**3.8 Winter Carry-Across and Winter Storage Gas Transfers (Operating Margins Capacity Arrangements)**

3.8.1 For the purposes of the Code:

- (a) **"Winter Carry-Across Gas"** means gas withdrawn from one Storage Facility or LNG Importation Facility by a Relevant System Manager and injected into another Storage Facility or LNG Importation Facility by the same or another Relevant System Manager;
- (b) a **"Winter Storage Gas Transfer"** means a Storage Gas Transfer in respect of a Storage Facility or LNG Importation Facility made by a Relevant System Manager as transferee with another Relevant System Manager or other User as transferor

for the purposes of avoiding or limiting or curing (in accordance with the relevant provisions of this Section K or Section R) a deficiency of gas-in-storage by reference to the Operating Margins Profile or Aggregate Weekly Minimum Requirement respectively.

3.8.2 Where two Relevant System Managers make a Winter Storage Gas Transfer the transferee shall pay to the transferor an amount determined by multiplying the amount of the transferred gas-in-storage by the relevant WACOG (in accordance with paragraph 3.3.1 (b)), but as at the Day for which such Nomination was made) of the transferor.

3.8.3 In relation to any possible withdrawal of Winter Carry-Across Gas or Winter Gas Storage Transfer, an Operating Margins Facility is **"Available"** for Operating Margins Purposes if at the relevant time:

- (a) National Gas Transmission holds gas in storage in the facility for Operating Margins Purposes;

- (b) the aggregate gas-in-storage held by National Gas Transmission for Operating Margins Purposes is not less than the Aggregate Operating Margins Profile; and
  - (c) no Operating Margins Profile Deficiency in respect of such facility exists or would arise as a result of such withdrawal or transfer.
- 3.8.4 For the purposes of paragraph 4, Winter Carry-Across Gas injected by National Gas Transmission for Operating Margins Purposes shall be treated as if it were Carry-Across Gas pursuant to paragraph 4.3.4, except that the reference in paragraph 4.2.4(a) to the last Day of the Storage Year shall be treated as a reference to the Day for which such Nomination was made.
- 3.8.5 For the avoidance of doubt, injection of Winter Carry-Across Gas by National Gas Transmission for Operating Margins Purposes and any Winter Storage Gas Transfer made for such purposes by it as transferee, shall be treated as part of the Margins Gas Procurement Arrangements.
- 3.8.6 Amounts accruing due on any Day to National Gas Transmission (Margins) in respect of Winter Carry-Across Gas or Winter Storage Gas Transfer made by it as transferor shall be counted as Eligible Margins Revenues for the purposes of paragraph 4.3.3.

### **3.9 Additional injection (Operating Margins Capacity Arrangements)**

- 3.9.1 Where at any time in the Storage Year the quantity of gas-in-storage held by National Gas Transmission for Operating Margins Purposes in any Operating Margins Facility is less than the quantity shown as required at that time according to the Operating Margins Profile for that Operating Margins Facility (the amount by which it is less being the "**Operating Margins Profile Deficiency**"), National Gas Transmission will, but only to the extent that and at a time at which it is reasonably practicable to do so:
- (a) if and to the extent that any other Operating Margins Facility in which National Gas Transmission has gas-in-storage for Operating Margins Purposes is Available (in accordance with paragraph 3.8), make an Input Nomination (and a corresponding Storage Withdrawal Nomination) (for Winter Carry-across Gas) in respect of that other Operating Margins Facility for a quantity of gas;
  - (b) where any User offers to do so, on terms which National Gas Transmission reasonably determines to be acceptable, make an Acquiring Trade Nomination in respect of a quantity of gas;
  - (c) to the extent, if any, to which its Margins Gas Procurement Arrangements permit it do so on terms which National Gas Transmission reasonably determines to be acceptable, secure that a quantity of gas (in addition to any other quantity to be delivered) is delivered to the Total System on the Gas Flow Day
- the amount or aggregate amount of which does not exceed the amount of the relevant deficiency; and (except in the case of a Winter Storage Gas Transfer) inject such quantity into the Operating Margins Facility for Operating Margins Purposes.
- 3.9.2 Paragraph 2.2.4 shall not be affected by any inability of National Gas Transmission to do any of the things referred to in paragraph 3.9.1.

### 3.10 Operating Margins Trading Error

3.10.1 If National Gas Transmission enters into a Market Transaction on the Trading System, a transaction on any other exchange, or an over-the-counter transaction to purchase, or dispose of:

- (a) a given quantity of Operating Margins Gas and that quantity is different from the quantity for which the individual placing the transaction on behalf of National Gas Transmission had intended to transact,
- (b) Operating Margins Gas over a given period and that period is different from the period over which the individual had intended to transact, or
- (c) Operating Margins Gas for a given price and that price is different from the price at which the individual had intended to transact;

and the effect is (after National Gas Transmission's endeavours to mitigate the effect under paragraph 3.10.6) that:

- (i) the cost of purchasing Operating Margins Gas is £50,000 more, or £50,000 less, or
- (ii) the proceeds from disposing of Operating Margins Gas are £50,000 more, or £50,000 less

than it/they would have been had the intended price, quantity or period been used (an "**Erroneous Trade**"), an adjustment will be made in accordance with paragraph 3.10.2 or 3.10.4.

3.10.2 If any Operating Margins Gas is purchased under an Erroneous Trade, the Operating Margins WACOG in respect of the Operating Margins Facility to which that gas relates, shall be adjusted by calculating the Operating Margins WACOG using a cost of gas equal to what the Operating Margins Gas would have cost had the:

- (a) quantity purchased;
- (b) period over which the gas was purchased;
- (c) or price paid,

been what the individual placing the transaction on behalf of National Gas Transmission had intended (whether using a cost resulting from using an intended quantity, period or price results in the cost being more, or less, than the actual cost, as would otherwise be required by paragraph 4.2).

3.10.3 If the aggregate of each adjustment made to the method of calculating the Operating Margins WACOG under paragraph 3.10.2 in a Storage Year (which shall be calculated by aggregating the number in respect of each adjustment, regardless of whether that number might be characterised as a positive, or negative number by virtue of it representing an increase, or decrease in cost) exceeds £1,000,000 (one million pounds), there shall be no further adjustment in that Storage Year and the actual cost of purchasing Operating Margins Gas shall be applied (as is required by paragraph 4.2) for the remainder of the Storage Year.

3.10.4 If any Operating Margins Gas is disposed of under an Erroneous Trade, the aggregate amounts received by National Gas Transmission referred to in paragraph 4.4.3(b), shall be adjusted by deeming those amounts to be what the disposal proceeds would have been had the:

- (a) quantity purchased;
- (b) period over which the gas was purchased; or
- (c) price paid,

been what the individual placing the transaction on behalf of National Gas Transmission had intended (whether using the proceeds resulting from using an intended quantity, period or price results in such proceeds being more, or less, than the actual proceeds, as would otherwise be required by paragraph 4.4.3(b)).

3.10.5 If the aggregate of each adjustment made by deeming aggregate amounts received by National Gas Transmission under paragraph 3.10.4 in a Storage Year (which shall be calculated by aggregating the number in respect of each adjustment, regardless of whether that number might be characterised as a positive, or negative number by virtue of it representing an increase, or decrease in proceeds) exceeds £1,000,000 (one million pounds), there shall be no further adjustment in that Storage Year and the actual proceeds from disposal of Operating Margins Gas shall be applied (as is required by paragraph 4.4.3(b)) for the remainder of the Storage Year.

3.10.6 If National Gas Transmission enters into an Erroneous Trade, it will use its reasonable endeavours to mitigate the effect of the Erroneous Trade, which may include National Gas Transmission:

- (a) cancelling, or amending the Erroneous Trade to the extent that National Gas Transmission is entitled, or the counterparty agrees, to cancel or amend; and/or
- (b) entering into further transactions.

3.10.7 National Gas Transmission will, subject to section 3.10.8, publish the following details of any Erroneous Trade in the Procurement Guidelines document required by Special Condition 9.19 of its Gas Transporter's Licence:

- (a) whether the Erroneous Trade was a Market Transaction on the Trading System, a transaction on any other exchange, or an over-the-counter transaction;
- (b) the time and date of the Erroneous Trade and the date on which National Gas Transmission realised that the transaction was an Erroneous Trade;
- (c) any steps taken to mitigate the effect of the Erroneous Trade;
- (d) the amount of the increase or decrease in cost, or proceeds resulting from the Erroneous Trade; and
- (e) any adjustments made in accordance with paragraphs 3.10.2 to 3.10.4.

3.10.8 The expression "**Erroneous Trade**" shall, for the purposes of paragraph 3.10.7(a) to (d) (but not paragraph 3.10.7(e)), refer to any transaction described in paragraph 3.10.1(a), (b) or (c), whether, or not, the thresholds in paragraph 3.10.1(i) or (ii) are

exceeded.

## **4 RECOVERY OF OPERATING MARGINS COSTS**

### **4.1 Introduction**

Certain of the costs incurred by National Gas Transmission in connection with Margins Gas Procurement Arrangements and in utilising Operating Margins in accordance with this Section K will subsequently be recovered from Users by virtue of the inclusion of the Daily Margins Recovery Amount in the calculation of Balancing Neutrality Charges under Section F.

### **4.2 Operating Margins WACOG**

4.2.1 In respect of each Operating Margins Facility "**Operating Margins WACOG**" is:

- (a) where National Gas Transmission has entered into Operating Margins Capacity Arrangements in respect of that Operating Margins Facility, the weighted average cost of gas-in-storage for the time being held by National Gas Transmission for Operating Margins Purposes pursuant to those Operating Margins Capacity Arrangements in that facility; and
- (b) where National Gas Transmission has entered into Operating Margins Gas Delivery Arrangements in respect of that Operating Margins Facility, the weighted average cost of gas utilised by National Gas Transmission for Operating Margins Purposes pursuant to those Operating Margins Gas Delivery Arrangements from that facility.

4.2.2 In this paragraph 4 "**National Gas Transmission (Margins)**" means National Gas Transmission acting for Operating Margins Purposes.

4.2.3 For the purposes of:

- (a) paragraph 4.2.1(a), the Operating Margins WACOG shall be calculated:
  - (i) so as to take account of the costs set out in paragraph 4.2.4 (and where such costs are incurred by National Gas Transmission (Margins) in connection with injection on a Day into more than one Operating Margins Facility, allocating such costs in proportion to the quantities of gas injected into each such Operating Margins Facility); and
  - (ii) on the basis that any reduction (by withdrawal or Storage Gas Transfer) in the amount of gas-in-storage held by National Gas Transmission (Margins) shall be valued at Operating Margins WACOG at the time of such reduction;
- (b) paragraph 4.2.1(b), the Operating Margins WACOG shall be calculated in accordance with the principles set out in the relevant Operating Margins Statement.

4.2.4 The relevant costs of National Gas Transmission (Margins) are the following amounts:

- (a) the quantity of the relevant Carry-Over Margins Gas multiplied by the Operating Margins WACOG and the quantity of relevant Carry-Across Gas (in

respect of which the relevant Storage Facility is the deficit facility) multiplied by the Operating Margins WACOG in respect of the surplus Storage Facility, in each case as at the last Day of such Storage Year;

- (b) the amounts which have accrued due from National Gas Transmission (Margins) pursuant to the Margins Gas Procurement Arrangements in respect of:
    - (i) quantities of gas delivered to the Total System; and
    - (ii) Acquiring Trade Nominations (irrespective of whether such amounts have been paid or have become due for payment by National Gas Transmission (Margins));
  - (c) the amounts which have accrued due from National Gas Transmission (Margins) in respect of any Storage Gas Transfers (including Winter Storage Gas Transfers) made in favour of National Gas Transmission (Margins);
  - (d) the amounts payable by National Gas Transmission (Margins) by way of Transportation Charges (in respect of the delivery of gas to the NTS at System Entry Points and the offtake of gas from the NTS at Storage Connection Points for injection to Operating Margins Facilities), determined on a daily basis;
  - (e) amounts incurred by National Gas Transmission (Margins) by way of Balancing Charges payable to National Gas Transmission;
  - (f) the amounts paid or payable by National Gas Transmission (Margins) by way of injection charges in respect of injection on relevant Days into the relevant Operating Margins Facility;
  - (g) amounts payable by National Gas Transmission (Margins) (or National Gas Transmission (Margins) share of amounts payable by National Gas Transmission) by way of fees to a User Agent appointed by it in accordance with Section E2.2; and
  - (h) the amounts paid or payable by National Gas Transmission (Margins) by way of withdrawal charges in respect of withdrawal on relevant Days of Carry-Across Gas from a surplus Operating Margins Facility in relation to which the relevant Operating Margins Facility is the deficit Operating Margins Facility.
- 4.2.5 Where the amount of any cost under paragraph 4.2.4 is not known at any time at which Operating Margins WACOG is calculated, National Gas Transmission will use an estimate of such amount.
- 4.2.6 For the purposes of this paragraph 4 "**Net Margins WACOG**" is:
- (a) where National Gas Transmission has entered into Operating Margins Capacity Arrangements, Operating Margins WACOG calculated in accordance with this paragraph 4.2 but on the basis that the amounts under paragraphs 4.2.4(d) and (f) are excluded from such calculation, and that in respect of amounts under paragraphs 4.2.4(b) and (c) an appropriate deduction shall be made to remove amounts reflected in the value of the gas or gas-in-storage acquired for Operating Margins Purposes attributable to Transportation Charges and

injection charges at the rates applicable at the start of the relevant Storage Year;  
 and

- (b) where National Gas Transmission has entered into Operating Margins Gas Delivery Arrangements, the amount determined in accordance with the principles set out in the relevant Operating Margins Statement.

4.2.7 In determining Operating Margins WACOG in respect of a surplus or a deficit Operating Margins Facility, gas withdrawn or injected as Carry-Across Gas shall be treated as having been withdrawn from or (as the case may be) injected to such facility on the Day such withdrawal or injection occurs.

4.2.8 The amounts (if any) paid by National Gas Transmission for Operating Margins Purposes pursuant to any Storage Gas Transfer under paragraph 3.5 and/or paragraph 3.6, and/or paragraph 3.8 will count in determining Operating Margins WACOG in accordance with paragraph 4.2.

### **4.3 Daily Margins Recovery Amount**

4.3.1 The "**Daily Margins Recovery Amount**" in respect of each Day is Eligible Margins Costs less Eligible Margins Revenues.

4.3.2 "**Eligible Margins Costs**" in respect of a Day is the sum of:

- (a) the amount of gas withdrawn, or delivered to National Gas Transmission, from each Operating Margins Facility on the Day for Operating Margins Purposes multiplied by Net Margins WACOG; and
- (b) the amount of any Balancing Charges payable by National Gas Transmission (Margins) in respect of the Day.

4.3.3 "**Eligible Margins Revenues**" in respect of a Day on which Operating Margins were utilised is the amount of the Daily Imbalance Charge payable to National Gas Transmission (Margins) in respect of the Day (and reflecting the imbalance resulting from the delivery of gas to the Total System for Operating Margins Requirements and anything done under the Margins Gas Procurement Arrangements).

4.3.4 The withdrawal of gas from a surplus Operating Margins Facility as Carry-Across Gas shall not be treated as utilisation of such gas for Operating Margins Purposes, and such gas shall not be treated as withdrawn for Operating Margins Purposes for the purposes of paragraphs 4.3.1.

### **4.4 Closing Margins Adjustment Charge**

4.4.1 For the avoidance of doubt, this paragraph 4.4 applies only to Operating Margins Capacity Arrangements.

4.4.2 The amounts (if any) received by National Gas Transmission for Operating Margins Purposes pursuant to any Storage Gas Transfer under paragraph 3.5 and/or paragraph 3.6, and/or paragraph 3.8 or disposed of in respect of Residual Surplus Gas pursuant to paragraphs 3.5 and 3.7, less certain amounts incurred by National Gas Transmission in connection with the procurement and injection of gas for Operating Margins Purposes, will be refunded to Users in accordance with paragraph 4.4.

- 4.4.3 Following each Storage Year the difference between:
- (a) the aggregate (for each Operating Margins Facility for Operating Margins Purposes) of the quantities of gas subject to Residual Gas Transfers (as Residual Surplus Gas) under paragraph 4.4.2 multiplied by Operating Margins WACOG for the relevant Operating Margins Facility (as at the end of the Storage Year following which such transfers are made); and
  - (b) the aggregate amounts received (in accordance with paragraph 4.4.2) by National Gas Transmission (Margins) in respect of the Storage Gas Transfers or Residual Gas Transfers referred to in paragraph (a) less any amounts received (if any) pursuant to any adjustment under paragraph 3.7.2(f)(ii) to the bid prices payable by Users as a result of the Relevant System Manager or National Gas Transmission on their behalf) incurring withdrawal charges or other costs in connection with Residual Gas Transfers.

is payable to or recoverable from relevant Users in such Storage Year in accordance with this paragraph 4.4.

- 4.4.4 The amount under paragraph 4.4.3 is positive where the amount under paragraph (a) thereof exceeds that under paragraph (b), and otherwise is negative.
- 4.4.5 Following each Storage Year National Gas Transmission (Margins) shall pay to each relevant User, or (as the case may be) each relevant User shall pay to National Gas Transmission (Margins), a charge (the "**Closing Margins Adjustment Charge**") calculated as the amount under paragraph 4.4.3 divided by the sum of all relevant Users' relevant UDQIs and relevant UDQOs for such Storage Year, multiplied by the sum of the relevant User's relevant UDQIs and relevant UDQOs for such Storage Year.
- 4.4.6 For the purposes of this paragraph 4.4 relevant User, relevant UDQI and relevant UDQO have the same meanings as in Section F4.1.2.
- 4.4.7 National Gas Transmission (Margins) will as soon as reasonably practicable in the following Storage Year determine the Closing Margins Adjustment Charges.
- 4.4.8 The Closing Margins Adjustment Charges shall be invoiced and are payable in accordance with Section S.
- 4.4.9 It is acknowledged (without prejudice to the determination of Operating Margins WACOG in each Storage Facility) that it is not necessary to account for Carry-Across Gas in determining the Closing Margins Adjustment Charge as such gas will continue to be held by National Gas Transmission (Margins) Operating Margins WACOG for Operating Margins Purposes.

## **5 CLASS A CONTINGENCIES**

### **5.1 Class A Contingencies**

- 5.1.1 During the period of a Class A Contingency, any nominations and renominations for the purposes of Section K shall be submitted in accordance with the relevant Contingency Procedures.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION L – MAINTENANCE AND OPERATIONAL PLANNING****1 GENERAL****1.1 Introduction**

1.1.1 Users are required to provide information to National Gas Transmission in accordance with this Section L for the purposes of enabling National Gas Transmission:

- (a) to plan (on a weekly basis) the operation of the NTS;
- (b) to comply with its obligations pursuant to applicable Legal Requirements in relation to the maintenance of the NTS;
- (c) to estimate calorific values; and
- (d) to prepare Maintenance Programmes in accordance with paragraph 3.

1.1.2 National Gas Transmission will establish and update each year a Maintenance Programme in accordance with this Section L.

1.1.3 In undertaking maintenance activities the Transporter will be relieved of its obligations in respect of the offtake of gas subject to and in accordance with paragraph 4.3.

1.1.4 References in the Code to maintenance (of a System or any part of it) include:

- (a) maintenance, inspection, repair, replacement, reinstatement and recommissioning of a System or such part of it;
- (b) works for the expansion, reinforcement or extension of a System, including works in relation to existing parts of a System (including taking any part of a System out of service, whether on a provisional or permanent basis) to enable such works to be carried out; and
- (c) any inspection, testing and commissioning of works within paragraphs (a) and (b), and works preparatory thereto, and any works required for bringing any new or existing part of a System into or back into service.

**1.2 NTS Maintenance Programme**

1.2.1 For the purposes of this Section L a "**Maintenance Programme**" is a programme (or an updated programme) of planned maintenance of the NTS, as amended pursuant to paragraph 4.1.2, containing in relation to the relevant Planning Period the information specified in paragraph 3.2 and such other information as National Gas Transmission shall decide to include.

1.2.2 A "**Planning Period**" is a period of 24 months commencing 1 April or 1 October in any year.

1.2.3 The "**April Maintenance Programme**" and the "**October Maintenance Programme**"

respectively are the Maintenance Programmes for the Planning Periods commencing 1 April and 1 October in any year (the October Maintenance Programme being the April Programme updated in respect of updated information and extended for a further 6 months).

### **1.3 NTS Planned Maintenance Period**

- 1.3.1 A "**Planned Maintenance Period**" is the months of April to October inclusive in any year.
- 1.3.2 A Maintenance Programme will not provide for maintenance of the NTS other than during a Planned Maintenance Period.

### **1.4 NTS Maintenance Relevant Parties, etc**

For the purposes of this Section L a "**Maintenance Relevant Facility**" is a Connected Delivery Facility or Connected Offtake System or the Consumer's Plant at an NTS Supply Point, and a "**Maintenance Relevant Party**" is any User, a relevant Transporter, a Delivery Facility Operator, Connected Offtake System Operator or (in relation to an NTS Supply Point) the consumer.

### **1.5 NTS Planning timing**

- 1.5.1 The timetable for preparation during each Gas Year of Maintenance Programmes will normally be as follows:
- (a) in relation to the April Maintenance Programme:
    - (i) by 30 November, Users will provide estimates in accordance with paragraph 2.1;
    - (ii) by 1 February, National Gas Transmission will publish a draft of the Maintenance Programme in accordance with paragraph 3.3.1(a);
    - (iii) by 1 March, National Gas Transmission will hold the Annual Maintenance Meeting(s) in accordance with paragraph 3.3.1(b);
    - (iv) by 1 April National Gas Transmission will publish the Maintenance Programme in accordance with paragraph 3.1; and
  - (b) in relation to the October Maintenance Programme:
    - (i) by 30 June, Users will provide updated estimates in accordance with paragraph 2.1;
    - (ii) by 1 September, National Gas Transmission will publish a draft of the Maintenance Programme in accordance with paragraph 3.3.7;
    - (iii) until 15 September, Users may submit comments on the draft Maintenance Programme in accordance with paragraph 3.3.2(a);
    - (iv) by 1 October (of the following Gas Year) National Gas Transmission will publish the Maintenance Programme in accordance with paragraph

## 3.1.

- 1.5.2 By 1 February in each Gas Year, National Gas Transmission shall provide notice in writing to each Maintenance Relevant Party in relation to NTS System Exit Points affected by any planned maintenance of either indicative dates of such planned maintenance or the period during which National Gas Transmission expects the planned maintenance of the NTS to be conducted, such period shall normally be 2 weeks in duration but may extend to 4 weeks in some cases (the “**Maintenance Window**”).
- 1.5.3 By 1 April in each Gas Year, subject to paragraph 4.1.3, the information provided in paragraph 1.5.2 shall be regarded as final and National Gas Transmission shall provide any updates to such information where appropriate before this date.
- 1.5.4 No later than 42 days prior to any planned maintenance of the NTS, where a Maintenance Window has been provided pursuant to paragraphs 1.5.2 and 1.5.3 above; National Gas Transmission shall provide specific dates for the performance of such planned maintenance to the affected Maintenance Relevant Parties.

**1.6 DNO Users**

In this Section L references to Users exclude DNO Users.

**1.7 Trader Users**

In this Section L references to Users exclude Trader Users.

**2 USER INFORMATION REQUIREMENTS****2.1 Planning information**

- 2.1.1 In each year each User shall provide, not later than the respective dates determined under paragraph 1.5, for the purposes of the April Maintenance Programme an estimate, and for the purposes of the October Maintenance Programme an updated estimate, in respect of each week in the relevant Planning Period, of the following:
- (a) the quantities of gas expected to be offtaken from the System on a Day (in each such week) at LDZ Supply Points in aggregate by LDZ, and at each NTS Supply Point, each Storage Connection Point and each other Connected System Exit Point;
  - (b) the quantities of gas expected to be delivered to the System on a Day (in each such week) at each System Entry Point (including Storage Connection Points), and the extent to which the User expects to be able to vary such expected deliveries by delivering quantities at other System Entry Points;
  - (c) the average calorific value and Wobbe Index value of gas to be delivered at each System Entry Point; and
  - (d) such further information (if any) as National Gas Transmission may reasonably require for the purposes of this Section L.
- 2.1.2 The quantities referred to in paragraphs 2.1.1(a) and (b) are the average quantities expected (in accordance with paragraph 2.1.4) to be offtaken or delivered on a Business Day in the relevant week.

- 2.1.3 The information required under paragraph 2.1.1 is to be provided in such format as National Gas Transmission, after consultation with the Uniform Network Code Committee or any relevant Sub-committee, shall from time to time notify to Users.
- 2.1.4 The estimates under paragraphs 2.1.1(a) and (b) are to be provided separately on the assumption of seasonal normal conditions and on the assumption of 1-in-20 peak day demand.
- 2.1.5 Estimates concerning quantities to be offtaken at Supply Points are to be provided in relation to those Supply Points of which the User is the Registered User (and at Connected System Exit Points, in relation to the premises in respect of which the User is the relevant shipper) at the date one month before the date by which (in accordance with paragraph 1.5 or 2.3) the information is to be provided.
- 2.1.6 Each User shall provide to each relevant Transporter the information in paragraph 2.1.1(a), (b) and (c) at the same time as it provides the information to National Gas Transmission.

**2.2 Maintenance Relevant Facilities**

- 2.2.1 Users may provide to National Gas Transmission and the relevant Transporter, at the same time as providing their estimates under paragraph 2.1.1, details of the times and periods for which maintenance of Maintenance Relevant Facilities is planned during the relevant Planning Period.
- 2.2.2 Users are not obliged to provide information under paragraph 2.2.1, but Users acknowledge that (except where the relevant Maintenance Relevant Party may have provided such information) the extent to which:
  - (a) National Gas Transmission is able, in planning the maintenance of the NTS in accordance with paragraph 3.4.1;
  - (b) the relevant Transporter is able in carrying out Programmed Maintenance to take account of information concerning maintenance of Maintenance Relevant Facilities, may depend on whether they do so.

**2.3 NTS Operational planning**

Not later than the 1st Day of each month Users are required to provide to National Gas Transmission updated estimates (in accordance with paragraph 2.1.5) of the information required under paragraph 2.1 for the 12 month period commencing on the 1st Day of the following month.

**3 NTS MAINTENANCE PROGRAMMING**

**3.1 General**

- (a) National Gas Transmission will each year, not later than the respective dates determined under paragraph 1.5, prepare and publish a Maintenance Programme for the Planning Period commencing 1 April and an updated Maintenance Programme for the Planning Period commencing 1 October.

- (b) National Gas Transmission will not less than one week prior to the first invitation date referred to in Section B2.3 for the sale of at least six months of NTS Entry Capacity commencing on 1 October in any Gas Year, prepare and publish an indicative Maintenance Programme ("**the indicative programme**") for the Planning Period of 12 months commencing with the 1 October date referred to in the above mentioned invitation ("**indicative period**").
- (c) Such indicative programme shall be based on the Maintenance Programme issued for the period commencing with 1 April immediately preceding the 1 October referred to in (a) above, but should take into account relevant maintenance matters that National Gas Transmission has become aware of prior to the preparation of the indicative programme in respect of the indicative period.

### 3.2 Content of programme

#### 3.2.1 A Maintenance Programme will identify:

- (a) the NTS System Entry Points and NTS System Exit Points at which the ability of National Gas Transmission to accept delivery of gas or to make gas available for offtake will be affected by planned maintenance of the NTS;
- (b) the periods (within the relevant Planned Maintenance Period) for which such System Points will be so affected; and
- (c) where National Gas Transmission expects that it will continue within such period (or part thereof) to be able to accept delivery of gas or make gas available for offtake at any such System Point, but (by reason of such maintenance) on a restricted basis, an indicative estimate (on the basis of seasonal normal conditions and assumptions as to supply and demand under National Gas Transmission's Ten Year Statement) of the maximum rate at which National Gas Transmission expects to be able to accept delivery of gas or make gas available for offtake at such point.

3.2.2 Without prejudice to paragraph 3.4.1, the information specified in paragraph 3.2.1 will be identified for NTS Supply Points, NTS Connected System Exit Points and NTS System Entry Points individually and will only be provided to the relevant Maintenance Relevant Party at each NTS Connected System Exit Point and NTS Supply Point.

#### 3.2.3 The Maintenance Programme will contain:

- (a) firm maintenance periods and details for the first 7 months (in the case of an April Maintenance Programme) or 6 months (in the case of an October Maintenance Programme) of the Planning Period, which will be subject to change only in accordance with paragraph 4.1.2; and
- (b) provisional maintenance periods and details for the second 5 or (as the case may be) 6 months of the Planning Period and outline maintenance periods and details for the last 12 months of that period, which will be subject to change in the next Maintenance Programme.

3.2.4 A Maintenance Programme may contain information in relation to the operational planning of the NTS, or maintenance which will not affect National Gas Transmission's

ability to accept delivery of gas or make gas available for offtake, but such information will not be binding on National Gas Transmission or any User for the purposes of the Code.

- 3.2.5 Neither National Gas Transmission nor any other person will be required, by virtue of anything contained in a Maintenance Programme, to carry out any particular maintenance works or (but without prejudice to paragraph 1.3.2) to do so at any particular time.

### **3.3 NTS Maintenance consultation**

- 3.3.1 Before publishing an April Maintenance Programme National Gas Transmission will (in accordance with paragraph 1.5):

- (a) publish a draft Maintenance Programme; and
- (b) convene, on not less than 21 Days' notice to persons invited in accordance with paragraph 3.3.5, a meeting ("**Annual Maintenance Meeting**"), or if National Gas Transmission so decides more than one such meeting, for review of the timing of planned maintenance of the NTS under such draft Maintenance Programme.

- 3.3.2 Users may, up to but not later than 7 Days before the date of the Annual Maintenance Meeting (or first such meeting):

- (a) submit to National Gas Transmission details of the dates and periods of maintenance planned in respect of any Maintenance Relevant Facility and/or comments in relation to the timing of any planned maintenance under the draft Maintenance Programme; and
- (b) request National Gas Transmission to invite any Maintenance Relevant Party to an Annual Maintenance Meeting.

- 3.3.3 Before holding the Annual Maintenance Meeting(s) National Gas Transmission will discuss with each User, to such extent as it deems appropriate, the details and comments submitted to it by that User under paragraph 3.3.2(a).

- 3.3.4 Without prejudice to paragraph 3.4.2, National Gas Transmission will be at liberty to discuss any aspect of the draft Maintenance Programme with any Maintenance Relevant Party and to take into consideration any comments made or details (of maintenance of any Maintenance Relevant Facility) provided by such party.

- 3.3.5 National Gas Transmission will invite to an Annual Maintenance Meeting each User, any Maintenance Relevant Party requested under paragraph 3.3.2(b) and such other Maintenance Relevant Parties and other persons as National Gas Transmission may determine; provided that no such meeting shall have power to take decisions binding on National Gas Transmission or any other party, and no User or other party whom National Gas Transmission may accidentally have omitted to invite to any such meeting shall have any grounds for claim or complaint against National Gas Transmission.

- 3.3.6 An Annual Maintenance Meeting will be chaired by National Gas Transmission and will be conducted on an informal basis with a view (subject always as provided in this paragraph 3) to National Gas Transmission ascertaining the views of Users and other

Maintenance Relevant Parties as to the timing of planned maintenance of the NTS, and to facilitating (insofar as maintenance requirements for the NTS so permit) the resolution of any conflicts between such views.

- 3.3.7 In respect of the October Maintenance Programme, National Gas Transmission will publish a draft Maintenance Programme upon which Users may provide comment (in accordance with paragraph 3.3.2(a)); but no meeting need be held for discussion of such programme.

### **3.4 Confidentiality**

- 3.4.1 Subject to National Gas Transmission's duties under National Gas Transmission's Transporter's Licence and the Act, a Maintenance Programme will not identify Users or Maintenance Relevant Parties by name (but the identity of Maintenance Relevant Facilities may be apparent from the details contained therein pursuant to paragraph 3.2.2).
- 3.4.2 Unless a User notifies National Gas Transmission that, by reason of its commercial sensitivity, any information provided to National Gas Transmission by that User pursuant to this Section L should not be so included or disclosed, National Gas Transmission will be at liberty to include such information in a Maintenance Programme and to disclose such information to any other User and any Maintenance Relevant Party or at an Annual Maintenance Meeting.
- 3.4.3 It is acknowledged that National Gas Transmission's ability to take account of information provided to it, in planning the maintenance of the NTS in accordance with this Section L, may be limited where the person who provided such information notified National Gas Transmission that such information should not be included or disclosed.

### **3.5 NTS Maintenance planning**

- 3.5.1 Subject to paragraphs 3.4.3 and 3.5.2, insofar as information concerning the maintenance of Maintenance Relevant Facilities has been provided to it pursuant to this Section L, National Gas Transmission will plan the maintenance of the NTS and prepare Maintenance Programmes in good faith with a view, so far as is practicable having regard to the nature and urgency of the requirements for such maintenance and any Legal Requirement applying to National Gas Transmission, and consistent with National Gas Transmission's normal working practices, to coordinating the timing of such maintenance with the timing of maintenance of Maintenance Relevant Facilities and thereby minimising disruption to the operation of Maintenance Relevant Facilities.
- 3.5.2 Notwithstanding paragraph 3.5.1, decisions as to Maintenance Programmes shall be taken by National Gas Transmission in its sole discretion, after consultation in accordance with paragraph 3.3.
- 3.5.3 To the extent any information (whether to be provided by a User or another person) which is required to be provided to National Gas Transmission under this Section L, or otherwise is requisite or desirable for the preparation of a Maintenance Programme, is not provided to it, National Gas Transmission will use its own best estimates of the information required.
- 3.5.4 Where any information provided to National Gas Transmission by a Maintenance Relevant Party conflicts with information provided by a User, National Gas

Transmission will (so far as is reasonable in the circumstances, and subject to any duties of confidence) inform the relevant parties of the conflict, and if such conflict is not resolved will make such assumptions concerning the matter in question as it shall reasonably deem appropriate.

## **4 SYSTEM MAINTENANCE**

### **4.1 Maintenance of the NTS under the Maintenance Programme**

4.1.1 The provisions of this paragraph 4.1 apply to maintenance only insofar as it may affect the offtake of gas from the NTS at an NTS System Exit Point; and nothing in this Section L requires National Gas Transmission to adhere to any Maintenance Programme in carrying out maintenance insofar as such maintenance affects the delivery of gas to the NTS at System Entry Points.

4.1.2 In carrying out maintenance of the NTS, National Gas Transmission will adhere so far as is reasonably practicable to the dates and periods provided for (in respect of the first 6 months of the relevant Planning Period) in the applicable Maintenance Programme, but without prejudice to paragraph 4.1.3.

4.1.3 National Gas Transmission may (subject to paragraph 1.3.2) revise the Maintenance Programme by providing for additional maintenance and/or by varying the dates or periods of any maintenance already provided for, upon notifying relevant Users and the relevant Transporter not less than 30 Days (or such lesser period as relevant Users may agree) before:

- (a) the date on which (following such revision) such maintenance is to commence; or
- (b) where the effect of the revision is to defer maintenance, the date of commencement thereof as shown in the Maintenance Programme before such revision.

4.1.4 National Gas Transmission will notify relevant Users, by way of reminder, of the carrying out of maintenance provided for in the Maintenance Programme (as revised under paragraph 4.1.2) not less than 7 Days before the commencement of such maintenance, provided that no accidental omission so to notify a User shall prejudice the provisions of paragraph 4.3 and National Gas Transmission's entitlements thereunder.

4.1.5 For the purposes of this paragraph 4.1, a relevant User is a User who at the relevant time holds NTS Exit Capacity at an NTS Exit Point at which the offtake of gas shall be affected by maintenance provided for by a Maintenance Programme or any proposed revision thereto; provided that National Gas Transmission may elect to give any notification under this paragraph 4.1 to all Users generally.

### **4.2 Programmed maintenance**

4.2.1 For the purposes of the Code, maintenance of any part of a relevant System carried out by the Transporter on any Day (the "**maintenance day**") is "**Programmed Maintenance**" as respects any User in relation to a relevant System Point (other than an NTS Entry Point) where:

- (a) in the case of an NTS Exit Point:
  - (i) subject to paragraph (ii), the maintenance day was a Day (in a Planned Maintenance Period) on which such maintenance was planned under the Maintenance Programme (including any revision of the Maintenance Programme notified to such User in accordance with paragraph 4.1.2);
  - (ii) in the case of an NTS/LDZ Offtake, the maintenance day was a Flow Relevant Maintenance Day pursuant to OAD Section G2.5;
- (b) in the case of an LDZ System Exit Point (subject to paragraph 4.2.5), the Transporter gave the notification required under paragraph 4.2.2 to the User:
  - (i) in the case of a Connected System Exit Point, in accordance with the applicable requirements, if any, of the Network Exit Provisions, or in the absence of any such requirements, not less than 30 Days before the maintenance day;
  - (ii) in the case of a Supply Point whose Annual Quantity exceeds 732,000 kWh (25,000 *therms*), not less than 30 Days before the maintenance day;
  - (iii) in the case of a Supply Point whose Annual Quantity exceeds 73,200 kWh (2,500 *therms*) but does not exceed 732,000 kWh (25,000 *therms*), not less than 7 Days before the maintenance day; and
- (c) in the case of a Supply Point whose Annual Quantity does not exceed 73,200 kWh (2,500 *therms*) where the Transporter gives to the consumer not less than 7 Days' notice (or with the consumer's consent less notice) of the carrying out of such maintenance (but so that the Transporter shall not be required to give any notice thereof to the Registered User).

4.2.2 For the purposes of paragraph 4.2.1(b):

- (a) the notification required is a notification that the availability of gas for offtake, at the relevant System Point will be affected by the carrying out of such maintenance;
- (b) the notification is required to be given to a User only where, at the time the notification is (in accordance with that paragraph) required to be given, the User is a CSEP User in relation to the Connected System Exit Point, Registered User in respect of the Supply Point, in question.

4.2.3 Notification under paragraph 4.2.1 may identify LDZ Supply Points which do not include DM Supply Points in groups, by geographic area, rather than individually.

4.2.4 Programmed Maintenance of any part of the System other than the NTS is not limited to Planned Maintenance Periods.

4.2.5 Where a User has, after the time at which a notification under paragraph 4.2.1(b) was required to be given, but not less than 3 Business Days before the maintenance day or first maintenance day, become a CSEP User in relation to the Connected System Exit

Point, Registered User in respect of the Supply Point, the Transporter will use reasonable endeavours to notify such User of the carrying out of the relevant maintenance.

### 4.3 Maintenance entitlements of the Transporter

4.3.1 To the extent that on any Day it is not feasible for the Transporter to make available gas for offtake from the Total System by a User at a System Exit Point, or its ability to do so is restricted, by reason of its or any other Transporter carrying out any Programmed Maintenance:

- (a) such System Point is a "**Maintenance Affected Point**"; and
- (b) subject to paragraph 4.3.2, the Transporter will be relieved of its obligations under Section J3.2 to make gas available for offtake from the System, at such System Point.

4.3.2 Subject to paragraph 4.3.3 and GT Section B3, the Transporter will not be relieved by virtue of paragraph 4.3.1(b) of its obligations therein referred to in respect of a Maintenance Affected Point:

- (a) in the case of a Connected System Exit Point or NTS Supply Point, on more than the number of Days in any Planned Maintenance Period or on more than the number of Days in any three consecutive Planned Maintenance Periods in each case specified (pursuant to Section J4.3.1) in the applicable Network Exit Provisions;
- (b) in the case of a NTS/LDZ Offtake, on more than the number of Days in any Gas Year specified in or determined in accordance with OAD Section G2.5.4;
- (c) in the case of an LDZ Supply Point whose Annual Quantity exceeds 732,000 kWh (25,000 therms), on more than 8 Days in any Gas Year or on more than 20 Days in any three consecutive Gas Years;
- (d) in the case of an LDZ Supply Point whose Annual Quantity exceeds 73,200 kWh (2,500 therms) but does not exceed 732,000 kWh (25,000 therms), on more than 5 Days in any Gas Year or on more than 10 Days in any 5 consecutive Gas Years; and
- (e) in the case of an LDZ Supply Point whose Annual Quantity does not exceed 73,200 kWh (2,500 therms), for a period exceeding 24 hours (or any longer period requested by the consumer) on any one occasion.

4.3.3 Where for reasons of Force Majeure, including in the case of maintenance of an LDZ Supply Point any failure of the consumer after being so requested to provide any required access to Supply Point Premises, the Transporter is unable to commence or to complete any Programmed Maintenance in respect of any System Exit Point:

- (a) the relevant number of Days or period specified in or pursuant to paragraph 4.3.2 shall be increased by such period for which the completion of the Programmed Maintenance was delayed by reasons of Force Majeure (but in the case of maintenance of the NTS, not beyond the end of the relevant Planned Maintenance Period); and

- (b) if the Transporter has commenced such Programmed Maintenance, for so long as the Transporter is unable to carry out or to continue to carry out the Programmed Maintenance, such point shall nevertheless continue to be a Maintenance Affected Point.
- 4.3.4 For the avoidance of doubt (but without prejudice to Section J3.5 where applicable or to any other provision of the Code pursuant to which the User may be released from such liability) a User will remain liable to pay Capacity Charges in respect of its Registered System Capacity at any System Point notwithstanding that the Transporter is unable to make gas available for offtake at such point by reason of the carrying out of maintenance of the System.
- 4.3.5 If requested by the Transporter the Registered User will cooperate with the Transporter with a view to ensuring that the offtake of gas is discontinued at any Supply Point which is (and for so long as it continues to be) a Maintenance Affected Point (other than one referred to in paragraph 4.2.1(c)).

#### **4.4 On-line inspection**

- 4.4.1 A Network Entry Agreement or Network Exit Provisions may provide for the rates of delivery or offtake at a particular System Entry Point or NTS Exit Point to be controlled so as to ensure fixed rates of gas flow in any part of the Total System for a period where required for certain pipeline inspection activities.
- 4.4.2 Where the Transporter notifies a User that on any Day such a provision as is referred to in paragraph 4.4.1 is to be implemented in respect of any System Point and provides to the User such details as may be necessary to enable the User to do so, the User shall make Nominations for that Day in respect of that System Point consistent with the requirements of that provision.
- 4.4.3 A User shall not be in breach of Section I3.10, J3.7 or J3.8 by reason of complying with paragraph 4.4.2 on any Day; and to the extent that (by reason of such compliance) the quantity of gas delivered to or offtaken from the Total System on the relevant Day at the relevant System Point exceeds the System Capacity held by the User at or in respect of such point, such excess will not be an overrun quantity for the purposes of Section B2.7 or B3.6.
- 4.4.4 Inspection of the kind referred to in paragraph 4.4.1 will count as maintenance for the purposes of this Section L (and the relevant Day as a Day of Programmed Maintenance for the purposes of paragraph 4.3.2) if and only if the control of flow rates pursuant to that paragraph results in any inability or restriction on the ability of the Transporter to accept into the Total System gas tendered for delivery or make available gas for offtake from the Total System (or which would have been so tendered but for Renominations made by Users to comply with paragraph 4.4.2).
- 4.4.5 By 19 October in each Gas Year, National Gas Transmission shall notify those Maintenance Relevant Parties affected by online inspections at NTS System Exit Points of the following:
- (a) details of the NTS System Exit Point and the NTS pipeline affected;
  - (b) the year of the last online inspection affecting such NTS pipeline; and

- (c) an estimate of the year by which such NTS pipeline will require a further online inspection. Such estimate date may be revised by National Gas Transmission from time to time prior to the actual online inspection.

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION M – SUPPLY POINT METERING<sup>12</sup>****1 GENERAL****1.1 Introduction**

This Section M contains provisions for the metering of the offtake of gas from the Total System at Supply Meter Points and the determination pursuant to such metering of the quantities so offtaken.

**1.2 Supply Meter Installation**

1.2.1 Paragraphs 2, 3 and 4 set out requirements in respect of the installation of meters and other equipment at Supply Meter Points and the provision of information to the CDSP in respect of such meters and equipment.

1.2.2 For the purposes of the Code, in relation to a Supply Meter Point:

- (a) the “**Supply Meter Installation**” is the meter and associated equipment and installations installed or to be installed at a consumer's premises, including associated pipework, regulator filters, valves, seals, and mountings;
- (b) the “**Supply Meter**” is the meter comprised in the Supply Meter Installation.
- (c) a Smart Meter means:
  - (i) an energy meter that can both send and receive information using an external electronic communications network; or
  - (ii) an energy meter and a device which is associated with or ancillary to that meter and which enables information to be sent to and received by the meter using external electronic communications network,

and the expression “**Smart Metering**” is to be read accordingly.

- (d) the “**Smart Metering System**” is defined in accordance with Standard Condition 1 of the Supplier’s Licence. Smart Metering Systems may be designated as “SMETS1” or “SMETS2” as defined by the current version of the Smart Metering Equipment Technical Specifications.
- (e) the “**Advanced Meter**” is defined in accordance with Standard Condition 12.22 of the Supplier’s Licence. Advanced Meters can be installed at Domestic Premises and Non-Domestic Premises.

1.2.3 A Supply Meter Installation includes (where installed pursuant to this Section M) any meter by-pass (under paragraph 2.4) and/or any converter (where installed pursuant to the Gas (Calculation of Thermal Energy) Regulations 1996).

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<sup>1</sup> Implementation of modification 0811S effective 05:00hrs on a date to be confirmed will amend this list in whole or in part.

<sup>2</sup> Implementation of modification 0836S effective 05:00hrs on a date to be confirmed will amend this list in whole or in part.

- 1.2.4 Subject to paragraph 1.7, references in this Section M to the Registered User in the context of a Supply Meter Installation or a Supply Meter are to the Registered User of the Supply Meter Point at which it is installed.

### 1.3 Classes of Meter Point

- 1.3.1 For the purposes of the Code a “**Class 1**”, “**Class 2**”, “**Class 3**” or “**Class 4**” Supply Meter is the Supply Meter installed or to be installed respectively at a Class 1, Class 2, Class 3 or Class 4 Supply Meter Point (and references to a Class 1, 2, 3 or 4 Supply Meter shall be construed accordingly).

### 1.4 Meter Readings

- 1.4.1 The requirements of the Code for obtaining Meter Readings from Supply Meters are set out in paragraph 5 and (in relation to Class 1 Supply Meters) paragraphs 6 and 7.

### 1.5 Defined terms

- 1.5.1 For the purposes of this Section M, in relation to a User a “**Relevant**” Supply Meter is the Supply Meter at a Supply Meter Point comprised in a Supply Point of which the User is the Registered User.

- 1.5.2 For the purposes of the Code, in relation to a Supply Meter:

- (a) a “**Meter Reading**” is:

- (i) the reading of the index of the Supply Meter; and
- (ii) where a converter is installed as described in paragraph 1.2.3, the converted and the unconverted readings of the converter

except that where Daily Read Equipment and such a converter are installed, a Meter Reading need not include both the reading under paragraph (i) and the unconverted reading under paragraph (ii) or where Remote Meter Reading Equipment and such a converter are installed, a Meter Reading need not include the unconverted reading of the converter under paragraph (ii);

- (b) a “**Meter Read**” is the obtaining (by appropriate means) of a Meter Reading and in the case of a Class 2, 3 or 4 Supply Meter the further details required pursuant to paragraph 5.5.2;

- (c) the following are eligible Meter Reads:

- (i) an On-Site Meter Read;
- (ii) in relation to a Class 2, 3 or 4 Supply Meter, a Remote Meter Reading;
- (iii) in relation to a Class 1 Supply Meter, the obtaining of a Meter Reading by Daily Read Equipment;
- (iv) only where submitted as an Opening Meter Reading: (1) the estimation of a Proposing User Estimate, or (2) the obtaining of a Gas Card Reading, or (3) the calculation of a Calculated Gas Card Reading;

- (d) a “**Daily Meter Reading**” is a Meter Reading obtained for a Day at the end of

the Day;

- (e) an **“On-site Meter Read”** is a Meter Read undertaken by a person visiting or present at the Supply Point Premises;
- (f) in the case a Class 4 Supply Meter, a Meter Reading obtained at any time on a given Day shall be treated as obtained at the end of that Day;
- (g) a **“Gas Card Reading”** is a Meter Reading provided by the User in respect of a Supply Meter obtained by means of a Gas Card;
- (h) a **“Gas Card”** is an electronic card used by a consumer to purchase gas by way of pre payment facility and containing the Meter Reading that such card collects from time to time;
- (i) a **“Calculated Gas Card Reading”** is a Meter Reading which has been derived by the use of not less than two Gas Card Readings which have been provided in compliance with the estimation methodology contained in the Network Code Validation Rules;
- (j) a **“Remote Meter Read”** is a Meter Reading provided by the User in respect of a Class 2, Class 3 or Class 4 Supply Meter obtained by means of Remote Meter Reading Equipment;
- (k) **“Remote Meter Reading Equipment”** is equipment which enables Meter Readings to be obtained by a User remotely at set intervals and which comprises a device for capturing from the Supply Meter, and/or (where installed) a converter, data which constitutes or permits a derivation of a Meter Reading, and suitable equipment as shall be required for transmitting such data (and does not include Daily Read Equipment);
- (l) **“Proposing User Estimate”** is an estimated Meter Reading (with the Supply Point Registration Date as the Read Date) agreed between the Proposing User and the Withdrawing User to be used as an Opening Meter Reading submitted in accordance with paragraph 5.13.2(a).

### 1.5.3 In relation to a Meter Reading:

- (a) the **“Read Date”** is the Day on which (being, in the case of a Class 1, 2 or 3 Supply Meter, the Day at the end of which) the Meter Reading was obtained;
- (b) a reference to the **“preceding”** Meter Reading is to the Valid Meter Reading (of the relevant Supply Meter) with the most recent prior Read Date;
- (c) the **“Meter Reading Period”** is the period from the Read Date of the preceding Meter Reading (or where so provided in this Section M, an earlier Valid Meter Reading) to the Read Date of the Meter Reading;
- (d) the **“Metered Volume”** is the volume (converted for temperature and pressure in accordance with the Gas (Calculation of Thermal Energy) Regulations 1996) of gas determined as having been offtaken at the Supply Meter Point during the Meter Reading Period;
- (e) the **“Metered Quantity”** is the quantity determined (pursuant to Offtake

Reconciliation, where applicable) from the Metered Volume and the applicable calorific value for each Day in the Meter Reading Period

- 1.5.4 A **“Meter Reader”** is a person (including the owner or occupier of the relevant premises) authorised to undertake On-Site Meter Reads in respect of a Supply Meter.
- 1.5.5 In relation to a Smaller Supply Meter Point comprised in a Proposed Supply Point:
- (a) a **“Proposing User Reading”** is a Meter Reading (not submitted as an Opening Meter Reading) obtained by the Proposing User for which the Read Date is earlier than the Supply Point Registration Date and provided to the CDSP for the purposes of paragraph 5.13.7;
  - (b) a Proposing User Reading is subject to validation only to the extent (if any) provided in the Validation Rules, and will not give rise to an Offtake Reconciliation or have any other effect for the purposes of the Code other than as provided in paragraph 5.13.7(b).

## 1.6 IGE Recommendations

In this Section M **“IGE Meter Recommendation”** means any recommendation or standard from time to time issued or updated by the Institute of Gas Engineers in respect of the nature, type, design, specification or manufacture of any Supply Meter Installation or part thereof (which do not form a part of the Code).

## 1.7 Shared Supply Meter Points

- 1.7.1 All of the Sharing Registered Users shall be responsible jointly for the performance of the obligations and responsibilities of a User under this Section M in respect of a Shared Supply Meter Point.

## 1.8 Ownership of meter reading data

- 1.8.1 Section V5.8 applies in respect of the ownership of data relating to Meter Readings.
- 1.8.2 Each User shall secure that its arrangements with any Meter Reader are consistent with Section V5.8.

## 1.9 Consumption Adjustment

- 1.9.1 In the circumstances provided in the Code, an adjustment (**“Consumption Adjustment”**) to metered consumption shall be made in determining the amount of gas offtaken from the Total System at a Supply Meter Point.
- 1.9.2 Where any provision (the **“relevant provision”**) of the Code requires a Consumption Adjustment, the Registered User (in the case of a Class 2, 3 or 4 Supply Meter Point) or the CDSP or Transporter (as applicable in the case of a Class 1 Supply Meter Point) shall estimate the volume of gas offtaken at the Supply Meter Point (**“Estimated Consumption”**) in the period or periods for which the Consumption Adjustment is to be made, in accordance with the relevant provision and, in the case of the Registered User or Transporter, submit the Estimated Consumption to the CDSP.
- 1.9.3 The Estimated Consumption shall be:

- (a) determined for a period from the Read Date of a Valid Meter Reading or estimated Meter Reading to the Read Date of a subsequent Valid Meter Reading or estimated Meter Reading;
- (b) determined as an estimate of the whole of the volume of gas offtaken in the relevant period, and not as a separate adjustment in addition to Metered Volume;
- (c) subject to validation as provided in paragraph 5.3; and
- (d) used (where Validated) for the purposes of determining Metered Quantity, in substitution for Metered Volume determined from any Meter Readings or estimated Meter Readings for the relevant period, as provided in paragraphs 1.9.4 and 1.9.5.

1.9.4 In relation to a Class 1 or 2 Supply Meter Point, and in relation to each Day in the period for which a Consumption Adjustment is to be made, where (under the relevant provision) the requirement for the Consumption Adjustment arises before the Exit Close Out Date, the CDSP, Transporter or Registered User (as applicable) shall determine and, in the case of the Transporter or Registered User, submit, the Estimated Consumption for such Day as soon as possible after the Day and no later than the Exit Close Out Date.

1.9.5 In relation to a Class 3 or 4 Supply Meter Point, any Datalogged Class 1 Supply Meter Point or Class 2 Supply Meter Point for any period for which Estimated Consumption was not submitted pursuant to paragraph 1.9.4, and any Class 1 Supply Meter Point for which Estimated Consumption was not obtained by the CDSP pursuant to paragraph 1.9.4, the Consumption Adjustment shall give rise to an Offtake Reconciliation as provided in the relevant provision.

## **1.10 Meter error**

1.10.1 Where a meter examiner finds (in accordance with paragraph 4(3) of the Gas Code) or the Transporter or a User believes that a Supply Meter is or has been registering erroneously, and the Transporter or User notifies the CDSP then a Consumption Adjustment shall be made and (except where paragraph 1.9.4 applies) and an Offtake Reconciliation shall be carried out.

1.10.2 For the purposes of such Offtake Reconciliation:

- (a) the relevant Meter Reading shall be the Reconciliation Meter Reading;
- (b) the Reconciliation Metered Period shall be the period ending with the Read Date of the relevant Meter Reading, and starting:
  - (i) in the case of a Class 1 or 2 Supply Meter, on the Read Date of the preceding Check Read, if any;
  - (ii) in the case of a Class 3 or 4 Supply Meter, on the Read Date of the preceding Meter Reading;
  - (iii) or on such other date (not earlier than the Code Cut-off Date) as the meter examiner may determine or (in the absence of such determination) the date the Transporter and the User may agree and

which is notified to the CDSP;

- (c) the Reconciliation Metered Volume is Estimated Consumption in accordance with paragraph 1.10.3;
- (d) in the case of a Supply Meter to which paragraph 5.12 applies, the obtaining of the relevant Meter Reading shall be treated as a Check Read;
- (e) where the “**relevant**” Meter Reading is the Meter Reading which gave rise to (or otherwise was obtained at the time of) such finding of a meter examiner or (as the case may be) belief of the Transporter or User.

1.10.3 The Estimated Consumption shall be determined as the Metered Volume adjusted by the amount by which it is determined that the Supply Meter has over- or under-registered the volume of gas offtaken from the Total System at the relevant Supply Meter Point, which amount shall be:

- (a) in the case under paragraph 4(3) of the Gas Code, ascertained on the basis described in that paragraph;
- (b) except as in paragraph (a):
  - (i) the amount agreed by the CDSP or Transporter (as applicable) and the User and (where applicable) notified to the CDSP; or
  - (ii) if either the CDSP or Transporter as applicable or the User shall so require, determined by Expert Determination and notified to the CDSP.

1.10.4 Paragraph 1.10.3(b) is without prejudice to the period for which it may be agreed or determined that the Supply Meter has been registering erroneously.

1.10.5 The Transporter may issue guidance for assisting with the agreement of adjustment amounts under paragraph 1.10.2(b)(i), but any such guidance shall not be binding on any User or the Transporter.

## **1.11 DNO Users**

In this Section M references to Users exclude DNO Users.

## **1.12 Trader User**

In this Section M references to Users exclude Trader Users.

## **1.13 CDSP Functions**

1.13.1 Direct Functions of the CDSP to support implementation of this Section M are:

- (a) receiving Meter Information from the Registered User or Proposing User and amending the Supply Point Register;
- (b) validating Meter Readings;
- (c) estimating Meter Readings; and

- (d) monitoring and reporting on performance by Users in submitting Meter Readings; and
- (e) providing and maintaining Datalogged Daily Read Equipment and obtaining Meter Readings in respect of Datalogged Class 1 Supply Meter Points.

1.13.2 Agency Functions of the CDSF to support implementation of this Section M are:

- (a) calculating Metered Volumes and Metered Quantities;
- (b) receiving Meter Information other than from the Registered User or Proposing User and amending the Supply Point Register.

## **2 SUPPLY METER INSTALLATION**

### **2.1 Supply Meter and other equipment**

2.1.1 The Registered User shall secure that at each Supply Meter Point (other than a Supply Meter Point which has been Isolated) there is installed, operated and maintained in proper working order, for registering the volume of gas offtaken from the System at the Supply Meter Point, a Supply Meter Installation.

2.1.2 The Supply Meter Installation shall:

- (a) be of a type and standard of design and accuracy complying with, and shall be installed in compliance with, the IGE Meter Recommendations, the Gas (Meters) Regulations 1983, the Gas Safety (Installation and Use) Regulations 1998 and any other applicable Legal Requirements, as in force at the date of installation of the Supply Meter Installation, and shall be stamped in accordance with Section 17 of the Act;
- (b) include such equipment (including any converter) as may be required in accordance with the further provisions of this Section M.

2.1.3 The point at which the Supply Meter Installation is to be installed shall be such point as shall be required by or shall be in accordance with paragraph 7 of the Gas Code and the Gas Safety (Installation and Use) Regulations 1998.

2.1.4 For the avoidance of doubt, but without prejudice to the requirements of paragraph 2.1.1, the Supply Meter shall be the meter referred to in the Gas Code, and may be provided, owned and/or installed by a person other than the Registered User.

2.1.5 Nothing in this Section M prevents a User from securing that a Supply Meter Installation conforms to higher standards than are (or provides any function in addition to what is) required pursuant to paragraph 2.1.2.

2.1.6 The design and specification of certain Supply Meter Installations (where required to be installed) will be agreed with the Transporter in accordance with the GDN/PM/GT2 and will comply with the relevant Ofgem Codes of Practice.

2.1.7 Supply Meter Installations installed before the Metering Separation Date shall be deemed (for the purposes of the Code) to comply with the requirements of paragraphs 2.1.2 and 2.1.3, provided that this shall not prejudice any requirement for the installation of a different Supply Meter Installation arising by reason of a change in the nature of or

the use of the Consumer's Plant after the Supply Meter Installation was installed.

- 2.1.8 Whenever a Supply Meter Installation is replaced or modified the Registered User shall provide to the CDSP, Meter Information in accordance with paragraph 4.
- 2.1.9 In respect of each Supply Meter Point at which the Class 1 Requirement applies, the Registered User will ensure that the Supply Meter Installation will be suitable and will remain suitable to enable the attachment, installation, maintenance and continuing operation of the Daily Read Equipment. This will require the Supply Meter to incorporate a port (Interface) capable of indicating a pulse representing a discrete amount of gas (usually 0.1, 1, 10, 100 or 1000 units) dependent on the make and size of meter, being a port on the Supply Meter providing such indication by cyclic changes in the electrical resistance across such port or otherwise (including but not limited to ports known as 'R5').
- 2.1.10 The Registered User shall take all reasonable steps to secure that any notice affixed for safety reasons to the Supply Meter Installation shall not be removed or defaced.
- 2.1.11 Where in the opinion of the Transporter the Supply Meter Installation is unsafe or is in imminent risk of becoming unsafe then the Transporter will be entitled to take any steps to make the Supply Meter Installation safe.
- 2.1.12 For the purposes of this Section M:
- (a) **“GDN/PM/GT2”** is the document entitled Management Procedures for Requesting a Gas Transporter to: Authorise for the Setting and Sealing of Regulators and Associated Safety Device(s) as published by the Transporter from time to time and can be found on the Energy Networks Association Website;
  - (b) **“Ofgem Codes of Practice”** are:
    - (i) Ofgas COP/1a: Code of practice for low-pressure diaphragm and electronic meter installations with badged meter capacities not exceeding 6m<sup>3</sup>/hr;
    - (ii) Ofgas COP/1b: Code of Practice for low pressure diaphragm and rotary displacement meter installations with badged meter capacities exceeding 6m<sup>3</sup>/hr (212ft<sup>3</sup>/hr) but not exceeding 1076m<sup>3</sup>/hr (38,000 ft<sup>3</sup>/hr); and
    - (iii) Ofgas COP/1c: Code of practice for all high pressure and other low-pressure meter installations not covered by COP/1a or COP/1b.
- 2.1.13 Where, following such date as designated by the UK Link Committee and notified to Users for the purpose of this paragraph, a Smart Meter is installed at a Supply Meter Point, the User shall within 4 Days, provide such data relating to the Supply Meter Point Reference Number of that Smart Meter as shown in Annex M-1 to the CDSP. The User shall also provide the data set out in Annex M-1 to the CDSP within 4 days of becoming aware that a Smart Meter has been installed at a Supply Meter Point and where some or all of the information set out in Annex M-1 has not previously been provided to the CDSP, including confirmation of the technical specification of the Smart Metering System, e.g. whether it is SMETS1 or SMETS2. When added, such details will form part of the Supply Point register details for that Supply Meter Point.

2.1.14 Where the User appoints a person to be the provider of an Advanced Meter at a Supply Meter Point or becomes aware of the existence of the provider of an Advanced Meter at a Supply Meter Point that it has not appointed or becomes aware of the existence of an Advanced Meter device at a Supply Meter Point then the User shall, as soon as reasonably practicable, provide and update the relevant information in accordance with the requirements of the UK Link Manual. This information should include whether the Advanced Meter is installed at a Domestic or Non-Domestic Premises.

## 2.2 Failure of Supply Meter Installation

2.2.1 Where as a result of any failure or defect in any Supply Meter Installation gas cannot be offtaken from the Total System at the relevant Supply Meter Point, and except where Section J4.4.5(b) applies, the Transporter will not be in breach (by reason thereof) of its obligation to make gas available for offtake from the Total System.

## 2.3 Interference with meters and meter by-pass utilisation

2.3.1 The Registered User shall take all reasonable steps to ensure that:

- (a) no person improperly breaks any seal affixed to any part of the Supply Meter Installation or tampers or otherwise interferes with any Supply Meter Installation, utilises a meter by-pass other than as permitted by GDN/PM/GT2, or utilises a temporary alternative arrangement;
- (b) upon each visit to the Supply Point Premises by any representative of that User or the supplier, or by any person engaged (by that User, the supplier or the consumer) to obtain an On-site Meter Read, there is promptly reported to the Transporter any evidence which is or ought (having regard to the purposes for which such person is visiting the premises) to be apparent to such representative or person of the breaking of any such seal or of any such tampering or interference (including any activated tamper alarm) or otherwise of theft or attempted theft of gas, or the utilisation of a meter by-pass other than as permitted by GDN/PM/GT2, or the utilisation of a temporary alternative arrangement.

## 2.4 Meter by-pass

2.4.1 In the circumstances permitted by the Registered User in accordance with GDN/PM/GT2 a meter by-pass may be installed (as a part of the Supply Meter Installation), or a temporary alternative arrangement may be utilised, at a Supply Meter Point.

2.4.2 For the purposes of the Code:

- (a) a **“meter by-pass”** is any pipe, and associated gas fittings used in connection with it, used to supply gas to a consumer without passing through the Supply Meter, and thereby secure the continued offtake of gas at the Supply Meter Point, in the event of any failure of, or any work on, part of the Supply Meter Installation which would impede the flow of gas through the Supply Meter; and
- (b) a **“temporary alternative arrangement”** is an arrangement other than by means of a meter by-pass to temporarily enable the flow of gas to the premises of a consumer without measurement by a Supply Meter.

- 2.4.3 Where the Registered User has permitted a meter by-pass to be installed, or temporary alternative arrangement to be utilised, at a Supply Meter Point it shall notify the CDSP as soon as reasonably practicable following such installation or utilisation.
- 2.4.4 Where a meter by-pass is installed, or a temporary alternative arrangement utilised, at a Supply Meter Point then where the meter by-pass is closed or the temporary alternative arrangement ceases (as the case may be):
- (a) within 2 Supply Point Systems Business Days following the Day on which such closure or cessation occurred, the Registered User shall notify the CDSP of the following information:
    - (i) the MPRN;
    - (ii) the Shipper ID;
    - (iii) the type of Supply Meter Point (identified as a Class 3 or 4 Supply Meter Point or Class 1 or 2 Supply Meter Point);
    - (iv) the date on which the meter by-pass was opened or the temporary alternative arrangement commenced;
    - (v) the time at which the meter by-pass opened or the temporary alternative arrangement commenced;
    - (vi) the Meter Reading at the time on which the meter by-pass opened or the temporary alternative arrangement commenced;
    - (vii) the date on which the meter by-pass was closed or the temporary alternative arrangement ceased;
    - (viii) the time on which the meter by-pass was closed or the temporary alternative arrangement ceased;
    - (ix) the Meter Reading (obtained by an On-site Meter Read) at the time on which the meter by-pass was closed or the temporary alternative arrangement ceased;
  - (b) a Consumption Adjustment shall be made, for the purposes of which, within 15 Supply Point Systems Business Days following the Day on which cessation occurred, the Registered User shall notify the CDSP of its estimate of gas used in accordance with paragraph 2.4.5 or 2.4.6 where such estimate is 10,000 kWh (340 therms) or greater;
  - (c) an Offtake Reconciliation shall be carried out in accordance with paragraph 2.4.7 (and no adjustment will be made in respect of the determination of any UDQO of the User or for any other purpose).
- 2.4.5 Where in relation to a Class 1 or 2 Supply Meter Point a meter by-pass is open or the temporary alternative arrangement is in use on any Day at a Supply Meter Point, in addition to the requirement in paragraph 2.4.4, a Consumption Adjustment shall also be made under paragraph 1.9.4, for the purposes of which, subject to paragraph 2.4.6:
- (a) except where paragraph (b) applies, the Estimated Consumption shall be the

estimated Metered Volume determined in accordance with paragraph 5.4;

- (b) if the meter by-pass is open or the temporary alternative arrangement is in use for a period of less than the whole of any Day, the Estimated Consumption shall be calculated by:
  - (i) estimating the volume offtaken during such period, by calculating an hourly estimate by dividing the estimate under paragraph 5.4 by 24, and multiplying such hourly estimate by the number of hours (to the nearest whole hour) of such period; and
  - (ii) adding such estimated volume to the Metered Volume for the Day.

2.4.6 Where information is available to the CDSP or the Registered User which enables a more accurate estimate of the gas offtaken to be made, such information will be used for determining the Estimated Consumption in substitution of the estimate calculated under paragraph 2.4.5.

2.4.7 For the purposes of the Offtake Reconciliation required under paragraph 2.4.4(c):

- (a) the Meter Reading referred to in paragraph 2.4.4(a)(ix) shall be the Reconciliation Meter Reading;
- (b) the Reconciliation Metered Period shall be the period ending with the Read Date of that Meter Reading, and starting on the Read Date of:
  - (i) the most recently submitted Valid Meter Reading; or
  - (ii) in the case of a Supply Meter to which paragraph 5.12 applies, the most recent Check Read;
- (c) the Reconciliation Metered Volume is the Estimated Consumption as notified to the CDSP;
- (d) in the case of a Supply Meter to which paragraph 5.12 applies, the Meter Read referred to in paragraph 2.4.4(a)(ix) shall be treated as a Check Read.

2.4.8 The Registered User will ensure that:

- (a) the meter by-pass is resealed promptly; or (as the case may be);
- (b) further use of the temporary alternative arrangement is no longer possible following its closure or cessation of use (as the case may be).

## **2.5 Prepayment meters**

2.5.1 Where the Supply Meter Installation includes a prepayment installation:

- (a) the Registered User will be responsible for making arrangements for payment collection (including emptying or replacement of coin or token boxes or arrangements with any issuer of payment tokens or cards), and for remedying faults resulting from the abuse or defective use of the prepayment installation;

- (b) any theft or other loss in respect of monies representing payments made into the prepayment facility will be for the User's account and the Transporter will have no responsibility to the User or supplier or consumer therefor.

#### 2.5.2 Where:

- (a) a Supply Meter Installation includes a prepayment installation;
- (b) the Transporter takes any step under paragraph 18 or 19 of the Gas Code (Disconnections) in respect of gas not flowing to the Supply Point Premises or to appliances at such premises; and
- (c) after taking such steps the Transporter ascertains that the cause of gas not flowing is the inability of the consumer to utilise the prepayment installation, overfilling of a coin or token box, use of defective payment tokens or cards, or any fault in or tampering with a prepayment facility

then paragraph 2.5.3 shall apply.

#### 2.5.3 In the circumstances in paragraph 2.5.2:

- (a) the Transporter shall be entitled (without liability to the Registered User) to take any reasonable steps to ensure the restoration of supply to the consumer through the Supply Meter Installation until the end of the next following Supply Point Systems Business Day (making such assumption as to the rate of offtake as shall appear reasonable);
- (b) the Registered User shall reimburse to the Transporter the cost and expense incurred by the Transporter in taking the steps referred to in paragraph 2.5.2(b) and paragraph (a) above (including the value of any coins, tokens or cards utilised for the purpose in paragraph 3.1.4).

## 2.6 Twin-stream Metering

#### 2.6.1 Nothing in Section A4.2.3 shall have the effect of prohibiting the installation of two or more Supply Meters of the same size and capacity which are installed in parallel at a Supply Meter Point, where:

- (a) the flow of gas through all such Supply Meters is combined immediately downstream of the outlets of such Supply Meters; and
- (b) all such Supply Meters are utilised for the purposes of metering the offtake of gas at a single consumer's premises such Supply Meter Point being a "**Twin-stream Supply Meter Point**" (and the relevant System Exit Point shall be treated as a single Supply Meter Point notwithstanding that there may be separate points of offtake for the purposes of TPD Section J3.7 in respect of each such Supply Meter).

#### 2.6.2 The rules in paragraph 1.1.2 apply to ensure that determinations of amounts of gas offtaken at the Twin-stream Supply Meter Point are made taking account of all the Supply Meters at the Twin-stream Supply Meter Point.

#### 2.6.3 For the purposes of Code, in respect of a Twin-stream Supply Meter Point;

- (a) whenever a requirement under the Code to obtain a Meter Reading applies:
  - (i) a Meter Reading for the same Read Date and the same time on that Read Date must be obtained from each Supply Meter installed at such Twin-stream Supply Meter Point;
  - (ii) no Meter Reading from a Supply Meter installed at the Twin-stream Supply Meter is Valid, unless a Meter Reading is obtained for all of the Supply Meters installed at that Twin-stream Supply Meter Point for the same Read Date and the same time on that Read Date;
  - (iii) for each Supply Meter a Metered Volume shall be determined on the basis of each such Meter Reading;
  - (iv) such Metered Volumes shall be aggregated for all of the Supply Meters at the Twin-stream Supply Meter Point to determine an aggregated Metered Volume;
  - (v) a single Metered Quantity shall be determined, from such aggregated Metered Volume, in respect of the Twin-stream Supply Meter Point;
- (b) for the purposes of paragraph 5.3, the Validation Rules shall apply by reference to such single Metered Quantity (and not to separate quantities for each Supply Meter);
- (c) where a requirement under the Code to determine an estimated volume or quantity applies, a single such estimate will be determined (in accordance with paragraph 5.4) for the Twin-stream Supply Meter Point as a whole (and any Meter Readings for individual Supply Meters are to be disregarded); and
- (d) where a Consumption Adjustment is to be made, a single Estimated Consumption is to be determined for the Twin-stream Supply Meter Point as a whole.

### **3 SPECIAL METERING SUPPLY METER INSTALLATION**

#### **3.1 Supply Point Metering**

3.1.1 Where the Transporter is providing the Supply Meter Installation or any part of it and it is comprised within a Special Metering Supply Point (a “**Special Metering Supply Meter Installation**”), the provisions of this paragraph 3 apply.

3.1.2 Except as the Transporter may otherwise agree in an Ancillary Agreement with the Registered User:

- (a) subject to sub paragraph (c) and (d) and to paragraphs 3.1.4 and 3.1.5, the Transporter will be responsible for securing (on behalf of the Registered User) the maintenance, repair, exchange and replacement of the Special Metering Supply Meter Installation or relevant part of it provided by the Transporter within a reasonable time after a request to do so and subject to payment of appropriate charges in accordance with the Metering Charges Statement;
- (b) the Registered User shall secure that there are made available (without charge to the Transporter) at the Supply Point Premises:

- (i) a suitable site (at a location complying with paragraph M2.1.3) at the Supply Point Premises, and suitable support, protection and security, for the Special Metering Supply Meter Installation;
  - (ii) supplies of power, water and drainage as appropriate for the Special Metering Supply Meter Installation;
  - (iii) such access, at all reasonable times and in any event between 08:00 and 17:00 hours on any Supply Point Systems Business Day, to the Supply Point Premises as shall be required to enable the Transporter to carry out all Meter Installation Works required pursuant to sub paragraph (a);
- (c) the Registered User shall take all reasonable steps to secure that the Special Metering Supply Meter Installation is not damaged or otherwise mistreated;
- (d) ownership of the Special Metering Supply Meter Installation shall remain with the Transporter (or any person to whom the Transporter may transfer ownership); and the Registered User shall take all reasonable steps to secure that any notice to that effect affixed thereto by the Transporter shall not be removed or defaced.

3.1.3 Nothing in paragraph 3.1.2 requires the Transporter:

- (a) to replace any part of a Special Metering Supply Meter Installation other than where such replacement is necessary as a result of the failure (including by reason of damage, normal wear or tear or defective design or manufacture) thereof;
- (b) to carry out any Meter Installation Works other than for the purposes of maintaining or repairing or (where required under sub paragraph (a)) replacing a Special Metering Supply Meter Installation or part thereof provided by the Transporter;
- (c) except in the case of routine maintenance, to carry out any Meter Installation Works until reasonable notice has been given to the Transporter of the requirement for such works.

3.1.4 Meter Installation Works carried out by the Transporter for the purposes of maintaining, repairing or (where required having regard to sub paragraph 3.1.3(a)) replacing any part of a Special Metering Supply Meter Installation to which this paragraph 3 applies will not be Siteworks for the purposes of Annex G-3, paragraph 1.1.

3.1.5 Any Meter Installation Works which any person may request the Transporter to carry out in respect of a Special Metering Supply Meter Installation other than as required under paragraph 3.1.2, including:

- (a) the provision of a Special Metering Supply Meter Installation at a New Supply Meter Point;
- (b) the provision of a Special Metering Supply Meter Installation at a Supply Meter Point where by reason of a change in the nature or extent of the consumer's requirements for the supply of gas the existing Special Metering Supply Meter Installation no longer complies with the requirements of paragraphs 2.1.2 and 2.1.3

will be Siteworks subject to and in accordance with Annex G-3 paragraph 1.1.

- 3.1.6 Nothing in this paragraph 3 prevents the Transporter from providing at the request of the consumer or supplier a Special Metering Supply Meter Installation or which conforms to higher standards than are (or provides any function in addition to what is) required pursuant to Section M2.1.2, provided that (unless the Registered User has otherwise agreed) the amount of the relevant charge payable by the Registered User (if any) will not thereby be increased.
- 3.1.7 Where as a result of any failure or defect in any Special Metering Supply Meter Installation provided by the Transporter gas cannot be offtaken from the System at the relevant Supply Meter Point and except where Section J4.4.5(b) applies, the Transporter will not be in breach (by reason thereof) of its obligation to make gas available for offtake from the Total System until:
- (a) written notice of such failure, defect or requirement has been given to the Transporter; and
  - (b) the expiry after such notice of a reasonable period for the Transporter to carry out the required Meter Installation Works.
- 3.1.8 For the purposes of Section M, “**Meter Installation Works**” means the installation testing, maintenance, repair, exchange or replacement of a Special Metering Supply Meter Installation or any part thereof.
- 3.1.9 Any Code Communication in respect of any activities performed in relation to a Special Metering Supply Meter Installation shall only be made by Conventional Notice.
- 3.1.10 Where as a result of any Meter Installation Works undertaken by the Transporter in relation to Special Metering Supply Meter Installation, the relevant Meter Information recorded in the Supply Point Register ceases to be accurate, the Transporter will after completing such Meter Installation Works notify the CDSP and the CDSP will:
- (a) amend the Supply Point Register so as to record the change in relevant Meter Information required as a result of such works; and
  - (b) provide to the Registered User(s) details of the amendment made pursuant to the above.

## 3.2 Supply Point Register Amendment

- 3.2.1 Where as a result of any Meter Installation Works undertaken by the Transporter in relation to an applicable Supply Meter Point, the relevant Meter Information recorded in the Supply Point Register ceases to be accurate, the Transporter will after completing such works notify the CDSP and the CDSP will:
- (a) amend the Supply Point Register so as to record the change in relevant Meter Information required as a result of such works; and
  - (b) provide to the Registered User details of the amendment made pursuant to paragraph (a).
- 3.2.2 For the purposes of this paragraph 3.2

- (a) an “**applicable**” Supply Meter Point is a Supply Meter Point, other than an NTS Supply Meter Point or a Supply Meter Point comprised in a VLDMC Supply Point, in relation to which the Transporter provides the Special Metering Supply Meter Installation.
- (b) references to a Supply Meter Point include a New Supply Meter Point, and accordingly references to a change in relevant Meter Information includes the creation of initial relevant Meter Information.
- (c) relevant Meter Information is such Meter Information as is specified in the UK Link Manual.
- (d) in relation to any calendar month and any User, a “**relevant**” Supply Meter Point is an applicable Supply Meter Point of which the User is Registered User and in relation to which the Meter Installation Works referred to in paragraph 3.2.1 were completed in that month.
- (e) a relevant Supply Meter Point will not be treated as one in relation to which the Transporter did not comply with paragraph 3.2.1 where the Transporter was unable to comply with paragraph 3.2.1 by reason of Force Majeure.
- (f) in relation to any relevant Supply Meter Point, any period within which the Transporter is to comply with paragraph 3.2.1 runs from the Supply Point Systems Business Day after the relevant Meter Installation Works (therein referred to) were completed.

3.2.3 Paragraphs 3.2.4 and 3.2.5 shall apply separately in relation to relevant Supply Meter Points whose Annual Quantities exceed, and do not exceed, 293,000 kWh (10,000 therms).

3.2.4 The Transporter will comply with paragraph 3.2.1 within 5 Supply Point Systems Business Days in respect of at least 95% of relevant Supply Meter Points in relation to each User, in relation to each calendar month.

3.2.5 If, in relation to any calendar month and any User, the Transporter does not comply with the requirement in paragraph 3.2.4, the Transporter will pay to the User an amount calculated as:

$$((0.95 * M) - N) * Q$$

where for the relevant month and the relevant User:

- M is the number of relevant Supply Meter Points;
- N is the number of relevant Supply Meter Points in respect of which the Transporter did comply with paragraph 3.2.4;
- Q is the relevant percentage of £10 in relation to relevant Supply Meter Points whose Annual Quantities exceed 293,000 kWh (10,000 therms), and of £2 in relation to relevant Supply Meter Points whose Annual Quantities do not exceed 293,000 kWh (10,000 therms).

3.2.6 If, in relation to a Supply Meter Point which is a relevant Supply Meter Point in any calendar month and of which the User continues to be the Registered User until the end

of such 20 Supply Point Systems Business Day period, the Transporter does not comply with paragraph 3.2.1(a) within 20 Supply Point Systems Business Days, the Transporter will pay to the User the relevant percentage of £30 in relation to relevant Supply Meter Points whose Annual Quantities exceed 293,000 kWh (10,000 therms), and of £5 in relation to relevant Supply Meter Points whose Annual Quantities do not exceed 293,000 kWh (10,000 therms).

- 3.2.7 For the purposes of TPD Section V10, the rules in paragraph 3.2.5 and 3.2.6 are Compensation Rules within Compensation Group L and in relation thereto the ‘payment month’ is the second month following that in which the Meter Installation Works were completed.
- 3.2.8 Where in any month the aggregate amount payable by the Transporter under this paragraph 3.2 would exceed the relevant amount provided in paragraph 3.2.5, the amounts payable to Users in respect of that month shall be reduced pro rata.

### **3.3 Failures of Special Metering Supply Meter Installations**

- 3.3.1 Where, upon an inspection (pursuant to a Daily Read Error Notice or otherwise) of Daily Read Equipment, the Transporter finds that there is a failure or unavailability of the Special Metering Supply Meter Installation and this is the cause of the Daily Read Equipment not functioning correctly:
- (a) where the Transporter is not National Gas Transmission and National Gas Transmission has provided and installed such Special Metering Supply Meter Installation, it shall so notify National Gas Transmission promptly after its inspection;
  - (b) where National Gas Transmission receives notice under paragraph 3.3.1(a) or otherwise becomes aware of a failure or unavailability of such Special Metering Supply Meter Installation that may impact on the Transporter's ability to procure accurate and timely Valid Daily Meter Readings, National Gas Transmission will promptly advise the Transporter when it becomes aware of such failure or unavailability;
  - (c) in the event of (a) or (b) National Gas Transmission will:
    - (i) promptly arrange for the repair/replacement of such Special Metering Supply Meter Installation by a competent person;
    - (ii) notify the Transporter when such Special Metering Supply Meter Installation has been repaired or replaced;
    - (iii) unless such Special Metering Supply Meter Installation has been repaired or replaced, no later than one month after either of the events in (a) or (b) inform the Transporter of the date by which National Gas Transmission is expecting such Special Metering Supply Meter Installation to be repaired or replaced and thereafter notify the Transporter of any changes to the expected date;
  - (d) upon notification that such Special Metering Supply Meter Installation has been repaired/replaced, the Transporter will arrange for the prompt resynchronisation of the Daily Read Equipment.

## 4 METER INFORMATION

### 4.1 Meter Information: General

4.1.1 For the purposes of facilitating compliance with the Code, the Shipper Licence and the Transporter's Licence, the Registered User and the Transporter shall (and a Proposing User which is a Registered User may) in accordance with paragraph 4.1 each provide timely and accurate Meter Information to the CDSP in accordance with the requirements in the UK Link Manual.

4.1.2 Meter Information which is:

- (a) C&D Information will be provided to the CDSP by the Registered User, by means of a Meter Information Notification;
- (b) not C&D Information will be provided to the CDSP, by a Relevant User, by means of a Meter Information Update Notification.

4.1.3 Within 6 Supply Point Systems Business Days from the Day on which the Registered User receives Meter Information in respect of the installation, removal, exchange or repositioning of a Supply Meter Installation the Registered User shall provide the CDSP with such information by means of a Meter Information Notification and/or Meter Information Update Notification as appropriate.

4.1.4 Paragraph 4.2 shall apply, insofar as it relates to an update to the Supply Point Register, to any update of Meter Information which relates to, or is effective from, a date later than the Read Date of the last Valid Meter Reading obtained for the relevant Supply Meter and Supply Meter Point and paragraph 4.3 shall apply in relation to a Retrospective Data Update.

4.1.5 For the purposes of the Code:

- (a) **“C&D Information”** is information obtained in respect of Meter Work;
- (b) **“C&D Notification”** is a notification (which is not a Meter Information Notification) containing C&D Information;
- (c) **“Meter Information”** is the information in relation to a Supply Meter Installation, comprising the details set out in the UK Link Manual, including but not limited to:
  - (i) the location of the Supply Meter Installation at the Supply Point Premises;
  - (ii) number of dials and serial numbers of the Supply Meter and any converter;
  - (iii) meter access details; and
  - (iv) C&D Information.
- (d) **“Meter Information Notification”** is a notification in accordance with the UK Link Manual containing Meter Information that is C&D Information;

- (e) **“Meter Information Update Notification”** is a notification in accordance with the UK Link Manual containing Meter Information that is not C&D Information;
- (f) **“Meter Work”** is work performed in respect of which a notice has been served under Schedule 2B of the Gas Act in accordance with the Gas Meters (Information on Connection and Disconnection) Regulations 1996;
- (g) **“Meter Worker”** is a person that has performed Meter Work;
- (h) **“Previous Registered User”** is any Registered User (other than the existing Registered User) who was the Registered User at the Supply Meter Point at any time within a period of 18 months preceding the date upon which the CDSP records such Meter Information Update Notification or, if earlier, the date upon which the CDSP revised Meter Information which was capable of affecting the amount of the Transportation Charge at such Supply Meter Point;
- (i) **“Relevant Data”** means, in relation to a Supply Meter, Supply Meter Installation or Supply Meter Point:
  - (i) Meter Information;
  - (ii) the identity of the Meter Asset Manager, the Gas Act Owner and the Meter Reader;
  - (iii) the Market Sector Code;
  - (iv) emergency contact and consumer contact details;
- (j) **“Relevant User”** means in respect of a Supply Meter Point and for the purposes of paragraphs 4.2, 4.3:
  - (i) the Registered User;
  - (ii) the Proposing User (not being the Registered User) for a Proposed Supply Point in which the Supply Meter Point is comprised:
    - (1) and in respect of which the Supply Point Registration is Confirmed;
    - (2) which is not an Existing Supply Point, and in respect of which for:
      - (aa) a CSS Supply Point the Relevant CSS Request has been notified to the CDSP;
      - (bb) a Non-CSS Supply Point the Proposing User has submitted a Supply Point Confirmation;
  - (iii) the preceding Registered User provided:
    - (1) the effective date of the information contained in the Meter Information Notification or Meter Information Update Notification is a date on which the preceding Registered User was the Registered User; and

- (2) since such date the CDSP has not received or derived a Valid Meter Reading in respect of the Supply Meter Point;
- (k) **“Retrospective Data Update”** means an amendment to the Supply Point Register pursuant to paragraph 4.3.5(b) following submission of a Retrospective Data Update Notification;
- (l) **“Retrospective Data Update Notification”** means a Meter Information Notification or Meter Notification Update Notification submitted pursuant to paragraph 4.3.1;
- (m) **“Updated Data”** means Relevant Data contained in a Retrospective Data Update Notification;
- (n) **“Update Effective Date”** means the date specified in a Retrospective Data Update Notification, being:
- (i) the date from which, where known, the Updated Data should have been registered in the Supply Point Register; or
- (ii) where paragraph (i) does not apply, the Relevant User's best estimate of the date from which the Updated Data should have been registered in the Supply Point Register.

## 4.2 Meter Information: Prospective Data Update

### 4.2.1 Where C&D Information is received by the:

- (a) CDSP by means of a Meter Information Notification from the Registered User (being the Registered User on the date specified in the Metering Information Notification as the date on which such Meter Work was completed) then the CDSP will record such information and update the Supply Point Register accordingly;
- (b) CDSP by means of a Meter Information Notification from the Proposing User in respect of a Supply Meter Point comprised in a Proposed Supply Point:
- (i) which is an Existing Supply Point, and the Supply Point Registration is Confirmed, the CDSP will record such C&D Information and update the Supply Point Register;
- (ii) which is not an Existing Supply Point, and a Relevant CSS Request has been received by the CDSP, the CDSP will record such C&D Information and update the Supply Point Register accordingly;
- (c) CDSP by means of a C&D Notification or a Meter Information Notification, from any User, other than a Relevant User, the Transporter will request the CDSP only record such C&D Information;
- (d) Transporter by means of a C&D Notification, from a Meter Worker the Transporter will request the CDSP only record such C&D Information.

and a Meter Information Notification shall be **“outstanding”** for the purpose of the Code until the Meter Information has been revised pursuant to this paragraph 4.2.

## 4.2.2 The CDSP will:

- (a) update the Supply Point Register where it receives a Meter Information Update Notification from a Relevant User (other than a Relevant User as defined under paragraph 4.1.5(j)(ii)(1) in relation to an Existing Supply Point);
- (b) as soon as reasonably practicable after a Meter Information Update Notification is submitted, revise the Meter Information in accordance with such notification, unless the CDSP is not satisfied that the details contained in the notification are valid, in which case it will so notify the Relevant User and the Transporter and the Registered User shall co-operate with a view to establishing the correct details, and once such details are established and notified to the CDSP, the CDSP will make any required revision of the Meter Information.

## 4.2.3 Where in respect of a Supply Meter Point which is comprised in a Proposed Supply Point for which a Supply Point Registration is not Confirmed, C&amp;D Information is received by the CDSP from a User (not being the Registered User) or by the Transporter from a Meter Worker in accordance with paragraph 4.2.1(c) or 4.2.1(d) (in which case the Transporter will notify the CDSP), the CDSP will provide a copy of such C&amp;D Information to the Registered User within 2 Supply Point Systems Business Days from the Day on which the identity of the such Registered User is known to the CDSP, and the Registered User will:

- (a) submit such C&D Information to the relevant supplier;
- (b) review the suppliers' response and within 30 Days from the date that such C&D Information was received by the Registered User, by means of a Meter Information Notification, use its best endeavours to provide the CDSP with the corrected C&D Information (if it is not correct) or confirmation that such C&D Notification is correct;
- (c) notify the CDSP (who will notify the Transporter) as soon as reasonably practicable where the Registered User is unable to comply with (b), together with the reasons for such non-compliance.

## 4.2.4 Where in respect of a Supply Meter Point comprised in a Proposed Supply Point which is not an Existing Supply Point, C&amp;D Information is received by the CDSP from a User (not being a Relevant User) or by the Transporter from a Meter Worker in accordance with paragraph 4.2.1(c) or 4.2.1(d) (in which case the Transporter will notify the CDSP), before the Supply Point Registration Date (and therefore the identity of the Registered User is not known to the CDSP at that time) then within 2 Supply Point Systems Business Days following the Day on which such C&amp;D Information was received and after the Supply Point Registration is Confirmed, the CDSP will provide a copy of such C&amp;D Information (together with any additional relevant data in the possession of the CDSP at such time) to the Proposing User and the Proposing User will:

- (a) submit such C&D Information to the relevant supplier;
- (b) review the supplier's response and within 30 Days from the date that such C&D Information was received by the Registered User, by means of a Meter Information Notification, use its best endeavours to provide the CDSP with the corrected C&D Information (if it is not correct) or confirmation that such C&D Notification is correct;

- (c) notify the CDSP (who will notify the Transporter) as soon as reasonably practicable where the Registered User is unable to comply with 4.2.3(b), together with the reasons for such non-compliance.
- 4.2.5 Where in respect of a Supply Meter Point comprised in a Proposed Supply Point which is an Existing Supply Point for which a Supply Point Registration is Confirmed, C&D Information is received by the CDSP from a User (not being a Relevant User) or by the Transporter from a Meter Worker in accordance with paragraph 4.2.1(c) or 4.2.1(d) (in which case the Transporter will notify the CDSP) the CDSP will submit a copy of such C&D Information to such Proposing User and Registered User and the Proposing User will:
- (a) submit such C&D Information to the relevant supplier;
  - (b) review the supplier's response and within 30 Days from the date that such C&D Information was received by the Registered User, by means of a Meter Information Notification, use its best endeavours to provide the CDSP with the corrected C&D Information (if it is not correct) or confirmation that such C&D Notification is correct;
  - (c) notify the CDSP (who will notify the Transporter) as soon as reasonably practicable where the Registered User is unable to comply with 4.2.3(b), together with the reasons for such non-compliance.
- 4.2.6 In respect of a Supply Meter Point comprised in a Proposed Supply Point in respect of which the Supply Point Registration is Confirmed, the CDSP will provide to the Proposing User the Meter Information (as held on the Supply Point Register) by not later than the Supply Point Registration Date.
- 4.2.7 Where the CDSP receives C&D Information from any User which subsequently becomes a Registered User then the CDSP will not resubmit such C&D Information to such User.
- 4.2.8 In order to ensure that Meter Information is as accurate as practicable, where at any time a Registered User becomes aware that there are material changes to the Meter Information it will:
- (a) validate this and use its best endeavours to submit a Meter Information Update Notification to the CDSP within 30 Supply Points Systems Business Days from the Day it first becomes aware of such change; or
  - (b) as soon as reasonably practicable notify the CDSP where the Registered User is unable to so comply together with the reasons for such non-compliance; and
  - (c) in accordance with Section G3.1.4(b) use reasonable endeavours to secure that it becomes aware of any respect in which Meter Information provided to it is or becomes incorrect or out of date, including giving appropriate instructions to the Meter Reader for the time being.
- 4.2.9 For the purposes of paragraphs 4.2.3, 4.2.4 and 4.2.5 the update of the Supply Point Register is outstanding until such a time as it is revised by the Relevant User in accordance with this paragraph 4.2.
- 4.2.10 Where a Meter Information Update Notification is received from the Registered User

and the Meter Information contained therein has resulted or may result in the amount of Transportation Charges paid or payable by the Registered User being inaccurate and a Meter Reading in respect of the Supply Meter at such Supply Meter Point:

- (a) is not received from the Registered User at the time of receipt of such Meter Information Update Notification then the CDSP will determine a notional Meter Reading in respect of such Supply Meter to be effective upon either:
  - (i) the date provided within the Meter Information Update Notification; or
  - (ii) if (such date has not been so provided) the date on which the Meter Information Update Notification was processed by the CDSP,

and where no Opening Meter Reading is submitted in accordance with paragraph 5.13.2(b) and the notional Meter Reading applies in respect of a Non-Daily Read Meter and where the date of the notional Meter Reading under paragraph (i) or (ii) is the Supply Point Registration Date then paragraphs 5.13.11 and 5.13.12 will not apply;

- (b) is received from the Registered User at the time of receipt of such Meter Information Update Notification but no Opening Meter Reading is submitted in accordance with paragraph 5.13.2(b) then the Meter Reading submitted within the Meter Information Update Notification where it applies in respect of a Non-Daily Read Meter, will be utilised by the CDSP to determine an Opening Meter Reading (in accordance with paragraph 5.13.4) and where the date of the Meter Reading is the Supply Point Registration Date then paragraphs 5.13.11 and 5.13.12 will not apply.

4.2.11 Prior to the submission of any Meter Information to the CDSP, the Proposing User and/or Registered User will consider any known data inconsistencies with the relevant supplier (or any person acting on its behalf) and where appropriate ensure that the Meter Information which is submitted and has been corrected.

4.2.12 Where at any time in respect of any Supply Meter Point the Transporter (in which case it will notify the CDSP) or the CDSP becomes aware that the Meter Information held in the Supply Point Register is incorrect within 6 Supply Point Systems Business Days of the Day upon which it becomes aware of this, the CDSP will so notify the Registered User or the Relevant Registered User (as the case may be) and provide all relevant details and the Registered User or the Relevant Registered User (as the case may be) will as soon as reasonably practicable review such details, and where necessary update the Meter Information and submit to the CDSP a Meter Information Notification or a Meter Information Update Notification containing such update in respect of such Supply Meter Point. In the event that:

- (a) the Registered User or the Relevant Registered User (as the case may be) fails within 40 Business Days following the CDSP's notification in accordance with this paragraph 4.2.12 (or within 60 Business Days following the CDSP's notification in accordance with this paragraph 4.2.12 where the Registered User or the Relevant Registered User (as the case may be) notifies the CDSP that further time is required to review the information provided by the CDSP) to either update the Meter Information or inform the CDSP why the Registered User or the Relevant Registered User (as the case may be) believes that it would be inappropriate to update the Meter Information:
  - (i) the CDSP may in its sole discretion proceed to update the Meter Information and shall notify the Registered User or the Relevant

Registered User (as the case may be) accordingly; and

- (ii) such update of the Meter Information pursuant to paragraph 4.2.12(a)(i) shall be deemed to be an update by the Registered User or the Relevant Registered User (as the case may be); and
  - (b) there is no Registered User or Relevant Registered User (as the case may be) in respect of the Supply Meter Point, the CDSP may in its sole discretion update the Meter Information.
- 4.2.13 Upon receipt of a change of Meter Information from the Registered User, or the Proposing User in accordance with paragraph 4.2.9, the CDSP will within 2 Supply Point Systems Business Days of such receipt revise the details held in the Supply Point Register as specified in the Meter Information Notification and the CDSP will ensure the Supply Point Register reflects the Meter Information as supplied by the Registered User or Proposing User.
- 4.2.14 Where the CDSP receives from the Registered User a revised Meter Information Update Notification in respect of a Supply Meter Point that has resulted or may result in the amount of Transportation Charges paid or payable by the Registered User or the Previous Registered User (if any) being inaccurate then by the end of the month following the month in which it receives such Meter Information Update Notification the CDSP will so notify such Registered User.
- 4.2.15 Without prejudice to the Meter Information Notification obligations in paragraph 4.1.2, the Registered User will submit as a Meter Information Notification or a Meter Information Update Notification following the Registered User becoming aware of any change to Meter Information of the type specified in the UK Link Manual, including:
- (a) meter serial number, dials and digits;
  - (b) metric/imperial indicator;
  - (c) whether installation derives meter readings;
  - (d) converter number of dials (unconverted/converted);
  - (e) meter/converter round the clock count;
  - (f) meter pulse value;
  - (g) the identity of the Gas Act Owner;
  - (h) the identity of the Meter Asset Manager;
  - (i) conversion factors; and
  - (j) physical works on converters where not performed in associated with physical works on the Supply Meter.
- 4.2.16 Subject to paragraph 4.2.17 and following notification of the Annual Quantity by the CDSP to the Registered User in accordance with TPD G1.6.6, the CDSP may amend the conversion factor in the Supply Point Register for all Supply Meter Points as follows:
- (a) where the Annual Quantity of a Supply Meter Point is 732,000 kWh or lower,

the CDSP may amend the conversion factor in the Supply Point Register to the standard value of 1.02264 or as the standard value is amended from time to time in accordance with the Gas (Calculation of Thermal Energy) Regulations 1996;

- (b) where the Annual Quantity of a Supply Meter Point is above 732,000 kWh, the CDSP may amend the conversion factor to the last non-standard factor for the relevant Supply Meter Point held on the Supply Point Register.

4.2.17 The CDSP shall not update any conversion factors in the Supply Point Register in accordance with paragraph 4.2.16:

- (a) unless notification of the proposed amendment has been provided to the Registered User and 30 Supply Point Business Days have passed since that notification. A further notification should be provided to the Registered User at the end of the 30 Supply Point Business Days period to confirm which of the proposed amendments have been made.
- (b) where, under paragraph 4.2.16(b) above, there is no relevant non-standard factor available for the relevant Supply Meter Point on the Supply Point Register.

4.2.18 Where the CDSP (in which case it will notify the Transporter) or the Transporter believes that a User is not undertaking its Code obligations for the calculation of consumption in conjunction with the validation of meter readings, then where the Transporter and such User are unable to resolve such matter the Transporter may notify the User with reasons for such belief and require the User to provide to the Transporter evidence of its compliance with such obligations by means of either:

- (a) sufficient data to enable the Transporter to examine whether the User has so complied; or
- (b) an audit report produced by an external independent Auditor

and where the User has not produced such data or report, or where following examination by the Transporter of such data, the Transporter believes it has evidence that the User has not complied with such Code obligations, or the report finds that the User has not so complied then the Transporter will be entitled to submit a report to the Competent Authority detailing its findings. The cost and expense of such report shall be borne by the User unless the report finds that the User has complied with such Code obligations in which case the cost and expense shall be borne by the Transporter.

### **4.3 Meter Information: Retrospective Data Update**

4.3.1 Where a Relevant User believes Relevant Data recorded in the Supply Point Register is incorrect the Relevant User may notify the CDSP by submitting a Retrospective Data Update Notification.

4.3.2 A Retrospective Data Update Notification shall;

- (a) in addition to the other requirements set out in the UK Link Manual, specify:
  - (i) the Supply Meter, Supply Meter Installation or Supply Meter Point in respect of which the notification is submitted;
  - (ii) the Updated Data;

- (iii) the Update Effective Date, being a date on or after the Code Cut Off Date and which is earlier than the Read Date for the last Valid Meter Reading obtained for the Supply Meter comprised in the Supply Meter Point; and
    - (iv) a Valid Meter Reading for which the Read Date is the Update Effective Date;
  - (b) be subject to validation by the CDSP to determine the validity of the Updated Data.
- 4.3.3 A Relevant User may submit a Retrospective Data Update Notification for which the Update Effective Date is earlier than the Supply Point Registration Date of the Supply Point Registration under which the Relevant User became (or will become) Registered User.
- 4.3.4 Where the Relevant User does not know the exact date from which the Updated Data should have been registered in the Supply Point Register the Relevant User shall on the basis of all relevant information available to it determine a best estimate of the date from which the Updated Data should have been registered.
- 4.3.5 Following submission of a Retrospective Data Update Notification the CDSP shall:
- (a) reject the notification where it does not comply with paragraph 4.3.2(a), where it fails validation under paragraph 4.3.2(b) or where the Relevant User fails to comply with paragraph 5.14.5; or
  - (b) accept the notification and carry out a Retrospective Data Update consistent with the Updated Data contained in the notification,
  - (c) and the CDSP shall notify the Relevant User submitting the notification of such rejection or acceptance.
- 4.3.6 The CDSP:
- (a) will notify the Registered User of a Supply Meter Point where it believes Relevant Data in relation to the Supply Meter, Supply Meter Installation or Supply Meter Point recorded in the Supply Point Register is incorrect;
  - (b) shall not be required to notify any Previous Registered User that it has carried out a Retrospective Data Update.
- 4.3.7 Where the CDSP carries out a Retrospective Data Update it may give rise to an adjustment to an Affected Offtake Reconciliation in accordance with Section E6.7.<sup>3</sup>
- 4.3.8 Where a Retrospective Data Update is carried out in respect of which Section E6.7 applies and the first Day of the Reconciliation Metered Period of an Affected Offtake Reconciliation was earlier than the Supply Point Registration Date of the Supply Point Registration of the current Registered User, the User who was the Registered User of the Supply Meter Point during such earlier period may request the CDSP replace the Reconciliation Values and adjust the invoicing in respect of such earlier period to give effect to Section E6.7.5(b).

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<sup>3</sup> Implementation of modification 0651 effective 05:00hrs on a date to be confirmed will amend paragraph 4.3.7.

#### **4.4 Disclosure of Historic Supply Meter Point Asset and Read Information (Annex M-2)**

- 4.4.1 Where in respect of any Supply Point, the CDSP is requested by the Registered User to disclose such historic Supply Meter Point Asset and Read data (the information detailed in Annex M-2 “**Historic Supply Meter Point Asset and Read information**”) then the Registered User of such Supply Points agree that any such request will be regarded as made on behalf of such Registered User and accordingly the CDSP is (pursuant to the DSC) authorised to disclose such Information in accordance with such request.
- 4.4.2 Upon a request by any Registered User, the CDSP shall as soon as reasonably practicable provide the Registered User with the details specified in paragraph Annex M-2 in respect of each Supply Point (other than an NTS Supply Point) for which the User is the Registered User (relevant Supply Point) at the date on which the CDSP is in receipt of the User’s Request.
- 4.4.3 For the purposes of paragraph M4.4.1 and M4.4.2 the period of data provisions is three (3) years historical data.

### **5 METER READINGS**

#### **5.1 General**

- 5.1.1 Meter Readings are required to be obtained and, save, in the case of Class 1 Supply Meters, obtained by the CDSP itself, submitted to the CDSP:
- (a) from Class 1 and 2 Supply Meters, for purposes including:
    - (i) determining the UDQO of the relevant Supply Point; and
    - (ii) the determination of Annual Quantities under Section H3;
  - (b) from Class 3 and 4 Supply Meters, for the purposes of:
    - (i) Offtake Reconciliation under Section E6; and
    - (ii) the determination of Annual Quantities under Section H3.
- 5.1.2 Meter Readings are required to be obtained:
- (a) on a daily or cyclic basis, in accordance with paragraphs 5.6 to 5.9;
  - (b) by the Transporter, where Valid Meter Readings have not been submitted for a period, in accordance with paragraph 5.10;
  - (c) periodically, as Check Reads, where required under paragraph 5.12;
  - (d) as Opening Meter Readings in accordance with paragraph 5.13;
  - (e) in the circumstances provided in paragraph 5.14;
  - (f) in any other circumstance provided in the Code;
- but (in the case of Class 1 and 2 Supply Meters) the requirements to obtain Meter

Readings referred to in paragraphs (d), (e) or (f) are without prejudice to the requirement referred to in paragraph (b).

- 5.1.3 The CDSP and the Transporter are responsible for obtaining Meter Readings from Datalogged and Telemetered Class 1 Supply Meters respectively in accordance with paragraph 5.15.
- 5.1.4 Users are responsible for obtaining and submitting Meter Readings from Class 2, 3 and 4 Supply Meters; and are required to make appropriate arrangements for obtaining such Meter Readings consistent with the applicable requirements of this paragraph 5.
- 5.1.5 Without prejudice to any other provision of this Section M, an On-Site Meter Read in respect of a Class 2, 3 or 4 Supply Meter may be undertaken by any person (including the owner or occupier of the Supply Point Premises) authorised for that purposes by the Registered User.
- 5.1.6 Except as otherwise provided in this Section M, the CDSP will accept Meter Readings submitted to it in accordance with this paragraph 5, and for the purposes of paragraph 5.1.1, provided that the CDSP will not accept a Meter Reading which is not a Valid Meter Reading.
- 5.1.7 Upon the obtaining (in the case of a Datalogged Class 1 Supply Meter) or submission (in any other case) of a Valid Meter Reading in respect of any Supply Meter, the CDSP will calculate the Metered Volume and (pursuant to Offtake Reconciliation, where applicable) the Metered Quantity.
- 5.1.8 The CDSP will maintain records of Valid Meter Readings obtained by or submitted to it, in such form and for such time (but not in any event exceeding 5 years) as shall be requisite for the purposes of paragraph 5.1.7.

## **5.2 Validity of Meter Readings**

- 5.2.1 A Meter Reading and the relevant Meter Read is “**Valid**” where the following conditions are satisfied and not otherwise:
  - (a) the Meter Read is eligible in accordance with paragraph 1.5.2(c);
  - (b) the Meter Reading has been Validated in accordance with paragraph 5.3;
  - (c) the requirements of paragraph 1.5.2(a) (where applicable) are complied with;
  - (d) in the case of a Class 2, 3 or 4 Supply Meter, the Meter Reading and the details required pursuant to paragraph 5.2.2 are submitted to the CDSP in accordance with that paragraph; and the details provided pursuant to paragraph 5.5.2 are consistent with the equivalent Meter Information appearing in the Supply Point Register; and
  - (e) any other requirement specified in this Section M as to the form, content, submission or validity of the Meter Reading is satisfied.
- 5.2.2 For the avoidance of doubt, except in the case of a Proposing User Estimate, and without prejudice to paragraph 2.4.4(b), a User may not submit an estimate (of the reading of an index, or otherwise) as a Meter Reading.

- 5.2.3 A Meter Reading submitted to the CDSP after the 10<sup>th</sup> Day of a month is not Valid where the Meter Reading has a Read Date which is earlier than the Read Date of a Valid Meter Reading submitted on or before the 10<sup>th</sup> Day of that month.
- 5.2.4 A Proposing User Reading or a Meter Reading obtained or submitted pursuant to paragraph 5.10 shall not be Valid where the Read Date is the Supply Point Registration Date for the Supply Point in which the relevant Supply Meter is comprised.

### 5.3 Validation of Meter Readings

- 5.3.1 Meter Readings are required (for the purposes of the Code) to be subjected to validation.
- 5.3.2 For the purposes of this Section M:
- (a) “**validation**” means the testing, by tolerance checking in accordance with and for the purposes described in the Uniform Network Code Validation Rules (as applicable in respect of the relevant Supply Meter and Meter Reading), of the validity of the Meter Reading;
  - (b) a Meter Reading is “**Validated**” where it has been subjected to validation and (pursuant to such validation) is treated as valid, and not otherwise.
- 5.3.3 The “**Uniform Network Code Validation Rules**” (or “**Validation Rules**”) are the rules and procedures contained in the document issued by the Transporters and so entitled and governed and amended in accordance with Section V12 unless the Authority shall upon application by any User made within one month after such notice, give Condition A11(18) Disapproval to the Transporters making any amendment in accordance with the provisions of Section V12.
- 5.3.4 The Validation Rules will provide:
- (a) a tolerance band outside of which a Meter Reading (other than specified in the Validation Rules) will not be treated as valid unless the Registered User specifically notifies the CDSP that the User is satisfied that the Meter Reading is valid notwithstanding it is outside such tolerance band;
  - (b) a wider tolerance band outside of which a Meter Reading will not be treated as valid (with no opportunity for the Registered User to notify the CDSP as provided in paragraph (a));
  - (c) that a Meter Reading will be treated as not valid, if the User gives notification as provided in paragraph (a) but the CDSP’s validation determines that the Meter Reading is not outside the relevant tolerance band referred to in paragraph (a).
- 5.3.5 Validation of a Meter Reading shall be carried out:
- (a) in relation to a Datalogged Class 1 Supply Meter by the CDSP;
  - (b) in relation to a Telemetered Class 1 Supply Meter by the Transporter;
  - (c) in relation to a Class 2, 3 or 4 Supply Meter:
    - (i) by the Registered User; and

- (ii) as a check on the User's validation, by the CDSP.

5.3.6 The Estimated Consumption pursuant to a Consumption Adjustment is required to be subjected to validation, as and to the extent provided in the Validation Rules (and to that extent this paragraph 5.3 shall apply in relation to Estimated Consumptions as well as Meter Readings); and for the purposes of the provisions of the Code relating to Consumption Adjustments:

- (a) references to the use of Estimated Consumption are to Estimated Consumption which has been Validated;
- (b) where an Estimated Consumption is not Validated the Party making the Consumption Adjustment shall determine and submit a revised Estimated Consumption.

#### **5.4 Estimated Reads**

5.4.1 Where, in relation to a Class 1 or 2 Supply Meter (and irrespective, in the case of a Supply Meter Point comprised in an Interruptible Supply Point, of whether Interruption was required on the Day or the same Day in the preceding week), the Code requires an estimated Metered Volume for a Day, the Metered Volume shall be estimated as:

- (a) subject to paragraph (b), the Metered Volume (including an estimate under this paragraph (a)) for that Supply Meter for the same Day in the immediately preceding week;
- (b) where no such Metered Volume or estimate is available, as the Annual Quantity for the Supply Meter Point, divided by 365, and converted to volume by dividing by the applicable calorific value.

5.4.2 Where, in relation to a Class 3 or 4 Supply Meter, the Code requires an estimated Metered Volume for any period, the Metered Volume shall (unless otherwise provided) be estimated by converting the NDM Supply Meter Point Demand (in accordance with Section H2.1) for each Day in the period to volume (by dividing by the applicable Calorific Value for the Day), and aggregating those volumes for each such Day;

5.4.3 Where, in relation to any Supply Meter, the Code requires an estimated Meter Reading, the Meter Reading shall be estimated to be that Meter Reading which would result in the Metered Volume estimated under paragraph 5.4.1 or 5.4.2.

5.4.4 Estimates under paragraph 5.4.1, 5.4.2 and 5.4.3 shall be determined by the CDSP (except as provided in paragraph 2.4.4(b)).

5.4.5 Where on 1 April in any Formula Year (t):

- (a) a Valid Meter Reading has not been submitted for a Supply Meter for a Read Date; and
- (b) the CDSP has not determined an estimated Meter Reading in accordance with paragraph 5.4.6 for a Read Date,

in the period from (and including) 1 April in Formula Year (t – 6) paragraph 5.4.6 shall apply.

5.4.6 Where this paragraph applies the CDSP shall determine an estimated Meter Reading for the Supply Meter for a Read Date of 1 April in Formula Year (t – 3) in accordance with paragraph 5.4.1(b) or 5.4.2 for which purposes:

- (a) where a Valid Meter Reading was submitted for a Read Date in Formula Year (t-7) the estimate shall be made in respect of the period from the Read Date of the last such Valid Meter Reading to 1 April in Formula Year (t-3);
- (b) where no such Valid Meter Reading was submitted for a Read Date in Formula Year (t-7) the estimated Meter Reading shall be zero.

5.4.7 Where the CDSP determines an estimate in relation to a Supply Meter under this paragraph 5.4 for a Day, the CDSP will notify the estimate to the Registered User not later than 2 Days after determining the estimate (unless the Code otherwise provides).

## **5.5 Provision of Meter Readings**

5.5.1 Meter Readings for Class 1 Supply Meters will be obtained by the CDSP or the Transporter by the means specified in paragraphs 6 and 7 as applicable and provided to the Registered User in the form described in the UK Link Manual.

5.5.2 Meter Readings for Class 2, 3 and 4 Supply Meters are required to be submitted to the CDSP by way of UK Link Communication by the means and in the form described in the UK Link Manual, and accompanied by the details specified in the UK Link Manual (and references in the Code to the submission of Meter Readings are to submission in compliance with the requirements of this paragraph 5.5.2).

5.5.3 For the purposes of paragraph 5.5.2, where a converter is installed at a Supply Meter all readings comprised (in accordance with paragraph 1.5.2(a)) in the Meter Reading are required to be submitted to the CDSP.

## **5.6 Cyclic Reading: Class 1 Supply Meters**

5.6.1 For each Class 1 Supply Meter a Valid Daily Meter Reading shall be obtained every Day (D) and provided by the CDSP to the Registered User by the Exit Close-out Date or such earlier time as may be provided for by the DSC (and in the case of a Daily Meter Reading of a Telemetered Class 1 Supply Meter Point shall be obtained by the Transporter and provided to the CDSP in time to facilitate such onward provision by the CDSP).

5.6.2 If a Valid Daily Meter Reading is not obtained as required by paragraph 5.6.1, an estimated Meter Reading (in accordance with paragraph 5.4) shall be provided to the Registered User, subject to paragraph 5.6.3.

5.6.3 Where a Meter Reading has been estimated under paragraph 5.6.2 for a Day for a Class 1 Supply Meter, a Valid Daily Meter Reading obtained no later than the Exit Close-out Date will replace the estimated Meter Reading for the Day.

5.6.4 The further provisions of paragraphs 6 and 7 apply in relation to Class 1 Supply Meters.

## **5.7 Cyclic Reading: Class 2 Supply Meters**

5.7.1 For each Class 2 Supply Meter:

- (a) a Valid Daily Meter Reading shall be obtained every Day (D);
  - (b) the Daily Meter Reading shall be submitted to the CDSP no later than the end of Day D+1;
- 5.7.2 If a Valid Daily Meter Reading is not submitted by the time required in paragraph 5.7.1(a), an estimated Meter Reading (in accordance with paragraph 5.4) shall be used, subject to paragraph 5.7.3.
- 5.7.3 Where a Meter Reading has been estimated under paragraph 5.7.2 for a Day for a Class 2 Supply Meter, a Valid Daily Meter Reading may be submitted no later than the Exit Close-out Date and such Daily Meter Reading will replace the estimated Meter Reading for the Day.
- 5.7.4 Each User shall secure that the requirement in paragraph 5.7.1 is complied with in respect of at least 97.5% of Relevant Class 2 Supply Meters every Day and the CDSP shall notify each User of its performance in such respect.

## **5.8 Cyclic Reading: Class 3 Supply Meters**

### 5.8.1 In relation to each Class 3 Supply Meter:

- (a) a **“Batch Period”** is a period of 7 Days (provided a Batch Period may have a shorter duration);
- (b) a **“Batch Submission”** is the submission by a User of Daily Meter Readings as a batch for each Day in a Batch Period (provided that the omission of a Daily Meter Reading for any Day in the Batch Period shall not invalidate the Batch Submission).

### 5.8.2 In relation to a Class 3 Supply Meter:

- (a) a valid Daily Meter Reading shall be obtained for each Day (D);
- (b) the Daily Meter Reading shall be submitted to the CDSP by no later than the end of Day D+10 and the CDSP will not accept any Daily Meter Reading which is submitted after such date;
- (c) each Registered User shall ensure 100% of Daily Meter Readings obtained for Class 3 Supply Meters are submitted by D+10 in accordance with paragraph (b);
- (d) Daily Meter Readings may be submitted for each Day in a Batch Period by way of a Batch Submission, but a User is not required to submit Daily Meter Readings by Batch Submission;
- (e) where the Read Date falls within calendar month M a Meter Reading will not be Valid unless the Meter Reading is (irrespective of whether or not submitted by Batch Submission) submitted by the 10<sup>th</sup> Day of month M+1; and
- (f) whether or not a User submits Daily Meter Readings by Batch Submission, the CDSP will batch together Meter Readings for Batch Periods for the purposes of the application of the rules and procedures referred to in paragraph 5.8.3(a).

### 5.8.3 In relation to Smaller Supply Meter Points not all Meter Readings shall be subject to a

check on validation by the CDSP and the Validation Rules:

- (a) shall include the rules and procedures for determining which Meter Readings in each Batch Period shall be subject to a check on validation by the CDSP to determine if the Meter Reading is Valid;
- (b) shall provide that at least one Daily Meter Reading in each Batch Period is subject to a check on validation by the CDSP;
- (c) set out the basis of which other Meter Readings included in the same Batch Period and which are not subject to a check on validation by the CDSP shall be treated as valid and therefore comprise Meter Readings which should be taken into account for the purposes only of measuring the User's performance under paragraph 5.8.5.

5.8.4 For the purposes of paragraph 5.8.3:

- (a) in respect of each calendar month the User may notify the CDSP of a single date (“**specified date**”) in the calendar month in respect of which it requires the CDSP to check on validation of any Meter Reading submitted by it for which the Read Date is the specified date to determine if the Meter Reading is Valid;
- (b) the CDSP will check on validation of all relevant Meter Readings for all Smaller Supply Meter Points comprised in Supply Points in respect of which the User was the Registered User on the specified date.

5.8.5 Each User shall secure that, in each calendar month,  $(\Sigma_D ND / \Sigma_D MD)$  is not less than 0.9, where

$\Sigma_D$  is the sum over all Days in the month,

and where for each such Day

$N_D$  is the number of Relevant Class 3 Supply Meters for which the requirements in paragraph 5.8.2 are complied with;

$M_D$  is the number of Relevant Class 3 Supply Meters

and the CDSP shall notify each User of its performance in such respect.

5.8.6 Each Valid Meter Reading in respect of a Class 3 Supply Meter shall give rise to an Offtake Reconciliation for the purposes of which:

- (a) the Reconciliation Metered Period shall be the Meter Reading Period, which for the avoidance of doubt is determined by reference to the Read Date of the preceding Valid Meter Reading;
- (b) the Reconciliation Metered Volume shall be the Metered Volume for such Meter Reading Period.

5.8.7 The submission of a Meter Reading for a Class 3 Supply Meter in relation to a Batch Period which is not a Valid Meter Reading shall not give rise to an Offtake Reconciliation.

## 5.9 Cyclic Reading: Class 4, Smart or Advanced Supply Meters

5.9.1 For the purposes of this Section M:

- (a) the “**Meter Read Frequency**” in respect of a Class 4, Smart or Advanced Supply Meter is the expected frequency of Meter Reads for the purposes of the Code;
- (b) the Meter Read Frequency of a Class 4 Supply Meter (a “**Monthly Read Meter**”) is monthly where:
  - (i) it is installed at a Supply Meter Point comprised in a Supply Point whose Annual Quantity is not less than 293,000 kWh (*10,000 therms*); or
  - (ii) the Registered User has so elected by way of a Base Registration Nomination or Supply Point Amendment;
- (c) the Meter Read Frequency of a Class 4, Smart or Advanced Supply Meter other than a Monthly Read Meter (an “**Annual Read Meter**”) is annual;
- (d) notwithstanding the above, where the Supply Meter Installation at a Supply Meter Point has or is comprised of a Smart or Advanced Meter, the Meter Read Frequency shall be no greater than monthly in any case and the Shipper User shall take all reasonable steps to obtain and submit a Valid Meter Reading at least once per month.
- (e) in this paragraph Advanced Meter shall have the same construction as that set out in Standard Condition 12.22 of the Gas Suppliers Licence;
- (f) a Class 4 Supply Meter Point is a:
  - (i) “**Group 1**” Supply Meter Point where:
    - (1) the Supply Meter is a Monthly Read Meter; and
    - (2) the Annual Quantity is equal to or greater than 293,000 kWh (*10,000 therms*);
  - (ii) “**Group 2**” Supply Meter Point where:
    - (1) the installed Supply Meter is a relevant Smart Meter or an Advanced Meter;
    - (2) the Supply Meter is a Monthly Read Meter; and
    - (3) the Annual Quantity is less than 293,000 kWh (*10,000 therms*);
  - (iii) “**Group 3**” Supply Meter Point where:
    - (1) the installed Supply Meter is neither a Smart Meter or an Advanced Meter;
    - (2) the Supply Meter is an Annual Read Meter; and

- (3) the Annual Quantity is less than 293,000 kWh (*10,000 therms*);
- (g) a Smart Meter and an Advanced Meter are “**relevant**” for the purposes of paragraph (f)(ii) if:
  - (i) the Supply Meter is:
    - (1) not part of a Supply Metering System;
    - (2) is part of a Supply Metering System which is designated as ‘SMETS1’;
 and the Supply Meter was installed by the Registered User;
  - (ii) the Supply Meter is part of a Supply Metering System which is designated as ‘SMETS2’;
  - (iii) details of the Supply Meter have been disclosed by the CDSP to the Data Communications Company in accordance with Section V5.17.

5.9.2 A Meter Reading in respect of a Class 4, Smart or Advanced Supply Meter is not Valid unless the Read Date is:

- (a) in the case of a Monthly Read Meter, not less than 7 Days;
- (b) in the case of an Annual Read Meter at a Larger Supply Meter Point, not less than 14 Days,
- (c) in the case of an Annual Read Meter at a Smaller Supply Meter Point, not less than 25 Days,
- (d) after the Read Date of the preceding Valid Meter Read;

5.9.3 Each User shall use best endeavours to comply with the requirements in paragraph 5.9.4.

5.9.4 The requirement referred to in paragraph 5.9.3 is that, of the Valid Meter Readings obtained by a User pursuant to paragraphs 5.9.7 to 5.9.12 in respect of Relevant Class 4 Supply Meters on any particular Day:

- (a) not less than 50% are submitted by the 10th Supply Point Systems Business Day after the Read Date;
- (b) not less than 100% are submitted by the 25th Supply Point Systems Business Day after the Read Date

and the CDSP shall notify each User of its performance in such respect.

5.9.5 Subject to paragraph 5.9.6, the CDSP will not accept any Meter Readings in respect of which the requirement in paragraph 5.9.4(b) is not complied with.

5.9.6 Where in relation to a Supply Meter a Meter Information Notification is outstanding at the Read Date or is submitted not later than the 10th Supply Point Systems Business Day after the Read Date, paragraph 5.9.5 shall not apply upon the submission or resubmission, following resolution of the Meter Information Notification, of a Meter

Reading in respect of such Supply Meter.

5.9.7 Each User shall secure, in relation to Monthly Read Meters, that a Valid Meter Reading is obtained:

- (a) for each Relevant Monthly Read Meter, not less frequently than once every 4 calendar months;
- (b) in each calendar month, and in compliance with paragraph 5.9.8, for not less than 90% of the number of Monthly Read Meters which are Relevant Supply Meters for the whole of the month

and the CDSP shall notify each User of its performance in such respect.

5.9.8 For the purposes of paragraph 5.9.7(b) the Read Date in respect of a Monthly Read Meter is required to be not more than 37 Days (or in the month of January 44 Days) after the Read Date of the preceding Meter Read under paragraph 5.9.7.

5.9.9 Each User shall secure, in relation to Annual Read Meters, that a Valid Meter Reading is obtained and provided to the CDSP at least once in every 12 month period for each Annual Read Meter where the Supply Point has been in the Registered User's ownership for more than 12 months.

5.9.10 Where the Supply Point for the Annual Read Meter has been in the Registered User's ownership for less than 12 months, the User shall use its reasonable endeavours to secure that a Valid Meter Reading is obtained and provided to the CDSP at least once in the first 12 month period of ownership.

5.9.11 Where the Supply Point for the Annual Read Meter has been in the Registered User's ownership for less than 12 months and, despite reasonable endeavours, it has not been possible to provide a Valid Meter Reading within the first 12 months of ownership in accordance with paragraph 5.9.10, the User shall secure that a Valid Meter Reading is obtained and provided to the CDSP at least once in the first 24 months of ownership.

5.9.12 In respect of a New Supply Meter Point the Read Date of the first Meter Reading obtained pursuant to paragraph 5.9.9 to 5.9.11 (inclusive) shall be not less than 1 nor more than 12 months after the First Supply Point Registration Date.

5.9.13 The CDSP shall notify each User of its performance under paragraphs 5.9.9 to 5.9.12 (inclusive).

5.9.14 For the avoidance of doubt, the provisions set out in paragraphs 5.9.9 to 5.9.12 (inclusive) also apply to Pre-payment Meters.

5.9.15 Each Valid Meter Read in respect of a Class 4 Supply Meter shall give rise to an Offtake Reconciliation for the purposes of which:

- (a) the Reconciliation Metered Period shall be the Meter Reading Period;
- (b) the Reconciliation Metered Volume shall be the Metered Volume.

5.9.16 In respect of a Supply Point with an Annual Quantity greater than 293,000 kWh **“Winter Consumption Data”** means data which is required by the CDSP to enable it to determine the quantity of gas which is offtaken from the Total System at the Supply

Meter Point in the period December to March in a Gas Year.

5.9.17 Where the Registered User of a Supply Point with an Annual Quantity greater than 293,000 kWh is notified by the CDSP in May in a Gas Year that Winter Consumption Data is not available in respect of the Supply Meter, the Registered User shall take all reasonable steps to, no earlier than 14 Supply Point Systems Business Days prior to 1 September in a year and no later than 15 Supply Point Systems Business Days prior to 1 October in that year, send to the CDSP Winter Consumption Data for the Supply Meter. The CDSP shall use such data for the purposes of determining the End User Category for the NDM Supply Point in which the Supply Meter is comprised in accordance with Section H.

5.9.18 For the purposes of paragraph 5.9.19:

(a) **“Target Monthly AQ Read Percentage”** and **“Target Annual AQ Read Percentage”** are the percentages expressed as such and set out in the Performance Assurance Report Registers (as updated from time to time);

(b) a User’s **“Actual Monthly AQ Read Percentage”** in respect of a calendar month (M) is calculated as follows:

$$(MMR / TAQM) * 100$$

where:

MMR is the sum of the Annual Quantity for each relevant monthly Supply Meter Point in respect of which the User submitted a Valid Meter Reading to the CDSP during calendar month M and M+1;

TAQM is the sum of the Annual Quantity for each Supply Meter Point which for all Days in the calendar month is:

- (1) a Monthly Read Meter; and
- (2) comprised in a Supply Point in respect of which the User is the Registered User

(**“relevant monthly”** Supply Meter Point);

(c) a User’s **“Actual Annual AQ Read Percentage”** in respect of a calendar month (M) is calculated as follows:

$$(AMR / TAQA) * 100$$

where:

AMR is the sum of the Annual Quantity for each relevant annual Supply Meter Point in respect of which the User submitted a Valid Meter Reading to the CDSP during the twelve month period ending on the last day of calendar month (M) (**“relevant 12 months”**);

TAQA is the sum of the Annual Quantity for each Supply Meter Point which:

- (1) is an Annual Read Meter in relation to calendar month M; and

- (2) is for all Days in the relevant 12 months comprised in a Supply Point in respect of which the User is the Registered User

(“**relevant annual**” Supply Meter Point).

5.9.19 Without prejudice to the preceding requirements of this Clause 5.9, each User shall secure that:

- (a) in respect of each calendar month, the User’s Actual Monthly AQ Read Percentage is not less than the Target Monthly AQ Read Percentage for such calendar month for both:
- (i) Supply Meter Points which are in Group 1; and
  - (ii) Supply Meter Points which are in Group 2;
- (b) in respect of each calendar month, the User’s Actual Annual AQ Read Percentage is not less than the Target Annual AQ Read Percentage for the relevant 12 months for Supply Meter Points which are in Group 3

and the CDSP shall notify all Users of each User’s performance in such respect in relation to each calendar month.

5.9.20 For the purposes of paragraph 5.9.19 and determining whether a Supply Meter Point is in Group 1, Group 2 or Group 3:

- (a) the Annual Quantity shall be the Annual Quantity prevailing on the first day of the calendar month or (as the case may be) the first day of the relevant 12 month period;
- (b) a Smart Meter or an Advanced Meter will only be treated as installed where such meter is installed and operational for all days in a calendar month.

5.9.21 Where the Meter Read Frequency of a Supply Meter changes during a calendar month no account shall be taken of the Annual Quantity of the Supply Meter Point for such month for the purposes of paragraphs 5.9.18 and 5.9.19.

## **5.10 Failure to obtain readings**

5.10.1 Subject to paragraphs 5.10.5 and 5.10.6, paragraph 5.10.2 shall apply in relation to a Class 2, 3 or 4 Supply Meter where, at the end of any calendar month, a Valid Meter Reading has not been submitted with a Read Date within:

- (a) except as provided in paragraph (b), the preceding 4 months;
- (b) in the case of a Class 4 Annual Read Supply Meter, the preceding 24 months.

5.10.2 Where this paragraph 5.10.2 applies in relation to a Supply Meter the CDSP will notify the Transporter and the User and:

- (a) the Transporter will, unless it appears to the Transporter (in its sole discretion) that the circumstances are such that it would be inappropriate to do so, use reasonable endeavours to obtain a Meter Reading from such Meter; and

- (b) the User shall, irrespective of whether the User remains the Registered User of the relevant Supply Point, pay (in accordance with Section S) to the Transporter a charge in accordance with the Transporter's Metering Charging Statement.
- 5.10.3 The Transporter will not initiate a Meter Read pursuant to paragraph 5.10.1 for a Read Date earlier than:
- (a) the 10<sup>th</sup> Supply Point Systems Business Day of the calendar month (the “**following month**”) following the month referred to in that paragraph; or
- (b) the 80<sup>th</sup> Supply Point Systems Business Day following the date upon which the Transporter has notified the User in accordance with paragraph 4.2.12 of incorrect Meter information in respect of such Monthly Read Meter or (as the case may be) Annual Read Meter.
- 5.10.4 Where the Transporter has initiated a Meter Read pursuant to paragraph 5.10.2, and (before such Meter Read takes place) the User subsequently submits a Valid Meter Reading in respect of the relevant Supply Meter, the Transporter will endeavour to cancel the Meter Read, but the User will be liable to make payment pursuant to paragraph 5.10.2(b) irrespective of whether such Meter Read is so cancelled.
- 5.10.5 Where not less than 10 Supply Point Systems Business Days before the beginning of the following month the User has submitted a Meter Information Notification in respect of the relevant Supply Meter, paragraph 5.10.1 shall not apply until the expiry of a period of 10 Supply Point Systems Business Days after the Meter Information Notification ceases to be outstanding.
- 5.10.6 If:
- (a) before the Transporter has initiated a Meter Read pursuant to paragraph 5.10.1, the User notifies the Transporter (by Conventional Notice) that the User is taking steps to obtain a Meter Reading in respect of the relevant Supply Meter, specifying the expected date of the Meter Read;
- (b) not later than the 10<sup>th</sup> Supply Point Systems Business Day of the following month the User provides to the Transporter a copy of a warrant (granted under the Rights of Entry (Gas and Electricity Boards) Act 1954, as amended) authorising entry to the relevant premises, or a copy of an application for such a warrant, or demonstrates to the Transporter's reasonable satisfaction that a Meter Reading can be obtained without such a warrant; and
- (c) a Valid Meter Reading is submitted to the Transporter in respect of the relevant Supply Meter not later than the 20<sup>th</sup> Supply Point Systems Business Day after the start of the following month
- then paragraph 5.10.1 shall not apply.
- 5.10.7 Each Valid Meter Read obtained by the Transporter and submitted to the CDSP under this paragraph 5.10 in respect of a Class 2, 3 or 4 Supply Meter shall be notified to the Registered User by the CDSP and shall give rise to an Offtake Reconciliation for the purposes of which:
- (a) the Reconciliation Metered Period shall be the Meter Reading Period;

(b) the Reconciliation Metered Volume shall be the Metered Volume.

5.10.8 Where a User materially or persistently fails to comply with the requirement in paragraph 5.9.7(b) or 5.9.9 – 5.9.12 the CDSP shall notify the User and the Transporter, and the Transporter may require the User:

- (a) to submit to the Transporter an explanation for the User's failure to comply together with a proposal to remedy such non-compliance;
- (b) to implement the User's proposal under paragraph (a) as modified after discussion with the Transporter;
- (c) if and for so long as the User fails to comply with paragraphs (a) and (b), to agree to a scheme under which the Transporter will (at the User's expense on the same basis as under paragraph 5.10.2(b) obtain sufficient Meter Readings from time to time each month to remedy the User's failure to comply with paragraph 5.9.7(b) or 5.9.9 – 5.9.12.

### **5.11 Class 1 and 2 Supply Meters - Failure to obtain meter readings by Exit Close-out**

5.11.1 Where for any Day (a “**Failed Daily Read Day**”) a Valid Daily Meter Reading in respect of a Class 1 or 2 Supply Meter is not obtained by the Exit Close-Out Date:

- (a) an estimated Metered Volume for the Failed Daily Read Day shall (in accordance with paragraph 5.6.2 or 5.7.2) be used;
- (b) there will be a subsequent Offtake Reconciliation in accordance with paragraph 5.11.3.

5.11.2 Where a Day is a Failed Daily Read Day, except in the circumstances in paragraph 5.11.4(a), irrespective of the Metered Quantity derived from the assumed Metered Volume determined under paragraph 5.11.1, the Day shall not be a Ratchet Day (in accordance with Section B4.7).

5.11.3 After a period of one or more consecutive Failed Daily Read Days, upon:

- (a) in the case of a Class 1 Supply Meter, the restoration of operation of the Daily Read Equipment and obtaining of Valid Meter Readings, or
- (b) in the case of a Class 2 Supply Meter, the submission of Valid Meter Readings by the User (except where paragraph 1.9 applies),
- (c) Offtake Reconciliation(s) will be carried out.

5.11.4 For the purposes of such Offtake Reconciliation(s) it is acknowledged that:

- (a) where Meter Readings for each such Day were captured but not transmitted, a Valid Meter Reading will be available for each such Day;
- (b) where Meter Readings for any such Day(s) were not captured, Valid Meter Readings will be not be available for such Days (and the next Valid Meter Reading will be for the first Day following such period);
- (c) there will be an Offtake Reconciliation in respect of each Valid Meter Reading

under paragraph (a) or (b) as the case may be.

5.11.5 For the purposes of each such Offtake Reconciliation:

- (a) the Reconciliation Metered Period shall be the Meter Reading Period in respect of the relevant Valid Meter Reading;
- (b) the Reconciliation Metered Volume shall be determined accordingly.

## 5.12 Check Reads

5.12.1 This paragraph 5.12 applies in respect of each Class 1 Supply Meter (at which Daily Read Equipment is installed), and each Class 2, 3 or 4 Supply Meter at which Remote Meter Reading Equipment is installed, except where the Daily Read Equipment or Remote Meter Reading Equipment provides a direct (rather than a derived) reading of the relevant index and where applicable corrector of the Supply Meter (each such Supply Meter a “**relevant**” Supply Meter).

5.12.2 For the purposes of the Code a “**Check Read**” is a Valid On-Site Meter Read carried out in respect of a relevant Supply Meter.

5.12.3 In relation to each relevant Supply Meter:

- (a) the CDSP, in the case of a Datalogged Class 1 Supply Meter or the Transporter in the case of a Telemetered Class 1 Supply Meter, and
- (b) the Registered User, in the case of a Class 2, 3 or 4 Supply Meter,

shall arrange that a Check Read is carried out (and where not carried out by the CDSP itself submitted to it) with a Read Date which is not more than:

- (i) in the case of Supply Meter other than an Annual Read Meter, 12 months;
- (ii) in the case of an Annual Read Meter, 24 months

after the Read Date of the most recent On-Site Meter Read and the CDSP shall, not later than one (1) month prior to the last date on which a Check Read is next required to be submitted in accordance with this paragraph 5.12.3, notify the Registered User of the relevant Supply Point of such date; and the CDSP shall also notify the Registered User where a Check Read is not submitted within three (3) months of such date together with details of the relevant Supply Meter.

5.12.4 Where a Check Read is carried out on a Day in relation to a relevant Supply Meter under paragraph 5.12.3:

- (a) the Transporter shall, in the case of a Telemetered Class 1 Supply Meter, submit the Meter Reading no later than the Exit Close-out Date;
- (b) the User shall:
  - (i) in the case of a Class 2 Supply Meter, submit the Meter Reading no later than the Exit Close-out Date;

- (ii) in the case of a Class 3 or 4 Supply Meter, submit the Meter Reading not later than the 10<sup>th</sup> Day of the following month.

5.12.5 Nothing prevents the CDSP, Transporter or Registered User (as the case may be) from carrying out Check Reads more frequently than is required under paragraph 5.12.3.

5.12.6 In the case of a Class 1 Supply Meter, the Registered User shall use best endeavours to secure that the CDSP or Transporter as appropriate is given such access to the Supply Point Premises and the Supply Meter as it reasonably requires to carry out a Check Read.

5.12.7 Each Check Read shall give rise to an Offtake Reconciliation for the purposes of which:

- (a) the Reconciliation Metered Period shall be the period to the Read Date of the Check Read from the Read Date of the preceding Check Read;
- (b) the Reconciliation Metered Volume shall be determined by reference to the Check Read and the preceding Check Read.

5.12.8 Where a Check Read is carried out, the User, CDSP or Transporter (as the case may be) shall ensure that the Remote Meter Reading Equipment or Daily Read Equipment is resynchronised with the index (and converter, where applicable) of the Supply Meter.

5.12.9 The User shall provide 5 Day’s notice to the CDSP of its intention to arrange a Check Read in relation to a Class 2 Supply Meter Point.

5.12.10 A Check Read may not be used as an Opening Meter Reading or be used by the CDSP for the purposes of estimating an Opening Meter Reading in accordance with paragraph 5.13.

### **5.13 Opening Meter Readings**

5.13.1 Where:

- (a) a Supply Point Registration is Confirmed (including where there is no change of Shipper);
- (b) in relation to a CSS Supply Point, the CDSP receives a valid Relevant CSS Request;

this paragraph 5.13 shall apply in respect of the Supply Meter installed at the Supply Meter Point comprised in the relevant Supply Point.

5.13.2 The Proposing User, in the case of a Class 2, 3 or 4 Supply Meter, the CDSP in the case of a Datalogged Class 1 Supply Meter and the Transporter in the case of a Telemetered Class 1 Supply Meter, shall secure that a Valid Meter Reading (an “**Opening Meter Reading**”) is:

- (a) obtained for a Read Date which satisfies the requirement in paragraph 5.13.3; and
- (b) in the case of a Meter Reading from a Telemetered Class 1 Supply Meter or a Class 2, 3 or 4 Supply Meter submitted (as an Opening Meter Reading) to the CDSP,

by the required time required under paragraph 5.13.4 from the Supply Meter referred to in paragraph 5.13.1, but in the case of a Class 1 or Class 2 Supply Meter, the Meter Reading obtained under paragraphs 5.6 or 5.7 will satisfy this requirement.

5.13.3 For the purposes of paragraph 5.13.2 the Meter Reading must be submitted to, or in the case of a Datalogged Class 1 Supply Meter Point, obtained by, the CDSP by not later than:

- (a) where the Supply Meter Point is or (following the Supply Point Confirmation) will be in Class 1 or Class 2, 16:00 hours on the 5<sup>th</sup> Day after the Supply Point Registration Date;
- (b) except as provided in paragraph (a), 16:00 hours on the 10<sup>th</sup> Business Day after the Supply Point Registration Date.

5.13.4 Where in relation to a Class 3 or 4 Supply Meter Point and prior to:

- (a) the Registered User submitting:
  - (i) an Opening Meter Reading in accordance with paragraph 5.13.2;
  - (ii) a Meter Reading for which the Read Date is the Supply Point Registration Date at the time of submitting information to the CDSP pursuant to paragraph 4; or
- (b) the CDSP estimating an Opening Meter Reading in accordance with paragraph 5.13.7(b)

any of the events referred to in paragraph 5.13.5 occur where the Read Date for the Valid Meter Reading submitted or derived thereunder is:

- (c) the date for which the Opening Meter Reading is outstanding, the CDSP will use such Valid Meter Reading as the Opening Meter Reading;
- (d) a date later than the date for which the Opening Meter Reading is outstanding, the CDSP will estimate a Meter Reading to be used as the Opening Meter Reading in accordance with paragraph 5.13.7(b) (by reference to such Meter Reading and the NDM Supply Meter Point Demand),

and the Registered User will no longer be permitted to submit its own Opening Meter Reading.

5.13.5 The events referred to in paragraph 5.13.4 are:

- (a) provided the Read Date is, in the case of a Class 3 or 4 Supply Meter, not the Supply Point Registration Date, where the Registered User submits a Valid Meter Reading which is not an Opening Meter Reading;
- (b) a User (not being the Registered User) submits a Valid Meter Reading for a Read Date on which it was the Registered User;
- (c) a User who subsequently becomes the Registered User submits a Valid Meter Reading;
- (d) the CDSP is required to derive a Valid Meter Reading (including for a date

other than the Supply Point Registration Date) to give effect to:

- (i) information provided to it by a Relevant User (other than a Relevant User as defined in paragraph 4.1.5(j)(iii)) pursuant to paragraph 4;
  - (ii) other information provided to it by the Registered User;
- (e) the Transporter submits a Valid Meter Reading to the CDSP pursuant to paragraph 5.10.

5.13.6 In relation to a Class 3 Supply Meter Point, an Opening Meter Reading may be a Meter Reading comprised in a Batch Submission (for which the relevant Batch Period includes the Supply Point Registration Date) submitted in accordance with paragraph 5.8.2.

5.13.7 Without prejudice to paragraph 5.13.16, subject to paragraph 5.13.8 where an Opening Meter Reading is not obtained by, or submitted to, the CDSP (as applicable) by the date required under paragraph 5.13.2:

- (a) in the case of a Class 1 Supply Meter, the estimate under paragraph 5.6.2 will be used as an Opening Meter Reading;
- (b) in the case of a Class 2 Supply Meter, the estimate under paragraph 5.7.2 will be used as an Opening Meter Reading;
- (c) in the case of a Class 3 or Class 4 Supply Meter, a Meter Reading will be estimated (for a Read Date which is the Supply Point Registration Date) in accordance with paragraph 5.4.3 (subject to paragraph 5.13.8) and used as an Opening Meter Reading,

and, where, under the Supply Point Confirmation, there is a change in the Class of the Supply Meter comprised in the Supply Point, the reference to Class in this paragraph 5.13.7 is to the Class of such Supply Meter immediately prior to the Supply Point Confirmation.

5.13.8 The CDSP will notify the Opening Meter Reading to the Withdrawing User and (in the case of an estimate under paragraph 5.13.7) the Proposing User:

- (a) where the Supply Point Registration relates to a Class 1 or 2 Supply Meter Point, on the Business Day following the Day of submission of the Opening Meter Reading or (in the case of an estimate under paragraph 5.13.7) the 6<sup>th</sup> Supply Point Systems Business Day after the Supply Point Registration Date;
- (b) where the Supply Point Registration relates to a Class 3 or 4 Supply Meter Point, by the second Business Day following the Day of submission of the Opening Meter Reading or (in the case of an estimate under paragraph 5.13.7) the 15<sup>th</sup> Supply Point Systems Business Day after the Supply Point Registration Date

5.13.9 The submission or (as the case may be) estimation of each Opening Meter Reading in respect of a Class 3 or 4 Supply Meter shall give rise to an Offtake Reconciliation for the purposes of which:

- (a) the Reconciliation Metered Period shall be the Meter Reading Period;

- (b) the Reconciliation Metered Volume shall be the Metered Volume.

5.13.10 The Withdrawing User may (if it has bona fide and material grounds for doing so) notify the CDSP that it objects to the Opening Meter Reading (or the estimated Meter Reading under paragraph 5.13.7), in which case:

- (a) the CDSP will inform the Withdrawing User of the identity of the Proposing User, but (without prejudice to paragraph 5.13.12(a)) will not be further concerned with the objection;
- (b) if the Withdrawing User notifies the Proposing User of its objection, the Proposing User agrees to use reasonable endeavours (without thereby being in breach of any provision of the Code) to secure that no other Meter Reading (in respect of the relevant Supply Meter) is submitted to the CDSP until the objection has been resolved between such Users, and GT Section B2.4.1 shall not apply in respect of this paragraph (b) (but the CDSP shall not be concerned with this paragraph (b)).

5.13.11 The Proposing User may notify to the CDSP a revised value of a Meter Reading (an **“Agreed Opening Meter Reading”**) which is agreed between the Proposing User and the Withdrawing User as being valid for the Supply Point Registration Date, and which is to replace, the Opening Meter Reading (or estimated Meter Reading under paragraph 5.13.7) unless such Opening Meter Reading was submitted by the Registered User for which the Read Date was the Supply Point Registration Date.

5.13.12 Where a User notifies to the CDSP an Agreed Opening Meter Reading under paragraph 5.13.11:

- (a) the CDSP will, provided such Meter Reading is a Valid Meter Reading, accept such reading;
- (b) the Offtake Reconciliation in relation to the Withdrawing User (determined under Section E6.2 in accordance with the original Opening Meter Reading or estimated Meter Reading under paragraph 5.13.7) shall be revised in accordance with E6.5.2; and
- (c) the CDSP will notify the Agreed Opening Meter Reading to the Withdrawing User.

5.13.13 Where a Supply Meter is or (following the Supply Point Confirmation) will be comprised in a relevant Supply Point, for the purposes of paragraph 5.12.1, then the Opening Meter Reading shall be obtained and treated as a Check Read under paragraph 5.12.

5.13.14 Where a User submits a Proposing User Estimate or an Agreed Opening Meter Reading, the User shall be deemed thereby to warrant to the CDSP and to the Withdrawing User that such Meter Reading has been agreed by the Withdrawing User (and GT Section B2.4.1 shall not apply in respect of this paragraph 5.13.14).

5.13.15 Where Users submit Supply Point Registrations which are Confirmed in respect of Smaller Supply Points (**“SSP qualifying transfers”**):

- (a) without prejudice to paragraph (a) and in respect of each Proposing User, in the event that in any calendar month (or part thereof) less than 90% of the Opening

Meter Readings for SSP qualifying transfers, which are due to be submitted in that month, are submitted to the CDSP in accordance with paragraph 5.13.2(b), the Proposing User shall pay to the Transporter the charge, if any, set out in the Transporter's Transportation Statement for the provision of that number of estimated Meter Readings determined in accordance with (c) and (d) (where provided by the Transporter pursuant to paragraph 5.13.7);

- (b) for the purposes of paragraph (a), no account shall be taken of Proposed Supply Point transfers which relate to Supply Meter Points at which the Supply Meter Installation includes a prepayment installation and in respect of such Supply Meter Points the Transporter shall not be required to provide an estimated Meter Reading pursuant to paragraph 5.13.7;
- (c) the number of estimated Meter Readings in respect of which the Proposing User shall be required to pay the charge under paragraph (a) shall be calculated as:

$$(0.90 * A) - B$$

where for each Proposing User:

A is the number of SSP qualifying transfers; and

B is the number of Opening Meter Reads submitted to the CDSP for SSP qualifying transfers in accordance with paragraph 5.13.2(b);

- (d) for the purposes of paragraph (c):
  - (i) the CDSP will notify the Transporter who will notify the Proposing User of the number of estimated Meter Readings for a calendar month in respect of which the Proposing User shall be required to pay the Transporter the charge under paragraph (a);
  - (ii) the number of estimated Meter Readings notified by the CDSP in respect of a calendar month under paragraph (i) shall in aggregate equal the number of estimated Meter Readings calculated in accordance with paragraph (c) for such calendar month.

5.13.16 For the purposes of paragraph 5.13.2, where in respect of the installation of a Supply Meter Installation, the CDSP receives a notice in accordance with the Gas Meters (Information on Connections and Disconnections) Regulations 1996 which provides a Meter Reading ("**Meter Fix Reading**"):

- (a) where such Meter Fix Reading has been submitted to the CDSP by a User in accordance with the User's Shipper's Licence and such User is the Registered User of the relevant Supply Point, the Meter Fix Reading shall be treated as the Opening Meter Reading of the Supply Meter Point and any Meter Reading subsequently submitted by such Registered User as an Opening Meter Reading shall be disregarded; and
- (b) where an Opening Meter Reading (which differs from the Meter Fix Reading) has been submitted to the CDSP by the Registered User and such Registered User is not the person which submitted the Meter Fix Reading to the CDSP in accordance with the above regulations, then such Meter Reading submitted (and not any Meter Fix Reading) shall be treated as the Opening Meter Reading.

**5.14 Other non-cyclic meter reading requirements**

5.14.1 The Registered User shall secure that a Valid Meter Reading is obtained and submitted to the CDSP:

- (a) (as required by Section G7.2.2(a)(iv)) upon the Isolation of such Supply Point in accordance with Section G7.2;
- (b) upon the replacement (whether for examination, inspection, repair, maintenance or exchange or otherwise) of a Supply Meter, in respect of both the replaced and the replacement meter;
- (c) upon a change of Class by way of a Supply Point Amendment to or from a Class 2, 3 or 4 Supply Meter as provided in paragraph 5.14.3,

and upon a change of Class by way of a Supply Point Amendment to or from a Class 1 Supply Meter, the Transporter shall obtain and submit a Valid Meter Reading to the CDSP, or the CDSP shall obtain one (as appropriate), as provided by paragraph 5.14.3.

5.14.2 In the case of a relevant Supply Meter (as defined in paragraph 5.12.1) such Meter Reading shall be obtained and treated as a Check Read under paragraph 5.12.

5.14.3 Where a Supply Point Amendment is submitted for a change of Class, a Meter Reading shall be obtained (and submitted) or estimated in accordance with paragraph 5.13, which shall apply on the basis that references to:

- (a) Supply Point Confirmation are to the Supply Point Amendment;
- (b) Proposed Supply Point are to the Supply Point;
- (c) Proposing User are to the Registered User;
- (d) Supply Point Registration Date are to the effective date of the Supply Point Amendment.

5.14.4 Subject to paragraph 5.14.2, each Valid Meter Reading submitted to the CDSP under this paragraph 5.14 in respect of a Class 3 or 4 Supply Meter shall give rise to an Offtake Reconciliation for the purposes of which:

- (a) the Reconciliation Metered Period shall be the Meter Reading Period;
- (b) the Reconciliation Metered Volume shall be the Metered Volume.

5.14.5 Where a Registered User submits a Retrospective Data Update Notification in accordance with paragraph 4.3 the Registered User shall secure:

- (a) a Valid Meter Reading is obtained and submitted to the CDSP for which the Read Date is the Update Effective Date specified in the Retrospective Data Update Notification; and
- (b) a further Valid Meter Reading is obtained and submitted to the CDSP for which the Read Date is a date falling after the Read Date of the last submitted Valid Meter Reading for the relevant Supply Meter.

## 5.15 Daily Read Errors

5.15.1 For the purposes of this paragraph 5.15:

- (a) **“Daily Read Facility”** means, in relation to a Class 1 Supply Meter, Datalogged Daily Read Equipment or Telemetered Daily Read Equipment, and in relation to a Class 2 Supply Meter, the equipment installed and/or arrangements made by the User for the purposes of obtaining, and submitting to the CDSP, Daily Meter Readings in accordance with paragraph 5.7;
- (b) there is a **“Daily Read Error”** in respect of a Class 1 or Class 2 Supply Meter on a Day where, by reason of the Daily Read Facility not functioning correctly, and not by reason of a failure of any other part of the Supply Meter Installation, the volume of gas which is determined on the basis of the Daily Meter Readings obtained by the CDSP or provided by the Transporter or the User (pursuant to paragraph 6.3, 7.3 or 5.7) differs from the metered consumption;
- (c) **“metered consumption”** is the volume of gas which was offtaken from the Total System at the Supply Meter Point on the Day, as registered by the Supply Meter and any converter (and not what is determined by reference to the Daily Meter Readings obtained by the Daily Read Facility);
- (d) where the Supply Meter Installation includes a convertor, references to volume are to volume as converted for temperature and/or pressure by such convertor;
- (e) a Daily Read Facility functions correctly where it functions within a tolerance of accuracy of 1%;
- (f) a reference to the Daily Read Facility includes (in relation to Datalogged Daily Read Equipment and Telemetered Daily Read Equipment) a reference to the elements of UK Link by which messages sent by Daily Read Equipment located at the Supply Point Premises only are processed and submitted as Daily Meter Readings to the Registered User.

5.15.2 In respect of any Day (a **“Daily Read Error Day”**), other than a Failed Daily Read Day, a User may, until the 5th Day after the Day on which the CDSP obtained or the Transporter or the User provided Daily Meter Readings in respect of a Relevant Class 1 or Class 2 Supply Meter, give notice (**“Daily Read Error Notice”**) to the CDSP:

- (a) to the effect that (notwithstanding validation under paragraph 5.3) the User considers that there was a Daily Read Error on the Day; and
- (b) specifying the volume (the **“User Volume Estimate”**) which the User considers to have been the metered consumption on the Day,

and where the User gives Daily Read Error Notice the further provisions of this paragraph 5.15 and, in relation to a Datalogged Class 1 Supply Meter and a Telemetered Class 1 Supply Meter, paragraphs 6.4 or 7.4 shall apply as applicable.

5.15.3 For the purposes of determining the User's UDQO in relation to the Daily Read Error Day (and where applicable subsequent Days):

- (a) subject to paragraph (b), notwithstanding the Daily Read Error Notice (and in the case of a Class 1 Supply Meter the CDSP's notice under paragraph 6.4.1(b))

or the Transporter’s notice under paragraph 7.4.1(b) as applicable, the volume determined by reference to the Daily Meter Reading shall be used;

- (b) where the Daily Read Error Notice was submitted not later than the Exit Closeout Date in relation to the Daily Read Error Day:
  - (i) in the case of a Class 1 Supply Meter, paragraph 6.4.5 or 7.4.5 may apply;
  - (ii) the CDSP may (before the Exit Close-out Date) by agreement with the User substitute, for the value of the Metered Quantity derived from the original Daily Meter Readings, the value derived from the User Volume Estimate or such other value as the CDSP and the User shall agree (in which case the CDSP will notify the Transporter of such value);
- (c) in relation to Days after the Failed Daily Read Day, the CDSP may also agree with the User to adjust the Metered Quantity determined for each such Day, until the Day when the Daily Read Facility is repaired, replaced or remedied in accordance with paragraph 5.15.8, on a basis reflecting an agreed degree of error (in which case the CDSP will notify the Transporter of such agreement);

(and for the avoidance of doubt the operation of paragraph (b)(ii) or (c) is a Consumption Adjustment as provided in paragraph 1.9.4).

5.15.4 Except in a case where a substituted or adjusted value of the Metered Quantity was (before the Exit Close-out Date) used pursuant to paragraph 5.15.3, upon the estimated metered consumption being agreed or established (as provided in paragraph 5.15.5):

- (a) the CDSP will determine (as nearly as may be) the Metered Quantity (“**Error Revised Quantity**”) for the Day on the basis of such estimated metered consumption; and (if applicable)
- (b) revisions and adjustments will be made in accordance with Sections B1.11, E3.5 and F1.4;

(and for the avoidance of doubt the operation of this paragraph 5.15.4 is not a Consumption Adjustment and does not give rise to an Offtake Reconciliation).

5.15.5 For the purposes of paragraph 5.15.4, the estimated metered consumption for the Daily Read Error Day:

- (a) in relation to a Class 1 Supply Meter, shall be as agreed or determined in accordance with paragraph 6.4 or 7.4;
- (b) in relation to a Class 2 Supply Meter, the estimated metered consumption shall be determined on the basis of the User Volume Estimate, subject to paragraph 5.15.6.

5.15.6 In relation to a Class 2 Supply Meter, if the Transporter does not agree that there was a Daily Read Error, or does not accept the User Volume Estimate, the Transporter and User shall discuss the matter, and if they agree upon a different estimate of metered consumption, the Transporter and the User shall notify the CDSP of such estimate, and the estimate shall be used for the purposes of paragraph 5.15.4; but if (after such discussion) they do not agree on whether there was a Daily Read Error or on an estimate

of metered consumption, the User may refer the matter to Expert Determination, and if the expert determines an estimate of metered consumption that estimate shall be used once notified to the CDSP.

- 5.15.7 For the purposes of estimating the metered consumption for the Daily Read Error Day, where the Daily Read Facility is found not to be functioning correctly, and it is not apparent when it started to function incorrectly, unless the CDSP and the User otherwise agree the CDSP shall assume that such facility started to function incorrectly half way through the period from when the facility was last inspected by the CDSP or the User, as the case may be, (whether pursuant to this paragraph 5.15 or any annual or other maintenance inspection) to the date of the Daily Read Error Notice.
- 5.15.8 Where it is agreed or determined that the Daily Read Facility is not functioning correctly, the CDSP, in the case of a Datalogged Class 1 Supply Meter, the Transporter, in the case of a Telemetered Class 1 Supply Meter, or the Registered User, in any other case, will at its expense as soon as is reasonably practicable repair, replace or remedy the Daily Read Facility.

## 5.16 Updated Meter Readings

5.16.1 A User may submit to the CDSP an updated Meter Reading (“**Updated Meter Reading**”) to replace an existing Valid Meter Reading previously submitted by the User pursuant to paragraph 4.3 and this paragraph 5 provided:

- (a) the Read Date of the Updated Meter Reading and the Meter Reading which it updates are the same;
- (b) the Read Date of the Updated Meter Reading;
  - (i) is on or after the Code Cut Off Date;
  - (ii) is not a Day in respect of which:
    - (1) an Offtake Reconciliation has been carried out pursuant to paragraph 5.12.7;
    - (2) in respect of which a Consumption Adjustment has been made;
- (c) the User was the Registered User of the Supply Meter Point on the Read Date of the earlier submitted Meter Reading; and
- (d) when submitting the Updated Meter Reading the Meter Reading is identified as an updated Meter Reading.

5.16.2 A User may submit an Updated Meter Reading to replace a CDSP estimated Meter Reading determined in accordance with paragraph 5.4.6 provided each of the requirements in paragraph 5.16.1 are satisfied.

5.16.3 An Updated Meter Reading will be Validated in accordance with paragraph 5.3 and following validation by the CDSP the CDSP will notify the User whether or not the Updated Meter Reading is a Valid.

5.16.4 Where the Updated Meter Reading is a Valid the Updated Meter Reading will replace the earlier submitted Meter Reading for the purposes of the Code and any adjustment to

an Affected Offtake Reconciliation will be carried out in accordance with Section E6.8.

## 5.17 Performance Assurance: Class 2 and 3 Supply Meter Points

5.17.1 For the purposes of this paragraph 5.17:

- (a) **“Aggregate Valid Meter Reading Requirement”** is the requirement, applying in respect of each Class of Relevant Supply Meter Point, that a User secure the Individual Valid Meter Reading Requirement is satisfied for not less than the Applicable Percentage of the User's Relevant Supply Meter Points in a Performance Period;
- (b) **“Supplier Valid Meter Reading Requirement”** is the requirement, applying in respect of each Class of Relevant Supply Meter Point, that a User secure for a supplier with whom it is associated, the Individual Valid Meter Reading Requirement is satisfied for not less than the Applicable Percentage of the User's Relevant Supply Meter Points in a Performance Period;
- (c) **“Individual Valid Meter Reading Requirement”** is the requirement, applying in respect of a Relevant Supply Meter Point, that a User secure a Valid Meter Reading is obtained for the Relevant Supply Meter Point for not less than the Applicable Percentage of Days in a Performance Period;
- (d) **“Performance Period”** means the period determined as such by the Performance Assurance Committee (commencing on the first day of a calendar month and comprising one or more consecutive calendar months) and notified to Users in accordance with paragraph 5.17.2;
- (e) in relation to a User, a supplier and a calendar month:
  - (i) a **“Relevant Class 2 Supply Meter Point”** is a Supply Meter Point comprised in a Class 2 Supply Point in respect of which:
    - (1) the User was the Registered User of the Supply Point; and
    - (2) the supplier was the supplier,for all days in the calendar month;
  - (ii) a **“Relevant Class 3 Supply Meter Point”** is a Supply Meter Point comprised in a Class 3 Supply Point in respect of which:
    - (1) the User was the Registered User of the Supply Point; and
    - (2) the supplier was the supplier,for all days in the calendar month;
  - (iii) a **“Relevant Supply Meter Point”** is a Relevant Class 2 Supply Meter Point or (as the case may be) a Relevant Class 3 Supply Meter Point;
- (f) a supplier is **“associated”** with a User where, in respect of a Supply Meter Point, it is the supplier, and the User is the Registered User, of the Supply Point in which the Supply Meter Point is comprised.

5.17.2 The Performance Assurance Committee will in respect of a Gas Year by no later than 31 August in the Preceding Year notify Users and the CDSP of:

- (a) the applicable percentage (an “**Applicable Percentage**”) which shall apply in relation to each Class of Relevant Supply Meter Point for the purposes of determining if a User has satisfied:
  - (i) the Aggregate Valid Meter Reading Requirement;
  - (ii) the Supplier Valid Meter Reading Requirement;
  - (iii) the Individual Valid Meter Reading Requirement,in a Performance Period during the Gas Year; and
- (b) the number of calendar months in each Performance Period commencing from the first calendar month of the Gas Year.

5.17.3 Each User shall secure that in respect of each Class of Relevant Supply Meter Point and a Performance Period:

- (a) the Aggregate Valid Meter Reading Requirement is satisfied in relation to the User's Relevant Supply Meter Points;
- (b) the Supplier Valid Meter Reading Requirement is satisfied in relation to a supplier in respect of which the User is associated; and
- (c) the Individual Valid Meter Reading Requirement is satisfied in relation to each Relevant Supply Meter Point.

5.17.4 The CDSP will by no later than twentieth (20<sup>th</sup>) day of the calendar month following the end of a Performance Period, and in respect of each Class of Relevant Supply Meter Point, notify a User:

- (a) whether or not the User has satisfied the Aggregate Valid Meter Reading Requirement;
- (b) where the User has not satisfied the Aggregate Valid Meter Reading Requirement, the identity of each supplier associated with the User in respect of which the Supplier Valid Meter Reading Requirement has not been satisfied; and
- (c) where the User has failed to satisfy the Supplier Valid Meter Reading Requirement in relation to a supplier, the identity of those Relevant Supply Meter Points associated with the supplier in respect of which the User has failed to satisfy the Individual Valid Meter Reading Requirement (each a “**Failed Supply Meter Point**”)

and paragraph 5.17.5 shall apply in respect of each Failed Supply Meter Point.

5.17.5 Where this paragraph applies the User shall submit, as soon as reasonably practicable, a Supply Point Amendment to change the Class of the Failed Supply Meter Point to a Class 4 Supply Meter Point with an effective date not later than twenty (20) days following the CDSP's notification under paragraph 5.17.4 (failing which the CDSP shall

as soon as reasonably practicable thereafter revise the Supply Point Register such that the Failed Supply Meter Point is re-classified as a Class 4 Supply Meter Point).

5.17.6 Paragraph 5.17.5 shall not apply in relation to a Failed Supply Meter Point where:

- (a) on any day in the Performance Period the Class 1 Requirement applies in relation to the Failed Supply Meter Point;
- (b) a change of supplier occurs in respect of the Failed Supply Meter Point on any day following the end of the Performance Period and prior to the occurrence of either of the events referred to in paragraph 5.17.5: or
- (c) the Failed Supply Meter Point is a NExA Supply Meter Point.

5.17.7 Where an Applicable Percentage for a Gas Year is different from the equivalent Applicable Percentage for the Preceding Year the lower Applicable Percentage shall be treated as applying in respect of each Performance Period which includes a calendar month falling in both the Gas Year and the Preceding Year.

5.17.8 Where a User changes the Class of a Relevant Supply Meter Point from Class 2 to Class 3, or vice versa, and the User continues as the Registered User of the Supply Point in which the Supply Meter Point is comprised for all days in a Performance Period, the Supply Meter Point shall be deemed for the purposes of this paragraph 5.17 to be a Relevant Supply Meter Point falling in:

- (a) the Class with the lowest Applicable Percentage applying in respect of the Individual Valid Meter Reading Requirement in relation to the calendar month in which the change of classification was effective;
- (b) where the Applicable Percentages referred to in paragraph (a) are the same, the Class of the Supply Meter Point following the change in classification.

## **6 CLASS 1 SUPPLY METERS**

### **6.1 Class 1 Meter Read Requirement**

6.1.1 The “**Class 1 Meter Read Requirement**” in relation to a Supply Meter is the requirement that Daily Read Equipment be installed and connected to such Supply Meter and has become operational in accordance with paragraph 6.2.3 or 7.2.3.

6.1.2 The Section 6 applies with respect to Daily Read Equipment generally and, where specified, Datalogged Daily Read Equipment specifically. Section 7 applies to Telemetered Daily Read Equipment specifically.

### **6.2 Daily Read Equipment**

6.2.1 Subject to paragraph 7, for the purposes of the Code:

- (a) “**Daily Read Equipment**” means Datalogged Daily Read Equipment or Telemetered Daily Read Equipment;
- (b) “**Datalogged Daily Read Equipment**” means equipment, of a design and standard of manufacture specified (consistently with any Legal Requirement) by the CDSP or Transporter for the purposes of this Section, which enables Meter

Readings to be obtained by the CDSP remotely, which comprises:

- (i) a device for capturing from the Supply Meter, and/or (where installed) a convertor, data which constitutes or permits the derivation of a Meter Reading; and
- (ii) a telephone line or radio transmitter and/or such other equipment as shall be required for transmitting such data to the Transporter in accordance with the relevant requirements of the UK Link Manual,

and a reference to a **“Datalogged”** Supply Meter Point, Supply Point or Supply Meter shall be construed accordingly;

- (c) **“Telemetered Daily Read Equipment”** means equipment for the synchronous generation and transmission of data calculated by, or otherwise derived from, the operation of the Supply Meter including data which constitutes or permits the derivation of Meter Readings, together with a telephone line or radio transmitter and/or such other equipment as shall be required for the continuous transmission of a stream of such data to the Transporter, and a reference to a **“Telemetered”** Supply Meter Point, Supply Point or Supply Meter shall be construed accordingly.

6.2.2 Daily Read Equipment may (where designed to be capable of such installation) be installed in connection with more than one Supply Meter at a single Supply Point Premises.

6.2.3 Where the Class 1 Meter Read Requirement applies in relation to a Supply Meter Point pursuant to Section G2.1, and where paragraph 7.2.1 does not apply, the CDSP will have the sole entitlement and responsibility for ensuring the Class 1 Meter Read Requirement is satisfied, by:

- (a) furnishing, installing, removing, making operational and maintaining Datalogged Daily Read Equipment (including its connection or reconnection to the Supply Meter Installation); and
- (b) repairing or replacing the Datalogged Daily Read Equipment where such repair or replacement is necessary as a result of the failure (including by reason of damage, normal wear or tear or defective design or manufacture) thereof.

6.2.4 Datalogged Daily Read Equipment installed at a Supply Meter Point will be treated as being operational (for the purposes of paragraph 1.3.1) with effect from the Day on which the CDSP notifies the Registered User that the equipment is operational.

6.2.5 Subject to Section G2.1.5, where a New Supply Meter Point is a Class 1 Supply Meter Point pursuant to Section G2.1.8 and paragraph 7.2.1 does not apply, the CDSP will, as soon as reasonably practicable, furnish, install, make operational and maintain Datalogged Daily Read Equipment at the relevant Supply Meter, and shall notify the Registered User when Datalogged Daily Read Equipment has been installed and made operational in accordance with paragraph 6.2.3. In the event of undue delay being experienced, the CDSP will:

- (a) promptly notify the Registered User of the nature of the delay and of an expected timescale for resolution;

- (b) ensure that the Registered User is regularly advised of progress and promptly notified when the Datalogged Daily Read Equipment has been installed and made operational.

6.2.6 Where requested by the CDSP, the Registered User will:

- (a) procure permission and access for the CDSP to:
  - (i) install and make operational (and, where permitted under Section G2.1.6(c) remove) the Datalogged Daily Read Equipment;
  - (ii) attach the Datalogged Daily Read Equipment to the Supply Meter Installation;
- (b) facilitate inspection and maintenance and any activity referred to in paragraph 6.2.3 by the CDSP as required for the purposes of keeping such equipment operational (including any requirement for resynchronisation and/or adjustment);
- (c) procure that a suitable site including support, protection and security for the Datalogged Daily Read Equipment is available at the Supply Point Premises.

6.2.7 Where the Registered User intends, or becomes aware that the consumer or any other person intends, to undertake works on the Supply Meter Installation (or any part of it) which will or is likely to impact on the ability of the CDSP to obtain accurate and timely Valid Daily Meter Readings from Datalogged Daily Read Equipment then:

- (a) the Registered User will use reasonable endeavours to notify the CDSP, at least two Supply Point Systems Business Days prior to the commencement of such works:
  - (i) of the date when disconnection of Daily Read Equipment from such Supply Meter Installation will occur and subject to (ii) such date will be the date when reconnection of Daily Read Equipment to the Supply Meter Installation is required;
  - (ii) of the date when reconnection of Daily Read Equipment to the Supply Meter Installation is required if different from (i);
- (b) the CDSP will within two Supply Point Systems Business Days of the reconnection date stated in (a)(ii) use reasonable endeavours to reconnect and resynchronise its Datalogged Daily Read Equipment with the Supply Meter Installation.

6.2.8 The Registered User shall take reasonable steps to secure that the Datalogged Daily Read Equipment is not damaged or otherwise mistreated.

6.2.9 Ownership of the Datalogged Daily Read Equipment shall remain with the CDSP (or any person to whom the CDSP may transfer ownership).

### **6.3 Daily Meter Readings**

6.3.1 In relation to a Datalogged Class 1 Supply Meter:

- (a) the CDSP will obtain (and the User authorises the CDSP to obtain) by means of the Datalogged Daily Read Equipment (where it is operational) a Daily Meter Reading for each Day; and
  - (b) the CDSP may so obtain Meter Readings at other times within the Day.
- 6.3.2 The CDSP is responsible for validation of the Meter Readings from Datalogged Daily Read Equipment in accordance with paragraph 5.3.
- 6.3.3 In relation to a Datalogged Class 1 Supply Meter a Daily Meter Reading will not be Valid unless it is provided to the relevant User in the format and by the means specified in the UK Link Manual.
- 6.3.4 In relation to a Datalogged Class 1 Supply Meter Point, where Section G2.1.8 applies, the CDSP shall use all reasonable endeavours to obtain Meter Readings by procuring On-Site Meter Reads, for each Day commencing with the Supply Point Registration Date; and the Registered User shall cooperate with the CDSP in relation thereto.
- 6.3.5 When the Class 1 Meter Read Requirements are satisfied with respect to a Datalogged Class 1 Supply Meter Point, the CDSP will obtain Meter Readings in accordance with paragraph 6.3.1.
- 6.3.6 When the CDSP cannot obtain Meter Readings under paragraph 6.3.4 for the Supply Point Registration Date or for any of the six consecutive Days thereafter, then for each Day for which Meter Readings are not obtained the Metered Volume shall be estimated in accordance with paragraph 5.4, but thereafter paragraph 5.11 shall apply as though a Meter Reading obtained under paragraph 6.3.4 were a Valid Meter Reading obtained from Datalogged Daily Read Equipment.
- 6.3.7 The Registered User of a Class 1 Supply Meter will pay appropriate charges in accordance with the CDSP DSC Annual Charging Statement in respect of the Daily Meter Readings obtained by the CDSP from the Datalogged Daily Read Equipment.

#### **6.4 Daily Read Errors – Datalogged Class 1 Supply Meters**

- 6.4.1 Where a User gives a Daily Read Error Notice in relation to a Datalogged Class 1 Supply Meter:
- (a) the CDSP will as soon as reasonably practicable and wherever possible within 3 Supply Point Systems Business Days after such notice, ascertain whether the elements of UK Link referred to in paragraph 5.15.1(f) are functioning correctly, and (if they are) the CDSP will visit and (subject to being given sufficient access to the Supply Meter Installation and/or the Datalogged Daily Read Equipment) inspect the Datalogged Daily Read Equipment;
  - (b) upon or as soon as reasonably practicable after its inspection, the CDSP shall provide to the User a notice stating:
    - (i) whether in the CDSP's judgement the Datalogged Daily Read Equipment is functioning correctly; and
    - (ii) where in the CDSP's judgement the Datalogged Daily Read Equipment is not functioning correctly, the CDSP's estimate (the “**CDSP Volume Estimate**”), in accordance with paragraph 5.15.7 where applicable, and

after taking account of the User Volume Estimate, of what was the metered consumption for the Daily Read Error Day, and the basis for its estimate;

- (c) subject to paragraph 5.15.3(a), and unless otherwise agreed, the CDSP's judgement under paragraph (b) will be final and its estimate will apply for the purposes of paragraph 5.15.4 unless within 5 Supply Point Systems Business Days after the CDSP's notice under paragraph (b) the User gives notice (“**rejection notice**”) to the CDSP that the User does not accept the CDSP's judgement under paragraph (b)(i) or its estimate under paragraph (b)(ii);
- (d) upon receiving the Users’ notice pursuant to paragraph (c), the CDSP shall enter into a dialogue with the User to attempt to resolve the difference. Where such resolution is not promptly achieved and in any event within 5 Supply Point Systems Business Days following receipt of the rejection notice, paragraph 6.4.3 will apply; and
- (e) where correction of the fault (by repair or replacement of the Datalogged Daily Read Equipment) is not possible at the same time as the inspection, the CDSP will correct such fault as soon as possible following such inspection.

6.4.2 The costs and expenses incurred by the CDSP in carrying out the inspection pursuant to paragraph 6.4.1(a) shall be borne:

- (a) by the User, if the amount of the User Volume Estimate differs from the volume determined by reference to the Daily Meter Reading by less than 10%;
- (b) except as provided in paragraph (a):
  - (i) where the User did not give a rejection notice:
    - (1) by the User where in the CDSP's judgement the Datalogged Daily Read Equipment was functioning correctly; and
    - (2) otherwise by the CDSP;
  - (ii) where the User gave rejection notice:
    - (1) by the CDSP, where it was agreed or the expert determined that the Datalogged Daily Read Equipment was not functioning correctly (under paragraph 6.4.3(a)(i) or it was agreed or the expert determines under paragraph 6.4.3(a)(ii) that the metered consumption was closer to the User Volume Estimate than to the CDSP Volume Estimate; and
    - (2) otherwise by the User;

6.4.3 Where the User gives a rejection notice, then unless the CDSP and the User agree otherwise:

- (a) there shall be referred to Expert Determination the following questions:
  - (i) whether the Datalogged Daily Read Equipment was functioning correctly, unless in the CDSP's judgement (under paragraph 6.4.1(b)(i))

it was not; and

- (ii) unless the expert determines that the Datalogged Daily Read Equipment was functioning correctly, what is the best available estimate (in accordance with paragraph 5.15.7 where applicable) of the metered consumption;
- (b) the costs of the expert shall (notwithstanding any contrary provision of GT Section A) be borne by the User where:
  - (i) the expert determines (under paragraph (a)(i)) that the Datalogged Daily Read Equipment was functioning correctly; or
  - (ii) the metered consumption determined (under paragraph (a)(ii)) by the expert was closer to the CDSP Volume Estimate than to the User Volume Estimate;

and otherwise by the CDSP.

6.4.4 Where:

- (a) a User has submitted a Daily Read Error Notice in respect of a Day; and
- (b) the User considers that there was a Daily Read Error in respect of any subsequent Day, up to:
  - (i) the Day of the CDSP's inspection under paragraph 6.4.1(a); or
  - (ii) (where the Datalogged Daily Read Equipment is found not to be functioning correctly) the Day of its repair or replacement under paragraph 5.15.8,

then unless the CDSP agrees otherwise the further provisions of this paragraph 6.4 shall not apply in relation to such subsequent Day unless the User gives a Daily Read Error Notice for such Day, but the giving of such notice shall not require a further inspection pursuant to paragraph 6.4.1.

6.4.5 For the purposes of determining the User's UDQO, where a User submits a Daily Read Error Notice to the CDSP not later than the Exit Close-out Date in relation to the Daily Read Error Day if by the Exit Close-out Date:

- (a) the CDSP has undertaken an inspection under paragraph 6.4.1(a); and
- (b) the User has informed the CDSP that it accepts the CDSP Volume Estimate, the value of the Metered Quantity derived from the CDSP Volume Estimate shall be substituted for the value of the Metered Quantity derived from the original Daily Meter Readings.

**6.5 Supply Meter Installations Failures**

6.5.1 Where, upon an inspection (pursuant to a Daily Read Error Notice or otherwise) of Daily Read Equipment, the CDSP or Transporter finds that there is a failure or unavailability of the Supply Meter Installation and this is the cause of the Daily Read Equipment not functioning correctly the CDSP or Transporter, as applicable, shall so notify the Registered User promptly after its inspection.

- 6.5.2 Where the Registered User receives notice under paragraph 6.5.1 or otherwise becomes aware of a failure or unavailability of the Supply Meter Installation that may impact on the CDSP or Transporter's ability to procure accurate and timely Valid Daily Meter Readings, the Registered User will:
- (a) promptly advise the CDSP or Transporter, as applicable, when it becomes aware of such failure or unavailability;
  - (b) promptly arrange for the repair/replacement of the Supply Meter Installation by a competent person; and
  - (c) notify the CDSP or Transporter, as appropriate, when the Supply Meter Installation has been repaired or replaced; and
  - (d) unless the Supply Meter Installation has been repaired or replaced, no later than one month after becoming aware of the failure or unavailability of the Supply Meter Installation, inform the CDSP or Transporter, as appropriate, of the date by which the User is expecting the Supply Meter Installation to be repaired or replaced and thereafter notify the CDSP or Transporter, as appropriate, of any changes to the expected date;
- 6.5.3 Upon notification that a Supply Meter Installation has been repaired/replaced, the Transporter, in the case of a Telemetered Supply Meter Point, or the CDSP, in the case of a Datalogged Supply Meter Point, will arrange for the prompt resynchronisation of the Datalogged Daily Read Equipment.

## **6.6 Temporary Interruptible Supply Points**

- 6.6.1 Where pursuant to Section B6.12.3(c) this paragraph 6.6.1 applies, the CDSP shall ensure that Datalogged Daily Read Equipment is and remains (at all times throughout the period that such Supply Point is designated as a Temporary Interruptible Supply Point) connected to the Supply Meter Installation in relation to the Temporary Interruptible Supply Point.

## **7 TELEMETERED CLASS 1 SUPPLY METERS**

### **7.1 Telemetered Daily Read Equipment**

- 7.1.1 By agreement between the Transporter and the Registered User or the consumer, the Class 1 Meter Read Requirement may be satisfied by installing Telemetered Daily Read Equipment at the Supply Meter instead of Datalogged Meter Read Equipment.

### **7.2 Provision of Telemetered Daily Read Equipment**

- 7.2.1 Where the Transporter and the Registered User or the consumer, have agreed that Telemetered Daily Read Equipment is to be installed at a Supply Meter Point pursuant to paragraph 7.1.1, the Transporter will have the sole entitlement and responsibility for ensuring the Class 1 Meter Read Requirement is satisfied, by:
- (a) furnishing, installing, removing, making operational and maintaining Telemetered Daily Read Equipment (including its connection or reconnection to, or incorporation in, the Supply Meter Installation); and
  - (b) repairing or replacing the Telemetered Daily Read Equipment where such repair

or replacement is necessary as a result of the failure (including by reason of damage, normal wear or tear or defective design or manufacture) thereof.

- 7.2.2 Telemetered Daily Read Equipment installed at a Supply Meter Point will be treated as being operational (for the purposes of paragraph 1.3.1) with effect from the later of:
- (a) the Day on which, following the Transporter's notification to the CDSP, the CDSP notifies the Registered User that the equipment is operational; and
  - (b) the first Day on which the Transporter provides to the CDSP a Valid Meter Reading obtained by means of such equipment.
- 7.2.3 Subject to Section G2.1.5, where a New Supply Meter Point is a Class 1 Supply Meter Point pursuant to Section G2.1.8, and paragraph 7.2.1 applies, the Transporter will, as soon as reasonably practicable, furnish, install, make operational and maintain Telemetered Daily Read Equipment at the relevant Supply Meter, and shall inform the CDSP (who shall notify the Registered User) when Telemetered Daily Read Equipment has been installed and made operational in accordance with paragraph 7.2.2. In the event of undue delay being experienced, the Transporter will:
- (a) promptly notify the Registered User of the nature of the delay and of an expected timescale for resolution;
  - (b) ensure that the Registered User is regularly advised of progress and promptly notified when the Telemetered Daily Read Equipment has been installed and made operational.
- 7.2.4 Where requested by the Transporter, the Registered User will:
- (a) procure permission and access for the Transporter to:
    - (i) install and make operational (and, where permitted under Section G2.1.6(c) remove) the Telemetered Daily Read Equipment;
    - (ii) attach or incorporate the Telemetered Daily Read Equipment to or within the Supply Meter Installation;
  - (b) facilitate inspection and maintenance and any activity referred to in paragraph 7.2.3 by the Transporter as required for the purposes of keeping such equipment operational (including any requirement for resynchronisation and/or adjustment);
  - (c) procure that a suitable site including support, protection and security for the Telemetered Daily Read Equipment is available at the Supply Point Premises.
- 7.2.5 Where the Registered User intends, or becomes aware that the consumer or any other person intends, to undertake works on the Supply Meter Installation (or any part of it) which will or is likely to impact on the ability of the Transporter to obtain accurate and timely Valid Daily Meter Readings from Telemetered Daily Read Equipment then:
- (a) the Registered User will use reasonable endeavours to notify the Transporter, at least two Supply Point Systems Business Days prior to the commencement of such works:

- (i) of the date when disconnection of the Telemetered Daily Read Equipment from such Supply Meter Installation will occur and, subject to paragraph (ii), such date will be the date when reconnection of Telemetered Daily Read Equipment to the Supply Meter Installation is required; and
    - (ii) of the date when reconnection of Telemetered Daily Read Equipment to the Supply Meter Installation is required if different from (i);
  - (b) the Transporter will within two Supply Point Systems Business Days of the reconnection date stated in (a)(ii) use reasonable endeavours to reconnect and resynchronise its Telemetered Daily Read Equipment with the Supply Meter Installation.
- 7.2.6 The Registered User shall take reasonable steps to secure that the Telemetered Daily Read Equipment is not damaged or otherwise mistreated.
- 7.2.7 Ownership of the Telemetered Daily Read Equipment shall remain with the Transporter (or any person to whom the Transporter may transfer ownership).

### **7.3 Daily Meter Readings**

- 7.3.1 In relation to a Telemetered Class 1 Supply Meter:
- (a) the Transporter will obtain (and the User authorises the Transporter to obtain) by means of the Telemetered Daily Read Equipment (where it is operational) a Daily Meter Reading for each Day and Validate the same;
  - (b) the Transporter may so obtain Meter Readings at other times within the Day; and
  - (c) the Transporter shall calculate the Metered Volume from the Validated Daily Meter Reading and provide the same to the CDSP;
  - (d) on receipt of a Metered Volume from the Transporter the CDSP shall (pursuant to Offtake Reconciliation, where applicable) calculate the Metered Quantity.
- 7.3.2 In relation to a Telemetered Class 1 Supply Meters, the Transporter will maintain records of Daily Meter Readings obtained by it in such form and for such time (but not in any event exceeding 5 years) as shall be requisite for the purposes of paragraph 7.3.1.
- 7.3.3 In relation to a Telemetered Class 1 Supply Meter Point, where Section G2.1.8 applies, the Transporter shall use all reasonable endeavours to obtain Meter Readings by procuring On-Site Meter Reads for each Day commencing with the Supply Point Registration Date, and the Registered User shall cooperate with the Transporter in relation thereto.
- 7.3.4 When the Class 1 Meter Read Requirements are satisfied in respect of a Telemetered Class 1 Supply Meter Point, the Transporter will obtain Meter Readings in accordance with paragraph 7.3.1.
- 7.3.5 When the Transporter cannot obtain Meter Readings under paragraph 7.3.4 for the Supply Point Registration Date or for any of the six consecutive Days thereafter, then for each Day for which Meter Readings are not obtained the Metered Volume shall be

estimated in accordance with paragraph 5.4, but thereafter paragraph 5.11 shall apply as though a Meter Reading obtained under paragraph 7.3.3 were a Valid Meter Reading obtained from Telemetered Daily Read Equipment.

#### **7.4 Daily Read Errors – Telemetered Class 1 Supply Meters**

7.4.1 Where a User gives a Daily Read Error Notice in relation to a Telemetered Class 1 Supply Meter:

- (a) the CDSP will notify the Transporter, and the CDSP will as soon as reasonably practicable and wherever possible within 3 Supply Point Systems Business Days after such notice, ascertain whether the elements of UK Link referred to in paragraph 5.15.1(f) are functioning correctly, and (if they are) the CDSP will notify the Transporter, and the Transporter will visit and (subject to being given sufficient access) to the Supply Meter Installation and/or the Telemetered Read Equipment) inspect the Telemetered Daily Read Equipment;
- (b) upon or as soon as reasonably practicable after its inspection, the Transporter will provide to the CDSP a notice, which the CDSP shall provide to the User, stating:
  - (i) whether in the Transporter's judgement the Telemetered Daily Read Equipment is functioning correctly; and
  - (ii) where in the Transporter's judgement the Telemetered Daily Read Equipment is not functioning correctly, the Transporter's estimate (the **“Transporter Volume Estimate”**), in accordance with paragraph 5.15.7 where applicable, and after taking account of the User Volume Estimate, of what was the metered consumption for the Daily Read Error Day, and the basis for its estimate;
- (c) subject to paragraph 5.15.3(a), and unless otherwise agreed, the Transporter's judgement under paragraph (b) will be final and its estimate will apply for the purposes of paragraph 5.15.4 unless within 5 Supply Point Systems Business Days after the Transporter's notice under paragraph (b) the User gives notice to the CDSP that the User disputes the Transporter's judgement under paragraph (b)(i) or its estimate under paragraph (b)(ii);
- (d) upon receiving notice from the User pursuant to paragraph (c), the CDSP shall notify the Transporter, and the Transporter will enter into a dialogue with the User to attempt to resolve the difference. Where such resolution is not promptly achieved and in any event within 5 Supply Point Systems Business Days following receipt of such notice, paragraph 7.4.3 will apply;
- (e) where correction of the fault (by repair or replacement of the Telemetered Daily Read Equipment) is not possible at the same time as the inspection, the Transporter will correct such fault as soon as possible following such inspection.

7.4.2 The costs and expenses incurred by the Transporter in carrying out the inspection pursuant to paragraph 7.4.1(a) shall be borne:

- (a) by the User, if the amount of the User Volume Estimate differs from the volume determined by reference to the Daily Meter Reading by less than 10%;

- (b) except as provided in paragraph (a):
  - (i) where the User did not give notice pursuant to paragraph 7.4.1(c):
    - (1) by the User where in the Transporter's judgement the Telemetered Daily Read Equipment was functioning correctly; and
    - (2) otherwise by the Transporter; and
  - (ii) where the User did give such a notice:
    - (1) by the Transporter, where it was agreed or the expert determined that the Telemetered Daily Read Equipment was not functioning correctly (under paragraph 7.4.3(a)(i) or it was agreed or the expert determines under paragraph 7.4.3(a)(ii) that the metered consumption was closer to the User Volume Estimate than to the Transporter Volume Estimate; and
    - (2) otherwise by the User:

7.4.3 Where the User gives a rejection notice, then unless the Transporter and the User agree otherwise:

- (a) there shall be referred to Expert Determination the following questions:
  - (i) whether the Telemetered Daily Read Equipment was functioning correctly, unless in the Transporter's judgement (under paragraph 7.4.1(b)(i)) it was not; and
  - (ii) unless the expert determines that the Telemetered Daily Read Equipment was functioning correctly, what is the best available estimate (in accordance with paragraph 5.15.7 where applicable) of the metered consumption;
- (b) the costs of the expert shall (notwithstanding any contrary provision of GT Section A) be borne by the User where:
  - (i) the expert determines (under paragraph (a)(i)) that the Telemetered Daily Read Equipment was functioning correctly; or
  - (ii) the metered consumption determined (under paragraph (a)(ii)) by the expert was closer to the Transporter Volume Estimate than to the User Volume Estimate,

and otherwise by the Transporter (and the Transporter shall notify the CDSP of the expert's determination).

7.4.4 Where:

- (a) a User has submitted a Daily Read Error Notice in respect of a Day; and
- (b) the User considers that there was a Daily Read Error in respect of any subsequent Day, up to:

- (i) the Day of the Transporter's inspection under paragraph 7.4.1(a); or
- (ii) (where the Telemetered Daily Read Equipment is found not to be functioning correctly) the Day of its repair or replacement under paragraph 5.15.8,

then unless the Transporter agrees otherwise (and notifies the CDSP accordingly) the further provisions of this paragraph 7.4.4 shall not apply in relation to such subsequent Day unless the User gives a Daily Read Error Notice for such Day, but the giving of such notice shall not require a further inspection pursuant to paragraph 7.4.

7.4.5 For the purposes of determining the User's UDQO, where a User submits a Daily Read Error Notice to the CDSP not later than the Exit Close-out Date in relation to the Daily Read Error Day, if by the Exit Close-out Date:

- (a) the CDSP has notified the Transporter, and the Transporter has undertaken an inspection under paragraph 7.4.1(a); and
- (b) the User has informed the CDSP that it accepts the Transporter Volume Estimate notified by the Transporter under paragraph 7.4.1(b),

the value of the Metered Quantity derived from the Transporter Volume Estimate shall be substituted for the value of the Metered Quantity derived from the original Daily Meter Readings.

**Annex M-1**

<b>Data Item</b>	
Supply Meter Point Reference Number	
supplier	
supplier effective from date	
supplier effective to date	
Registered Metering Applicant	
Registered Metering Applicant effective from date	
supply point address	
Meter Post Code	
meter mechanism code	
Smart Meter system operator	
Smart Meter system operator effective from date	
in home display status	
in home display status effective from date	
UPRN	
Smart Meter installing supplier	
Market Sector Code	
Technical specification of Smart Metering System as defined by the current version of the Smart Metering Equipment Technical Specifications (e.g. SMETS1 or SMETS2)	



**Annex M-2****Historic Supply Meter Point Asset and Read Information**

The Transporter will provide to the Registered User, in respect of any Supply Meter at a Supply Meter Point comprised in a relevant Supply Point during the relevant period, the following details:

- (a) each Meter Reading held by the Transporter and the date of the Meter Reading, including:
  - (i) in respect of each meter or converter exchange at the Supply Meter Point during the relevant period, the date of the meter or converter exchange, the closing meter reading for the old Supply Meter and the first meter reading for the new Supply Meter or converter;
  - (ii) in respect of each Supply Point Registration in relation to the Supply Meter Point during the relevant period, the Opening Meter Reading provided to the Transporter (pursuant to TPD Section M5.13.2) or estimated Reading (determined pursuant to TPD Section M5.13.4) and any Meter Readings provided to the Transporter under TPD Section M5 and the date of such Meter Reading;
  - (iii) in respect of Opening Meter Readings, where installed, the converted and unconverted reading of the converter;
  - (iv) whether the Meter Reading triggered a User Suppressed Reconciliation Value or a Suppressed Reconciliation Value; and
- (b) in relation to the Supply Meter:
  - (i) the model name;
  - (ii) meter serial number, dials and digits;
  - (iii) metric/imperial indicator;
  - (iv) the converter number of dials;
  - (v) the applicable conversion factor; and
  - (vi) the meter/converter round the clock count.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION N – SHRINKAGE****1 GENERAL****1.1 Introduction**

1.1.1 For the purposes of the Code, "**shrinkage**" means gas in a System which is used by the Transporter in connection with the operation of, or which is unaccounted for as offtaken from, a System; and, where the context admits, a reference to shrinkage includes the quantity of such gas.

1.1.2 Shrinkage will be for the account of the relevant Shrinkage Provider in accordance with paragraph 4.

1.1.3 Shrinkage quantities will be determined separately for the NTS and each LDZ.

1.1.4 Shrinkage comprises own use gas in accordance with paragraph 1.2 and unaccounted for gas in accordance with paragraph 1.3.

1.1.5 Shrinkage does not include gas which is used by an Independent Gas Transporter in connection with the operation of, or which is unaccounted for as offtaken from, an IGT System.

**1.2 Own use gas**

For the purposes of this Section N own use gas is gas used by National Gas Transmission in connection with the operation of the NTS ("**NTS own use gas**") or by a DN Operator in connection with the operation of an LDZ ("**LDZ own use gas**"), including gas used in running compressors and gas used for preheating.

**1.3 Unaccounted for gas**

1.3.1 For the purposes of this Section N, unaccounted for gas is gas which is lost or otherwise not accounted for as offtaken from the NTS ("**NTS unaccounted for gas**") or from an LDZ ("**LDZ unaccounted for gas**"), including gas lost or unaccounted for by reason of unidentified theft, error in meter correction and leakage (including, in the case of an LDZ, gas vented in its operation) and (in respect of the NTS) CV shrinkage.

1.3.2 Shrinkage in a System shall:

- (a) include gas offtaken from the System which has been illegally taken:
  - (i) upstream of the point of offtake (in accordance with Section J3.7) at any System Exit Point (it being recognised the effect of Standard Condition 7(3) of the Transporter's Licence is that the rates of Transportation Charges may reflect the taking of such gas); and
  - (ii) subject to paragraph (b)(ii), at or at a point downstream of the point of offtake at a System Exit Point, in a case in which the Transporter

is (pursuant to paragraph 9(2) of the Gas Code) entitled to recover the value of the gas;

- (b) not include gas offtaken from the System:
  - (i) except as provided in paragraph (a)(ii), illegally taken at or downstream of the point of offtake at any System Exit Point (but without prejudice to Section E3.5.2 or to any reduction of Transportation Charges pursuant to Standard Condition 7(3) of the Transporter's Licence); and
  - (ii) taken at (or at a point downstream of) the point of offtake, at a Supply Meter Point of which the Registered User has ceased to be a User pursuant to Section V4.3, except in a case where, after the Supply Meter Point has been Isolated, the Transporter becomes (pursuant to paragraph 9(2) of the Gas Code) entitled to recover the value of the gas.

#### 1.4 Determination of shrinkage

1.4.1 In accordance with this Section N, shrinkage will be:

- (a) estimated for each Day (before and after the Day) on the basis of (in the case of the NTS) the NTS Shrinkage Factor, and (in the case of an LDZ) the applicable LDZ Shrinkage Quantity, in each case as determined before the Day; and
- (b) subsequently assessed, on the basis of information available after the Day;

and references respectively to estimated and assessed shrinkage shall be construed accordingly.

1.4.2 The "**NTS Daily Quantity Delivered**" is the Total System Daily Quantity Delivered less the sum of the Entry Point Daily Quantities Delivered in respect of any LDZ System Entry Points.

1.4.3 The "**NTS Shrinkage Factor**" is a factor determined before each Day by which the shrinkage attributable to any gas flow in the NTS on that Day may be estimated.

1.4.4 The "**LDZ Shrinkage Quantity**" in relation to an LDZ and a period is the estimated average daily shrinkage attributable to that LDZ in that period.

1.4.5 The "**Daily Shrinkage Quantity**" is the estimated shrinkage in the NTS or an LDZ on a Day, determined:

- (a) in respect of the NTS, as the NTS Shrinkage Factor multiplied by the NTS Daily Quantity Delivered;
- (b) in respect of an LDZ, as equal to the applicable LDZ Shrinkage Quantity.

1.4.6 Differences between assessed shrinkage and estimated shrinkage for any period will (in accordance with the further provisions of this Section N) be taken into account:

- (a) in the case of the NTS, in the NTS Shrinkage Factors for Days subsequent to that period;

- (b) in the case of an LDZ, by reconciliation and adjustment in relation to that period.

**1.5 DNO Users**

In this Section N references to Users exclude, except in relation to paragraph 4, DNO Users.

**1.6 Trader User**

In this Section N references to Users exclude Trader Users.

**2 NTS SHRINKAGE**

**2.1 NTS Shrinkage Factor**

- 2.1.1 For the purposes of establishing the "**NTS Shrinkage Factor**", National Gas Transmission will estimate each Day, the quantity of NTS own use gas, NTS unaccounted for gas and CV Shrinkage on the following Day.
- 2.1.2 The NTS Shrinkage Factor for a Day will be determined (by reference to expected gas flows in the NTS on the Day) on the basis of the estimates (for that Day or the month in which it occurs) under paragraph 2.1.1 of NTS own use gas and NTS unaccounted for gas, adjusted in respect of differences (insofar as not taken into account in determining NTS Shrinkage Factors for any earlier Day(s)) between the Daily Shrinkage Quantity and assessed NTS shrinkage for Days in the preceding month as determined under paragraph 2.3.

**2.2 Notification of NTS Shrinkage Factor**

- 2.2.1 The NTS Shrinkage Factor for the Gas Flow Day will be made available to Users not later than 13:30 hours on the Preceding Day.
- 2.2.2 National Gas Transmission will provide to Users not later than 1 March in the Preceding Formula Year, for each month in the Formual Year, a provisional forecast of the NTS Shrinkage Factor to apply in such month.
- 2.2.3 The forecasts of NTS Shrinkage Factors under paragraph 2.2.2 are indicative only and will not bind National Gas Transmission, the NTS Shrinkage Provider or Users.

**2.3 Assessed NTS Shrinkage**

- 2.3.1 Assessed NTS shrinkage for a Day will be determined as the NTS Daily Quantity Delivered less the aggregate of the LDZ Daily Input Quantities for each LDZ, the Supply Point Daily Quantities for each NTS Supply Point and the CSEP Daily Quantity Offtaken for each NTS Connected System Exit Point, adjusted by the amount of the change in NTS linepack for the Day.
- 2.3.2 National Gas Transmission will assess NTS shrinkage for each Day in each month, and provide to Users details of the average assessed NTS shrinkage for Days in that month, not later than the 16<sup>th</sup> Day of the following month.

**3 LDZ SHRINKAGE**

### 3.1 LDZ Shrinkage Quantity

- 3.1.1 Subject to paragraph 3.1.3, for the purposes of establishing the "**LDZ Shrinkage Quantity**" applicable in respect of a relevant LDZ, the Transporter will estimate by 1 March in the Preceding Formula Year, the aggregate amounts of LDZ own use gas and LDZ unaccounted for gas for that LDZ in the Formula Year.
- 3.1.2 Subject to paragraph 3.1.3, the LDZ Shrinkage Quantity for each Formula Year will be determined as the aggregate of the estimated amounts under paragraph 3.1.1 of own use gas and unaccounted for gas in the LDZ for the Formula Year, divided by the number of Days in the Formula Year.
- 3.1.3 When the Transporter determines that the basis on which it estimates LDZ unaccounted for gas is sufficiently robust to permit its valid estimation more frequently than annually, the Transporter will increase (after giving Users not less than 30 Days' notice) the frequency with which it estimates LDZ unaccounted for gas, and accordingly reduce the period by reference to which adjustments are made for differences between estimated and assessed LDZ unaccounted for gas.
- 3.1.4 The Transporters will, not later than 1 January in the Preceding Formula Year, submit to all Users:
- (a) the estimated LDZ Shrinkage Quantity for each LDZ for the Formula Year;
  - (b) the methodology by which the estimate was determined
- and Users may submit to a Transporter representations in respect of the estimated LDZ Shrinkage Quantity for up to but not later than 1 February in the Preceding Formula Year.
- 3.1.5 Between 1 and 15 February in the Preceding Formula Year, the Transporters:
- (a) will review any representations made by Users under paragraph 3.1.4;
  - (b) will consult, so far as the Transporters deem appropriate, with any User in respect of any representations made by it or any other User;
  - (c) may convene meetings with any User or Users for the purposes of such consultation.
- 3.1.6 The Transporters will make available to Users reasonable details of the representations made to them under paragraph 3.1.4 and consultations under paragraph 3.1.5 (but may do so by oral presentation at a meeting of Users convened under paragraph 3.1.5(c)), and shall be free to disclose to any User and the Authority any such representation and details of any such consultation.
- 3.1.7 Not later than 1 March in the Preceding Formula Year, the Transporters will submit to the Authority and all Users their final estimates of the LDZ Shrinkage Quantity for each LDZ for the Formula Year with such changes as they may on the basis of Users' representations and consultation under paragraphs 3.1.4 and 3.1.5 determine appropriate.
- 3.1.8 The LDZ Shrinkage Quantity for each LDZ applicable to the Formula Year shall be the estimate submitted under paragraph 3.1.7 unless upon the application of the Transporter

or any User, made no later than 15 March, the Authority shall give Condition A11(18) Disapproval to the Transporter applying a particular estimate of the LDZ Shrinkage Quantity, in which case the LDZ Shrinkage Quantity in the relevant LDZ shall be that applying in the Preceding Formula Year.

### **3.2 Notification of LDZ Shrinkage Quantity**

3.2.1 Subject to paragraph 3.2.2, the LDZ Shrinkage Quantity for each relevant LDZ for the Formula Year will be notified to Users by the Transporter not later than 1 March in the Preceding Formula Year.

3.2.2 Where the frequency of estimation of LDZ Shrinkage Quantity is increased under paragraph 3.1.3:

- (a) the LDZ Shrinkage Quantity for each relevant LDZ will be notified to Users on a basis commensurate with such increased frequency;
- (b) references in this Section N to Formula Year, in the context of the LDZ Shrinkage Volume, shall be to such reduced period for which such estimate is made;
- (c) the Transporter will provide to Users, not later than 1 March in the Preceding Formula Year, a provisional forecast of the LDZ Shrinkage Quantity to apply in each relevant period in the Formula Year.

3.2.3 The forecast LDZ Shrinkage Quantities under paragraph 3.2.2(c) are indicative only and will not bind the relevant Transporter, the relevant Shrinkage Provider or Users.

### **3.3 Assessed LDZ Shrinkage**

3.3.1 The Transporter will assess LDZ shrinkage in each relevant LDZ at intervals of approximately twelve months, on the basis of such historic information as may be available to it, by technical and statistical analysis including extrapolation of sampled information and identification of any long term trends.

3.3.2 The sources of the information referred to in paragraph 3.3.1 include:

- (a) as respects own-use gas, meter readings in respect of preheating facilities (where such facilities are metered);
- (b) as respects unaccounted for gas:
  - (i) as respects leakage, the data listed in paragraph 3.3.4;
  - (ii) as respects unidentified theft of gas, any evidence of significant changes in the occurrence of theft as compared with the assumption made previously.

3.3.3 The data referred to in paragraph 3.3.2(b)(i) is actual data in relation to the period relating to:

- (a) the measurement of pressure profiles in the LDZ;
- (b) conditioning of gas transported in the LDZ;

- (c) replacement of old pipework in the LDZ;
- (d) number of Supply Meter Points supplied in the LDZ;
- (e) above ground installations (AGIs) installed and in operation on the LDZ;
- (f) damage caused by third party interference with pipes comprised in the LDZ;
- (g) Calorific Value of gas transported in the LDZ;
- (h) the rate of leakage of gas from different kinds of asset comprising the LDZ; and
- (i) demand on the LDZ.

3.3.4 Not later than 31 July in each Formula Year, the Transporter will provide to Users a report setting out in respect of the Preceding Formula Year:

- (a) values (for the whole year and/or on an average daily basis) of assessed LDZ shrinkage for each relevant LDZ together with a summary of the statistics and information from which (as described in paragraph 3.3.1) such values were derived; and
- (b) a comparison of such assessed values with the values of LDZ shrinkage estimated before the Preceding Formula Year in accordance with paragraph 3.1.

### **3.4 LDZ Shrinkage Adjustment**

3.4.1 Not later than 31 July in each Formula Year, the Transporters will in respect of the Preceding Formula Year review the assessed LDZ shrinkage for each LDZ established under paragraph 3.3.1, and the estimated LDZ Shrinkage for each LDZ established under paragraph 3.1, and where appropriate undertake a reconciliation in accordance with the LDZ Shrinkage Adjustment Methodology for the purposes of Section E7.3.

3.4.2 The "**LDZ Shrinkage Adjustments Methodology**" is the methodology from time to time established, published and revised by the Transporters (subject to prior approval by Panel Majority of the Uniform Network Code Committee) and issued to Users setting out the calculations for the reconciliation to be carried out under paragraph 3.4.1.

## **4 ACCOUNTING FOR SHRINKAGE**

### **4.1 Shrinkage Provider**

4.1.1 Shrinkage shall be for the account of the relevant Shrinkage Provider (and treated for certain purposes as gas deemed to be offtaken from a System) in accordance with this paragraph 4.

4.1.2 For the purposes of the Code:

- (a) "**Shrinkage Provider**" means the NTS Shrinkage Provider and an LDZ Shrinkage Provider;
- (b) in relation to the NTS the "**NTS Shrinkage Provider**" means National Gas Transmission;
- (c) in relation to an LDZ the "**LDZ Shrinkage Provider**" means the relevant

### Transporter as DNO User

or any person to whom the responsibility for shrinkage in the relevant System has for the time being been assigned in accordance with paragraph 4.1.3.

- 4.1.3 In respect of a relevant System the Transporter may (by agreement with such person) assign to any person the responsibility for shrinkage in the System at any time and for any period and upon any terms as to payment or otherwise.
- 4.1.4 Where a person other than the relevant Transporter is Shrinkage Provider:
- (a) such person shall be required first to become a User of the NTS in accordance with Section V2;
  - (b) if such person is or becomes a User for purposes other than those of Shrinkage Provider, it shall be a separate User of the NTS in its capacity as Shrinkage Provider and the provisions of paragraph 4.2 shall apply only in respect of such capacity as Shrinkage Provider.

### 4.2 Shrinkage Provider as User

- 4.2.1 A Shrinkage Provider shall be a User of the NTS, subject as provided in paragraph 4.2.2, and in relation to LDZ Shrinkage the NTS/LDZ Offtakes (in aggregate) in relation to an LDZ shall be deemed to be a System Exit Point for the purposes of the further provisions of this paragraph 4.
- 4.2.2 A Shrinkage Provider:
- (a) may purchase gas in respect of shrinkage:
    - (i) provided such terms include a requirement that the Shrinkage Provider and the counterparty shall give effect to the sale and purchase of shrinkage gas by making Trade Nominations in accordance with C5; and
    - (ii) save for the requirement in (i) above, on such other terms as it thinks fit;
  - (b) may make Acquiring Trade Nominations and Disposing Trade Nominations in accordance with Section C5: provided always that a Shrinkage Provider may only make a Disposing Trade Nomination in respect of a Gas Day where the aggregate Trade Nomination Quantity of all Disposing Trade Nominations made by the Shrinkage Provider in respect of such Gas Day is less than or equal to the aggregate Trade Nomination Quantity of all Acquiring Trade Nominations made by the Shrinkage Provider in respect of the same Gas Day;
  - (c) shall not be required to apply for and pay for NTS Exit Capacity, LDZ Capacity or Commodity Charges;
  - (d) may post Market Offers;
  - (e) subject to paragraph (f), will make or receive payments in respect of Balancing Charges, in accordance with Section F; and

- (f) shall not be required to pay Scheduling Charges in respect of Output Nominations, nor to pay Balancing Neutrality Charges or Reconciliation Neutrality Charges.

4.2.3 For the avoidance of doubt, National Gas Transmission may not take a Market Balancing Action for the purposes of buying or selling gas for the account of a Shrinkage Provider.

#### **4.3 Shrinkage offtake**

4.3.1 For the purposes of determining a Shrinkage Provider's Daily Imbalance in respect of any Day in accordance with Section E, the Daily Shrinkage Quantities for that Day shall be treated as quantities offtaken by the Shrinkage Provider (and accordingly shall be deemed to be UDQOs for the purposes of that Section E).

4.3.2 In accordance with paragraph 4.3.1, a Shrinkage Provider's Daily Imbalance for a Day will not take account of differences between estimated and assessed shrinkage (which will be taken into account as provided in paragraph 1.4.6).

4.3.3 For the purposes of Renominations (under C4) and Daily Imbalance Charges (under Section F2) the quantities treated as offtaken by a Shrinkage Provider shall be treated as though they were offtaken at NDM Supply Points.

#### **4.4 Shrinkage Output Nominations**

4.4.1 Subject to paragraph 4.4.2, Output Nominations and Renominations for a Shrinkage Provider will be made for the Shrinkage Provider by National Gas Transmission.

4.4.2 For each Day, there will (notwithstanding Section C) be a single Output Nomination for a Shrinkage Provider.

4.4.3 The Nomination Quantity under each such Output Nomination will be:

- (a) in respect of the NTS Shrinkage Provider, Forecast Total System Demand, less the aggregate of the Nomination Quantities under Input Nominations in respect of LDZ System Entry Points, at the relevant Demand Forecast Time, multiplied by the NTS Shrinkage Factor; and
- (b) in respect of an LDZ Shrinkage Provider, the relevant LDZ Shrinkage Quantity.

#### **4.5 Reconciliation**

4.5.1 Following Offtake Reconciliation in respect of an NTS Supply Point or NTS Connected System Exit Point:

- (a) for the purposes of Section F5.1.1, where the Reconciliation Quantity:
  - (i) is positive, the seller is the User and the buyer is the NTS Shrinkage Provider;
  - (ii) is negative, the seller is the NTS Shrinkage Provider and the buyer is the User; and
- (b) where the Reconciliation Clearing Charges are payable:

- (i) to the User, they shall be payable by the NTS Shrinkage Provider;
- (ii) by the User, they shall be payable to the NTS Shrinkage Provider.

#### 4.6 Information Provision

4.6.1 For the purposes of this paragraph 4.6:

- (a) "**relevant shrinkage disposals**" shall mean all gas disposed of by the NTS Shrinkage Provider, which gas had previously been purchased by the NTS Shrinkage Provider in respect of NTS shrinkage for the relevant Gas Flow Day;
- (b) "**relevant shrinkage purchases**" shall mean all gas purchased by the Shrinkage Provider in respect of NTS shrinkage for the relevant Gas Flow Day;
- (c) prices shall be quoted in pence per kWh and, to the extent that the NTS Shrinkage Provider is reasonably able to do so, shall take into account any discounts or premiums applied or charged in respect of relevant shrinkage purchases or relevant shrinkage disposals, provided the amount of such discounts and premiums were known to the NTS Shrinkage Provider at the time of the calculation of the relevant prices and were reasonably able to be applied to one or more relevant shrinkage purchases or relevant shrinkage disposals;
- (d) where the NTS Shrinkage Provider has entered into a transaction for an amount on each Gas Flow Day for a specific period it shall, for the purpose of calculating the number of transactions entered into, be deemed to be a separate transaction in respect of each and every Gas Flow Day to which it relates; and
- (e) whilst all information published by the NTS Shrinkage Provider will so far as reasonably practicable be reflective of the information in its possession at a time as close as reasonably practicable to the time of publication, it will not be reflective of information which comes into its possession subsequently (or of any subsequent relevant shrinkage purchases or relevant shrinkage disposals in respect of the relevant Gas Flow Day), will not bind National Gas Transmission or the NTS Shrinkage Provider and will be without prejudice to the provisions in this Section N and elsewhere in the Code whether to later adjustment, assessment, reconciliation or otherwise.

4.6.2 The NTS Shrinkage Provider shall, no later than the end of the fifth Day following the relevant Gas Flow Day (or, if such Day is not a Business Day, the end of the first Business Day thereafter), publish the following information (where such information is available) in relation to relevant shrinkage purchases and relevant shrinkage disposals made in respect of that Gas Flow Day;

- (a) the net quantity of gas purchased (being the quantity derived as the aggregate quantity of gas purchased pursuant to relevant shrinkage purchases less the aggregate quantity of gas disposed of pursuant to relevant shrinkage disposals);
- (b) the aggregate quantity of gas purchased pursuant to relevant shrinkage purchases;
- (c) the aggregate quantity of gas disposed of pursuant to relevant shrinkage disposals;

- (d) the aggregate number of transactions entered into in respect of relevant shrinkage purchases;
- (e) the aggregate number of transactions entered into in respect of relevant shrinkage disposals;
- (f) the weighted average price of relevant shrinkage purchases;
- (g) the weighted average price of relevant shrinkage disposals;
- (h) the minimum price paid under a transaction for a relevant shrinkage purchase;
- (i) the maximum price paid under a transaction for a relevant shrinkage purchase;
- (j) the minimum price received under a transaction for a relevant shrinkage disposal; and
- (k) the maximum price received under a transaction for a relevant shrinkage disposal.

## **5 CLASS A CONTINGENCIES**

### **5.1 Class A Contingencies**

- 5.1.1 During the period of a Class A Contingency, the provision of NTS Shrinkages Factor by National Gas Transmission to Users pursuant to paragraph 2.2.2 and Output Nominations and Renominations pursuant to paragraph 4.4 will be deferred by a period commensurate with the duration of the Class A Code Contingency.

## UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

### SECTION O – SYSTEM PLANNING

#### 1 GENERAL

##### 1.1 Introduction

1.1.1 Each year:

- (a) National Gas Transmission will publish assumptions and information in respect of supply and demand for gas, and in respect of the Total System and its use, in accordance with the requirements of National Gas Transmission's Transporter's Licence; and
- (b) each Transporter will publish information in respect of supply and demand for gas, and in respect of relevant System(s) and its use, in accordance with the requirements of its Transporter's Licence.

1.1.2 The Transporter needs Users to provide (and cooperate in the provision of) information to the Transporter for the purposes of enabling the Transporter:

- (a) to comply with its obligations pursuant to the Act and the Transporter's Licence in relation to the development of the relevant System(s); and
- (b) to prepare and publish the assumptions and/or information referred to in paragraph 1.1.1 and otherwise contemplated under this Section O.

1.1.3 The information to be provided by Users pursuant to this Section O shall be treated as having been requested by the Transporter for the purposes of Standard Condition 9(1) of the Shipper's Licence.

1.1.4 Pursuant to paragraph 1.1.3, to the extent that a User is required by virtue of Standard Condition 9(1) of the Shipper's Licence to comply with any requirement for information to be provided to the Transporter under this Section O, this Section O does not create an additional obligation for the User to provide such information.

##### 1.2 Transporting Britain's Energy and Ten Year Statement

1.2.1 Each year National Gas Transmission:

- (a) may undertake the Transporting Britain's Energy consultation process,
- (b) shall provide a Ten Year Statement,

in accordance with paragraphs 3 and 4.

1.2.2 "**Transporting Britain's Energy consultation process**" is the consultation process setting out the initial assumptions of National Gas Transmission as to supply and demand in Gas Years and requesting information from Users and other persons by means of one or more questionnaires.

1.2.3 A "**Ten Year Statement**" is a document containing:

- (a) in the case of National Gas Transmission, the statement (or revised statement) required to be prepared pursuant to Special Condition 7A of National Gas Transmission's Transporter's Licence and any direction of the Authority pursuant thereto;
- (b) in the case of a DN Operator, the statement (or revised statement) required to be prepared pursuant to Special Condition D3 of its Transporter's Licence and any direction of the Authority pursuant thereto

and such further information which may be required for the purposes of the Code (in particular, Section Q) or which the Transporter may decide to include in such document.

1.2.4 Where the context admits, any reference in the Code to a Ten Year Statement is a reference to the most recently published such statement at any time, and a reference to a Ten Year Statement applicable to a particular Gas Year is to the statement for which (in accordance with paragraph 1.4) such year is year 0.

### **1.3 Status of planning documents**

No Transporter will be liable pursuant to the Code to any User in relation to any estimate, forecast or other information contained in or omitted from the Transporting Britain's Energy consultation process or Ten Year Statement, and nothing contained therein will bind a Transporter to undertake any reinforcement of any relevant System(s).

### **1.4 Planning years**

For the purposes of this Section O, in relation to the planning activities undertaken in accordance with this Section O in any year, year 0 is the Gas Year in which such activities are being undertaken, year 1 is the immediately following Gas Year and years 2 to 9 are the following 8 Gas Years, and year 1 is the Gas Years preceding year 0.

### **1.5 DNO Users**

In this Section O references to Users exclude DNO Users.

### **1.6 Trader User**

In this Section O references to Users exclude Trader Users.

## **2 SUPPLY AND DEMAND**

### **2.1 Demand**

2.1.1 For the purposes of this Section O references to demand exclude demand for gas offtaken to Storage Facilities, but include demand for gas offtaken to Connected Offtake Systems other than Storage Facilities.

2.1.2 Except in paragraph 3.2, references in this Section O to demand are inclusive of shrinkage.

### 2.1.3 For the purposes of this Section O:

- (a) demand may be estimated on different assumptions as to the inclusion or exclusion of and the nature of interruptible demand (for these purposes being demand under contracts of sale or supply which permit the interruption of the supply of gas); and
- (b) where the Transporter publishes or requests information as to estimated demand it may specify the assumptions (or alternative assumptions) as to interruptible demand on which such estimates are made or to be made.

### 2.1.4 For the purposes of determining Total System 1-in-20 peak day demand, Total System 1-in-50 Severe Annual Demand, System 1-in-20 peak day demand or System 1-in-50 Severe Annual Demand, peak day demand excludes interruptible demand, and annual demand excludes interruptible demand on Days of permitted Interruption (within the Interruption Allowance) in the period from 1 October to 31 March.

## 2.2 Supply

### 2.2.1 For the purposes of this Section O, in respect of any Gas Year, in relation to the Total System or any System Entry Point "**maximum daily supply**" is the maximum availability of gas for supply on one Day in that year; where availability of gas for supply is the quantity of gas that can be delivered on a Day to the Total System at a System Entry Point or System Entry Points, other than from Storage Facilities.

### 2.2.2 For the purposes of paragraph 2.2.1:

- (a) availability of gas for supply in any year may be estimated on assumptions which include, in addition to contractual commitments as to the supply of gas, assumptions as to such commitments expected to be made before or during the year, and/or supplies of gas expected to be available on a spot basis during such year, and/or sources of gas expected to be developed before or during such year; and
- (b) where the Transporter publishes or requests information as to estimated availability of gas for supply it may specify the assumptions (or alternative assumptions) on which such estimates are made or to be made.

## 2.3 Sources of information

Except as provided in the Code, no Transporter is party to any agreement for the sale of gas offtaken from the Total System, or the purchase of gas delivered to the Total System; and accordingly each Transporter depends on the information provided by persons who are party to such agreements, and on other sources of information (including any information requirements under Network Entry Agreements and Network Exit Provisions, and the Transporter's historic records), in estimating under this Section O demand and availability of gas for supply.

# 3 TRANSPORTING BRITAIN'S ENERGY

## 3.1 Publication and content

National Gas Transmission may elect to conduct the Transporting Britain's Energy

consultation process each year and request information from Users and others in accordance with paragraph 3.2 provided before undertaking the Transporting Britain's Energy consultation process it shall first have given not less than 90 days notice to the Users of its intention to do so.

### **3.2 User information requirements**

3.2.1 Where National Gas Transmission elects to undertake the Transporting Britain's Energy consultation process, each User, by the date and in the format specified in the Transporting Britain's Energy questionnaire:

- (a) shall provide to the Transporter:
  - (i) estimates for years 1 to 3 of 1-in-20 peak day demand and seasonal normal annual demand at Supply Points of which it is the Registered User and (as respects demand for gas attributable to it) at Connected System Exit Points other than Storage Connection Points;
  - (ii) such estimates for years 1 to 3 of availability of gas for supply (in accordance with paragraph 2.2.1) to such User, upon such assumptions (as referred to in paragraph 2.2.2), as may be required pursuant to the Transporting Britain's Energy consultation process; and
  - (iii) in the case of National Gas Transmission, such further information as may reasonably be requested by National Gas Transmission pursuant to the Transporting Britain's Energy consultation process;
- (b) without prejudice to paragraph 3.2.1(a)(iii), may provide to National Gas Transmission estimates for years 4 and 5 of 1-in-20 peak day demand and seasonal normal annual demand at NTS Supply Points of which it is the Registered User and (as respects demand for gas attributable to it) at NTS Connected System Exit Points other than Storage Connection Points.

3.2.2 The information required under paragraph 3.2.1 is to be provided:

- (a) as respects LDZ Supply Points, for each LDZ, on an aggregated basis by reference to bands of demand (specified by the Transporter) at Firm Supply Points, and on an aggregated basis for Interruptible Supply Points;
- (b) as respects NTS Supply Points and Connected System Exit Points, by System Point; and
- (c) as respects availability of gas for supply, by Aggregate System Entry Point

and on such basis of estimation or otherwise as may be specified by National Gas Transmission pursuant to the Transporting Britain's Energy consultation process.

3.2.3 Subject to paragraph 3.2.4, in order to ensure consistency of information provided to the Transporter and to avoid duplication in estimation of demand, a User's estimates of demand are to be in relation to Supply Points in respect of which the User is Registered User and other sources of demand as at the reference date specified (pursuant to paragraph 4.1.2(g)) by National Gas Transmission pursuant to the Transporting Britain's Energy consultation process, and Users should not take into account anticipated changes

in their portfolios of Supply Points or in market share, other than as respects new loads in accordance with paragraph 3.2.4.

- 3.2.4 In providing estimates and information under paragraph 3.2.1(a)(i) each User will be required in particular to provide information in relation to the new sources of demand of the User such as new residential, commercial or industrial developments, and to indicate the extent to which the User has secured or expects to secure contractual commitments for the sale of gas in connection with such developments.
- 3.2.5 References to demand in this paragraph 3.2 are exclusive of shrinkage.

### **3.3 Confidential information**

- 3.3.1 The Transporter and Users acknowledge that Users will be required under paragraph 3.2.1 to provide information which may be commercially sensitive vis-à-vis other Users.
- 3.3.2 Where National Gas Transmission specifies, pursuant to the Transporting Britain's Energy consultation process, the form in which information provided to National Gas Transmission pursuant thereto is to be published, a person providing information to the Transporter for the purposes of this Section O will be deemed to have consented to:
- (a) the disclosure of such information by a Transporter to National Gas Transmission; and
  - (b) the publication by the Transporter of such information in such form unless such person expressly notifies the Transporter otherwise.
- 3.3.3 Subject to paragraph 3.3.2 and to the Transporter's duties under the Transporter's Licence and the Act, and except where any such person consents thereto, the Transporter agrees that the Ten Year Statement, and in the case of National Gas Transmission only the Transporting Britain's Energy consultation process, will not identify by name any particular Users nor (insofar as any User shall have provided information to the Transporter relating to such person) any supplier, consumer or person producing or selling gas before its delivery to the Total System.

### **3.4 Information requested under Licence**

If a User intends, pursuant to Standard Condition 8(2) of the Shipper's Licence, to refuse to provide any item of information requested by the Transporter, the User undertakes promptly:

- (a) to inform the Transporter of such intention;
- (b) if requested by the Transporter, to discuss with the Transporter whether there is a form in which the information can be provided or alternative information which can be provided; and
- (c) if requested by the Transporter, to refer or cooperate with the Transporter in referring its refusal to the Authority for determination under that condition.

### **3.5 Information from other persons**

- 3.5.1 Subject to paragraph 3.5.2, each User will, in so far as lies within its power, cooperate with and provide reasonable assistance to the Transporter in obtaining information requested under the Transporting Britain's Energy process from persons not bound by the Code, including Delivery Facility Operators in respect of Connected Delivery Facilities at Aggregate System Entry Points and Offtake System Operators in respect of Connected Offtake Systems at Connected System Exit Points at which the User holds capacity, persons from whom the User has contracted to purchase gas, suppliers to whom the User has contracted to sell gas and consumers who are customers of such suppliers or of the User directly.
- 3.5.2 Users will not be required pursuant to paragraph 3.5.1 to incur significant expenditure or to infringe any obligation of confidentiality or other obligation, and will not (by virtue of anything done pursuant to that paragraph) be responsible for any information provided by any person (other than a User) referred to in that paragraph.

## **4 TEN YEAR STATEMENT AND GS(M)R SAFETY CASE STORAGE VOLUME**

### **4.1 Publication and content of Ten Year Statement**

#### 4.1.1 On the basis of the information provided:

- (a) to National Gas Transmission by Users, other responses to the Transporting Britain's Energy consultation process and other information available to it, National Gas Transmission will;
- (b) to the Transporter by Users and other information available to it, the Transporter will

prepare by such date as may be required pursuant to its Transporter's Licence in year 0, and publish a Ten Year Statement.

#### 4.1.2 The Ten Year Statement will typically include:

- (a) details for year - 1 of actual peak day demand:
  - (i) for the Total System; and
  - (ii) for System Exit Points (other than Unmetered Connected System Exit Points) in accordance with paragraph 4.1.3;
- (b) estimates:
  - (i) for each of years 0 to 9 (or for certain of such years), of Total System 1-in-20 peak day demand and the Total System seasonal normal annual demand, upon each of the demand growth assumptions under paragraph (e) below; and
  - (ii) for each of years 0 to 4, of 1-in-20 peak day demand in accordance with paragraph 4.1.3;
- (c) estimates for each of years 0 to 9 (or for certain of such years) of maximum daily supply for the Total System, by System Entry Point, and the assumptions (in accordance with paragraph 2.2.1) on which such estimates were made;

- (d) an estimate for year 1 of the amounts by which maximum daily supply falls short of Total System 1-in-20 peak day demand;
- (e) different assumptions as to overall growth in demand for gas in years 0 to 9 or certain of such years;
- (f) the principal economic and other assumptions made by National Gas Transmission in preparing such estimates; and
- (g) a reference date for the making of estimations of demand.

Notwithstanding the foregoing, National Gas Transmission may elect to publish all or part of the information set out above either within the Ten Year Statement or separately. Where National Gas Transmission elects to publish such information separately from the Ten Year Statement, National Gas Transmission shall not be required to update such information at any time after publication.

- 4.1.3 The details or estimates under paragraphs 4.1.2(a)(ii) and 4.1.2(b)(ii) will be given in respect of each NTS Exit Point on an individual basis (but not for Storage Connection Points).

## **4.2 GS(M)R Safety Case Storage Volume details**

- 4.2.1 National Gas Transmission will prepare and publish as GS(M)R Safety Case Storage Volume, by the time such estimates are required for the purposes of Section Q (and accordingly before preparing the Ten Year Statement) estimates for year 1 of:

- (a) Total System 1-in-20 peak day demand and Total System 1-in-50 Severe Annual Demand; and
- (b) maximum daily supply for the Total System

which will, subject to paragraph 4.2.5, be the values thereof used for the purposes of the Code (including those of Section Q).

- 4.2.2 The Estimated GS(M)R Safety Case Storage Volume will state the assumptions as to interruptible demand (in accordance with paragraph 2.1.3) and availability of gas for supply (in accordance with paragraph 2.2.2) made for the purposes of the estimates made pursuant to paragraph 4.2.1.
- 4.2.3 Without prejudice to the generality of paragraph 4.2.2, the GS(M)R Safety Case Storage Volume will include assumptions as respects demand and supply at any System Point at which an interconnector (connecting the Total System with a pipeline system in another country) is connected to the Total System.
- 4.2.4 The Ten Year Statement may contain up-dated details of the matters of which details for year 1 are contained in the GS(M)R Safety Case Storage Volume, notwithstanding which the details in the GS(M)R Safety Case Storage Volume will prevail for the purposes of the Code.
- 4.2.5 National Gas Transmission may (but shall not be obliged to) revise estimates under paragraph 4.2.1, on any date from 1 May up to and including 1 October in year 1, for the purposes of Section Q.



## 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 Gas Transmission do not include National Gas Transmission 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 has resulted in, or gives 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; or
  - (ii) a Transportation Constraint affecting the deliveries of gas to the Total System; or
  - (iii) a Transportation Constraint on a System which does not prejudice the ability of Users to offtake gas from the Total System; or
  - (iv) 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 Gas Transmission 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 Gas Transmission or the Transporters in consultation with the Health and Safety Executive, Users and others.
- 1.3.2 National Gas Transmission 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 4) 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**

- 1.7.1 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 Special Condition A8(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 in a Gas Supply Emergency to a:

- (a) Shipper User shall be treated as being:
  - (i) a request for the purposes of Standard Licence Condition 5(2) of the Shipper's Licence;
  - (ii) a request for cooperation pursuant to Regulation 6(1);
- (b) Trader User shall be treated as being:
  - (i) a request for the purposes of paragraph 1.10.5;
  - (ii) a request for cooperation for the purposes of complying with paragraph 1.10.6; and
- (c) Shipper User or Trader User 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 Nothing in this Section Q shall preclude the Transporter from making any request to:

- (a) a Shipper User for the purposes of Standard Licence Condition 5(2) of the Shipper's Licence or for cooperation pursuant to Regulation 6(1);
- (b) a Trader User for the purposes of paragraph 1.10.5 or for cooperation pursuant to paragraph 1.10.6.

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*).

1.10.4 Paragraph 1.10.5 shall apply:

- (a) in the case of an escape, or suspected escape, of gas; or
- (b) in the case of a Gas Supply Emergency, that is to say, where the circumstances are such that, in the opinion of the Transporter:
  - (i) the safety of the Total System or a part of the Total System is significantly at risk;
  - (ii) the safe conveyance of gas by the Total System or a part of the Total System is significantly at risk; or
  - (iii) gas conveyed by the Total System or a part of the Total System is at such a pressure or of such a quality as to constitute, when supplied to premises, a danger to life or property;

and that opinion is not manifestly unreasonable.

1.10.5 A Trader User shall use its best endeavours to comply with all requests made by the Transporter (save any which are manifestly unreasonable) for the purpose of, as may be appropriate:

- (a) averting or reducing danger to life or property;
- (b) securing the safety of the Total System or a part of the Total System or the safe conveyance of gas thereby or reducing the risk thereto.

1.10.6 A Trader User shall cooperate so far as is necessary with the Transporter and with the NEC to enable the Transporter to comply with the provisions of the Regulations.

### **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.

### **1.13 Trader User**

In this Section Q references to Users, except in paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, 1.9, 1.10.1(c), 1.11, 2.1.1, 2.2, 2.6, 2.7, 3.1, 3.6, 4 and 8, exclude Trader Users.

### **1.14 CDSP Functions**

1.14.1 Agency Functions of the CDSP to support implementation of this Section Q are:

- (a) maintaining a record of User emergency contact details; and
- (b) managing post-emergency claims validation processes.

## **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 five (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 three (3) but not more than five (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 or (as the case may be) a Base Registration Nomination;
  - (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 four (4)) telephone numbers for each emergency contact by means of which the Transporter may contact, 24 hours a day, at least one (1) emergency contact; and
- (d) one facsimile number, for the purposes of receiving communications pursuant to Sections B8, G and 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 B8.6.4 as 'interruption contacts'. The total number of emergency contacts provided for under this paragraph (and interruption contacts provided for under Section B8.6.4) shall not exceed five (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 four (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 three (3) but not more than four (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 or (as the case may be) Base Registration Nomination in respect of the Supply Point.

- 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.

2.4.5 In paragraph 2.4, references to Interruptible Supply Points include CSEP Supply Points which are Interruptible pursuant to the provisions of TPD Section B8.

## 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 (as the case may be) a Base Registration 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.

## **2.8 Site Characteristics Register**

2.8.1 For the purposes of this Section Q:

- (a) a “**Site Characteristics Register**” means the register established (and amended from time to time) by the Transporter containing the site specific Site Characteristics of a Site Characteristics Consumer.
- (b) “**Site Characteristics**” means the preferred shut down timescales and preferred

gas needs of the Site Characteristics Consumer during an Emergency.

- (c) a **“Site Characteristics Consumer”** is a consumer of a Supply Point which is Daily Read and connected to the Distributed Network (provided always that such consumer is not already a Priority Consumer) who satisfies the Site Characteristics Criteria and whose name appears on the Site Characteristics Register in accordance with the provisions of paragraph 2.8.3.
- (d) **“Site Characteristics Criteria”** means the criteria set out at paragraph 2.8.2(a) for the purposes of assisting Users determine which consumers are eligible to be Site Characteristics Consumers.

2.8.2 A User shall be precluded from making a submission (**“Site Characteristics Submission”**), on behalf of consumer, for the consumer to be added to the Site Characteristics Register unless:

- (a) it can demonstrate through independent analysis that it will suffer damage or cause a hazard (including the time and financial cost to replace equipment and an estimate of lost production) if they are required to shut down immediately;
- (b) it is a Class 1 site as defined in G1.5; and
- (c) it is not an NTS Supply Point

2.8.3 A User shall be entitled to make a Site Characteristics Submission at any time on behalf of consumer to the relevant Transporter, and must, when submitting a Site Characteristics Submission, state in each Site Characteristics Submission:

- (a) the name and (in the case of a corporation) registered office of the consumer;
- (b) the relevant Meter Point Reference Number;
- (c) the names and/or job titles of representatives of the consumer who can be contacted during an Emergency with at least three telephone number for each representative by means of which the Transporter may contact them, 24 hours a day;
- (d) the Site Characteristics of the consumer;
- (e) detailed and independent justification for the Site Characteristics Submission (including the time and financial cost to replace equipment and an estimate of lost production) if they are required to shut down immediately;
- (f) the Gas Year (or part thereof) the Gas Year the Site Characteristics Submission is intended for; and
- (g) any information that the Transporter may reasonably require to enable it to consider such Site Characteristics Submission.

2.8.4 Any Site Characteristics Submission made by a User in accordance with paragraph 2.8.2 and 2.8.3 shall only be deemed valid where it relates to a single Meter Point Reference Number.

- 2.8.5 The Transporter shall respond to each Site Characteristics Submission submitted within 90 calendar days after a Site Characteristics Submission is received stating in its response:
- (a) the name and (in the case of a corporation) registered office of the consumer;
  - (b) the Meter Point Reference Number of the consumer;
  - (c) whether the site's information has been placed onto the Site Characteristics Register;
  - (d) the period the meter will be present on the Site Characteristics Register; and
  - (e) whether any further information is required by the Transporter.
- 2.8.6 Where the Transporter requests further information in accordance with paragraph 2.8.5(e), the Transporter shall either accept or reject the submission within 14 days of receiving the additional information requested.
- 2.8.7 Once the consumer has been accepted onto the Site Characteristics Register, it will remain on the Site Characteristics Register until end of the Gas Year to which the Site Characteristics Submission relates and as specified in the Site Characteristics Submission in accordance with paragraph 2.8.3(f) and the Transporter's response in accordance with paragraph 2.8.5(d).
- 2.8.8 A Site Characteristics Submission to be added to the Site Characteristics Register for the next Gas Year may only be made up to 120 calendar days in advance of that Gas Year. By way of example:
- (a) Site Characteristic Submissions made between 3 June (which is 120 calendar days before the end of a Gas Year) and 30 September will need to specify to which Gas Year the Site Characteristics Submission relates. For example, a Site Characteristics Submission made on 10 June 2015 will need to specify whether the Site Characteristics Submission relates to Gas Year 2014/2015 or 2015/2016; and
  - (b) Site Characteristic Submissions made between 1 October and 2 June will be registered in the Gas Year in which the Site Characteristics Submission is made. For example, a Site Characteristics Submission made on 26 January 2015 cannot specify that it relates to the 2015/2016 Gas Year (which commences on 1 October 2015). It must, for the purposes of paragraph 2.8.3(f), state that it relates to the 2014/2015 Gas Year (which commenced on 1 October 2014).
- 2.8.9 Once submitted the Site Characteristics Submission may be amended if agreed to by the Transporter (this process can be initiated by either party and is intended to accommodate changes following any discussion). Any update will be treated as an acceptance onto the Site Characteristics Register, subject always to the criteria set out at paragraphs 2.8.2 and 2.8.3. being satisfied.
- 2.8.10 In order for any Site Characteristics Consumer to remain on the Site Characteristics Register, the Registered User shall be required to send another Site Characteristics Submission in accordance with paragraphs 2.8.2 and 2.8.3. If the Site Characteristics

Submission is successful the Site Characteristics Consumer will remain on the Site Characteristics Register for a further year until 30 September. The Registered User will need to go through this process every year if it would like the Site Characteristics Consumer to remain on the Site Characteristics Register.

- 2.8.11 The Registered User shall promptly inform the Transporter where it becomes aware (and shall take reasonable steps to ensure that it does become aware) that a site no longer meets the Site Characteristics Criteria, whereupon the Transporter shall update the Site Characteristics Register. For the avoidance of doubt, the Transporter shall be under no obligation to verify or update the information that has been provided to it by the Registered User.
- 2.8.12 The Transporter shall be entitled to share any or all of the information contained on the Site Characteristics Register with National Gas Transmission.
- 2.8.13 The Transporter shall have regard to the Site Characteristics Register during any Emergency, but is not obliged to act on the information contained on the Site Characteristics Register.
- 2.8.14 Users and Transporters acknowledge that in an Emergency the Site Characteristics Consumer's interests will be subordinate to the need to take Emergency Steps in accordance with this Section Q and 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 judgment in the interests of safety by an Emergency nor provide the Site Characteristics Consumer with any entitlement to preferential treatment against any other consumer.

### **3 OCCURRENCE OF A GAS SUPPLY EMERGENCY**

#### **3.1 General**

- 3.1.1 Where the NEC declares a Network Gas Supply Emergency National Gas Transmission, 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 Gas Transmission 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 3.4 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 Gas Transmission 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 3.2.2(d), 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 Gas Transmission 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 Gas Transmission to inform and/or keep informed National Gas Transmission 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 Gas Transmission may specify;
- (c) each User shall, if requested by National Gas Transmission, 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 Gas Transmission 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);
- (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 Gas Transmission), then the provisions of paragraph 7 shall apply; and/or
- (f) National Gas Transmission shall operate the DSR Methodology and accordingly Users may post DSR Market Offers on the Trading System which if accepted by National Gas Transmission will effect Market Balancing Buy Actions, and the provisions of Section D5 shall apply accordingly;

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

- (a) each User shall comply with all instructions by National Gas Transmission to deliver gas to the Total System at System Entry Points in such quantities and at such rates as National Gas Transmission 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 Gas Transmission 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 Gas Transmission by the relevant Storage Operator); and/or

- (c) 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 Gas Transmission will not take any Market Balancing Actions; and (in lieu thereof) the Emergency Procedures will apply and National Gas Transmission'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. Furthermore, the following provisions of Section D will be suspended for the duration of a Gas Deficit Emergency:
- (i) Section D1.1.2(b) (to the extent that National Gas Transmission will not take any Market Balancing Actions during a Gas Deficit Emergency);
  - (ii) Section D1.5;
  - (iii) Section D2.2.8 and 2.2.9;
  - (iv) Section D3; and
  - (v) Section D4; and/or
- (d) National Gas Transmission 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;
- (e) Each User shall ensure that where a DSR Locational Market Transaction has been effected for the Gas Flow Day on which Stage 2 of a Gas Deficit Emergency is declared, the relevant DMC Supply Point continues to reduce the quantity of gas offtaken from the Total System on a Day by the relevant Voluntary DSR Quantity until such time as the User is instructed otherwise pursuant to the Emergency Procedures, and in consideration of which the User shall be paid:
- (i) the Emergency Curtailment Price multiplied by the Voluntary DSR Quantity in respect of each subsequent Day prior to the DMC Supply Point being instructed to reduce or discontinue offtake of gas pursuant to paragraph 3.5 which shall be invoiced and payable in accordance with paragraph 6.4.7; and
  - (ii) a DSR Payment in accordance with paragraph 6.4 in respect of the Day that the DMC Supply Point is instructed to reduce or discontinue the offtake of gas pursuant to paragraph 3.5 and each subsequent Day, and the Voluntary DSR Quantity shall be taken into account for the purposes of calculating the User's Emergency Curtailment Quantity for such Day;

- (f) No further DSR Market Offers shall be placed on the Trading System by Users or accepted by National Gas Transmission save that a DSR Locational Market Transaction effected prior to Stage 2 of a Gas Deficit Emergency in respect of a Market Offer Date after the Gas Flow Day on which Stage 2 is declared shall remain in effect in accordance with Section D5 notwithstanding the declaration of Stage 2 or higher of a Gas Deficit Emergency.
- 3.2.3 During Stage 3 (and higher) of a Gas Deficit Emergency, National Gas Transmission 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 Gas Transmission may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.
- 3.2.4 In Stage 4 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 Gas Transmission 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 Gas Transmission to inform and/or keep informed National Gas Transmission 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 Gas Transmission may specify;
- (c) each User shall, if requested by National Gas Transmission, 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 Gas Transmission 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 Gas Transmission 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 Gas Transmission by the relevant Storage Operator); and/or

- (b) if National Gas Transmission determines at any time that the application of Section D may have a detrimental effect on National Gas Transmission's immediate ability to take Emergency Steps in accordance with paragraph 1.5.1 above, with effect from such time as may be determined by National Gas Transmission 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 Gas Transmission will not take any Market Balancing Actions from such time and (in lieu thereof) the Emergency Procedures will apply and National Gas Transmission's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to paragraph 4.1. In the event that National Gas Transmission does so determine, the provisions of paragraphs 3.2.2(a), 4.1.1 and 4.2 shall, from the time determined by National Gas Transmission 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. Furthermore, the following provisions of Section D will be suspended from such time as may be determined by National Gas Transmission and notified to Users pursuant to paragraph 3.1.1(b) for the duration of a Critical Transportation Constraint Emergency:
- (i) Section D1.1.2(b) (to the extent that National Gas Transmission will not take any Market Balancing Actions during a Gas Deficit Emergency);
  - (ii) Section D1.5;
  - (iii) Section D2.2.8 and 2.2.9;
  - (iv) Section D3; and
  - (v) Section D4; and/or
- (c) National Gas Transmission 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.
- 3.3.3 During Stage 3 (and higher) of a Critical Transportation Constraint Emergency, National Gas Transmission 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 Gas Transmission may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.
- 3.3.4 In Stage 4 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 B8 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 five (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 B8.8.2 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 B8.7.5;
- (d) the provisions of Section B8.9 (other than Section B8.9.2(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 2+ GDE 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 Points;
- (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 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 Stage 2+ GDE:
- (a) the provisions of:
    - (i) Section B as to Overrun Charges, LDZ CSEP Overrun Charges and Supply Point Ratchets will not apply;
    - (ii) Section B2 as to Daily NTS Entry Capacity, Interruptible NTS Entry Capacity, surrender of NTS Entry Capacity and the curtailment of NTS Entry Capacity shall not apply;
    - (iii) Section B3 and Annex B-2 as to Daily NTS Exit (Flat) Capacity, the surrender of NTS Exit (Flat) Capacity the curtailment of NTS Exit (Flat) Capacity and offtake reductions 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 not be

payable);

- (b) the provisions of paragraph 3.2.2, shall apply in relation to the application of Section D;
- (c) 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 paragraphs 4.2 and 6.5 (and in consequence of the provisions of this paragraph 4.1.1); and Section F5 will apply;
- (d) 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; and
- (e) 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.

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.

4.1.3 For the purposes of the Code:

- (a) **“Stage 2+ GDE”** means a Gas Deficit Emergency at Stage 2 or higher, provided that a Stage 2+ GDE shall be taken to continue until the cessation (as provided in paragraph 3.6.2) of the relevant Gas Deficit Emergency;
- (b) **“Firm Load Shedding”** means the taking by any Transporter of Emergency Steps within paragraph 3.5.1;
- (c) **“Assumed VOLL”** means a price of zero decimal four seven seven seven pounds per kWh (£0.4777/kWh).

Fall Back SAP

4.1.4 In respect of a Day in a Stage 2+ GDE on which:

- (a) the sum of the Market Transaction Quantities for all Market Transactions is less than 250,000 therms/day; or
- (b) there are fewer than 5 Market Transactions; or
- (c) fewer than 5 Trading Participants are parties to Market Transactions

the System Average Price shall be the Fall Back SAP.

4.1.5 For the purpose of this Paragraph 4.1, in respect of a Day in a Stage 2+GDE:

- (a) **“Fall Back SAP”** shall be a value in pence/kWh calculated as follows:

$(0.5 \times \text{Preceding SAP}) + (0.25 \times \text{Median Trade Value}) + (0.25 \times \text{VWA});$

- (i) If either the Median Trade Value or the VWA equal zero then the Fall Back SAP shall be the Preceding SAP
- (b) **“Median Trade Value”** shall be the median Market Offer Price for the Day in pence/kWh, where (when the Market Transactions for the Day have been ranked in order of Market Offer Price, and number 'n') the median Market Offer Price is (if n is odd) the Market Offer Price of the Market Transaction that is ranked  $(n+1)/2$  or (if n is even) the arithmetic mean of the Market Offer Prices of the two Market Transactions ranked  $n/2$  and  $n/2 + 1$ ;
- (c) **“Preceding SAP”** shall mean the System Average Price in pence/kWh on the most recent Day on which none of the conditions set out in Paragraph 4.1.4 existed; and
- (d) **“VWA”** means the amount calculated as System Average Price in pence/kWh for the Day in accordance with Section F1.2.1(c).

## 4.2 Clearing of gas balances following a Gas Deficit Emergency

- 4.2.1 In a Stage 2+ GDE 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 price other than the relevant price under paragraph 4.2.4 or 4.2.5).
- 4.2.2 In respect of each Day during a Stage 2+ GDE:
  - (a) National Gas Transmission 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 Gas Transmission 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 be determined taking into account:
  - (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 Gas Transmission and that a corresponding Trade Nomination was submitted); including
  - (b) (pursuant to the provisions of paragraph 6.2.1) the deemed Market Balancing Buy Action in respect of that User's Emergency Curtailment Quantity(ies).
- 4.2.4 The **“relevant price”** for any Day during a Stage2+ GDE is:
  - (a) for the purposes of paragraph 4.2.2(a), the System Average Price for the Day;
  - (b) for the purposes of paragraph 4.2.2(b);

- (i) for a Day in Stage 2, the greatest of:
  - (1) the System Marginal Buy Price for the Day on which Stage 2 started (taking account, for the purposes of Section F1.2.1(a)(ii), of any Market Balancing Actions taken on that Day prior to the start of Stage 2);
  - (2) the System Marginal Buy Price (in accordance with Section F1.2.1(a)(i)) for the relevant Day; or
  - (3) the DSR Value in respect of DR System Exit Points;
- (ii) for a Day in Stage 3, the greatest of
  - (1) the highest amount determined (under paragraph (i)) as the relevant price for any Day in Stage 2;
  - (2) the System Marginal Buy Price (in accordance with Section F1.2.1(a)(i)) for the relevant Day; or
  - (3) the higher of the DSR Values in respect of DR System Exit Points and NDR System Exit Points; and
- (iii) for a Day in Stage 4, the System Marginal Buy Price (in accordance with Section F1.2.1(a)(i)) for the relevant Day.

4.2.5 In applying Section F4 in respect of Days during a Stage 2+ GDE, to the extent amounts payable by National Gas Transmission 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 Gas Transmission (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 Stage 2+ GDE (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 Gas Transmission shall reasonably require submit to National Gas Transmission 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 Gas Transmission will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Gas Transmission 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 Gas Transmission and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid;
- (e) National Gas Transmission will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Gas Transmission's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Gas Transmission's paying a different amount).

4.2.7 The provisions of paragraph 4.5 shall apply in relation to any claim made by a claimant pursuant to paragraph 4.2.6.

### **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 Gas Transmission'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 Gas Transmission shall reasonably require submit to National Gas Transmission 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 Gas Transmission will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Gas Transmission 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 Gas Transmission and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid; and
- (e) National Gas Transmission will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Gas Transmission's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Gas Transmission'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 Gas Transmission to Users pursuant to paragraph 4.3.1; and
- (b) all such costs as National Gas Transmission may reasonably incur pursuant to paragraph 4.1;

will be taken into account as though such amounts were Market Balancing Action Charges payable by National Gas Transmission (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.

#### **4.5 Post Emergency Claims Validation Process**

- 4.5.1 The provisions of this paragraph 4.5 apply in relation to any claim (a “**Post-Emergency Claim**”) submitted by a claimant pursuant to paragraph 4.2.6.
- 4.5.2 In relation to any Day during a Stage 2+ GDE for which a claimant wishes to submit a Post-Emergency Claim, the claimant must have posted a Market Offer to effect a Physical Market Transaction (by means of a Disposing Trade Nomination) on the Trading System for such Day prior to a Stage 4 (Restoration) being declared (if applicable). In relation to the Market Offer (in respect of the Physical Market Transaction) posted by the claimant:
  - (a) for the purposes of this Section Q, the claimant must have stated the Market Transaction Lead Time as one (1) hour when placing the relevant Market Offer;
  - (b) the claimant must have stated the Market Transaction Quantity and not the Market Offer Specified Rate;
  - (c) the claimant must have specified that the Market Offer is not an Option Market Offer;
  - (d) the claimant may have indicated that the Market Offer is capable of partial acceptance; and
  - (e) the Market Offer must have remained unaccepted on the Trading System for the duration of the Day in question.
- 4.5.3 In addition, the claimant may only submit a Post-Emergency Claim in respect of a Day for which the claimant had a positive Daily Imbalance quantity.
- 4.5.4 The Trading System Operator will provide the market with a calculation of an indicative volume weighted average price of all Market Offers (in respect of the Physical Market Transactions) for each Day during a Gas Deficit Emergency. The indicative volume weighted average price will be updated and published on the relevant Day by the Trading System Operator on a reasonable endeavours basis whenever a

Market Offer (in respect of a Physical Market Transaction) is registered, updated, withdrawn from, or accepted on, the Trading System.

- 4.5.5 The Trading System Operator will notify National Gas Transmission of the details of all Market Offers (in respect of Physical Market Transactions) that were remaining unaccepted on the Trading System at the close of the Day(s) for the duration of the Gas Deficit Emergency period.
- (a) These details will include:
    - (i) identity of the Originating Participant;
    - (ii) Market Transaction ID;
    - (iii) Market Offer Date;
    - (iv) date and time of the Market Offer was made;
    - (v) Market Transaction Quantity;
    - (vi) Market Offer Price;
    - (vii) Market Transaction Type; and
    - (viii) whether the Originating Participant would be making an Acquiring or a Disposing Trade Nomination pursuant to any Market Transaction arising from the Market Offer;
  - (b) The Trading System Operator will submit the details of the Market Offers (in respect of Physical Market Transactions) posted but not accepted for the relevant Day to National Gas Transmission by 07:00 on the Day following each relevant Day for which a Stage 2+ GDE had been declared.
- 4.5.6 A User may submit a Post-Emergency Claim to National Gas Transmission in respect of any Day during a Stage 2+ GDE provided that each Post-Emergency Claim will relate to a single Market Offer (in respect of a Physical Market Transaction) that complies with the requirements of paragraph 4.5.2.
- 4.5.7 A User must submit a Post-Emergency Claim to National Gas Transmission within six (6) Days following the Day to which the Post-Emergency Claim relates (the “**Post-Emergency Claims Closeout Date**”). Any Post-Emergency Claims received by National Gas Transmission after the Post-Emergency Claims Closeout Date will be rejected.
- 4.5.8 For each Post-Emergency Claim (for each relevant Day), the User will provide the following mandatory details of:
- (a) User name and User identifier in relation to the Trading System; Market Transaction ID; Day; claimed quantity; Market Offer Price; time posted on the Trading System;
  - (b) the Eligible Trading System Point(s) that would have been associated to the Market Offer(s) had it become a Physical Market Transaction;

- (c) for each Eligible Trading System Point provided in (b), the nominated end-of-day quantity for that Day (at the time the Market Offer was placed);
  - (d) for each Eligible Trading System Point that would have been associated to a System Exit Point, a copy of either the notification pertaining to the reduction of offtake at Firm Supply Points or the Interruption Notice. For the avoidance of doubt, a Post-Emergency Claim will be rejected where the System Exit Point had been previously subject to Emergency Curtailment for the relevant Day during the period of the Gas Deficit Emergency; and
  - (e) reasonable justification for the level of the Market Offer Price.
- 4.5.9 For the purposes of reviewing claims submitted by each claimant, National Gas Transmission appoints the CDSP as the claims reviewer (the “**Post-Emergency Claims Agent**”) to undertake the validation of all claims.
- 4.5.10 In order for a Post-Emergency Claim to be deemed as valid:
- (a) all of the requirements of paragraphs 4.5.2, 4.5.3, 4.5.6, 4.5.7 and 4.5.8 must have been satisfied;
  - (b) where the Eligible Trading System Point to which the Market Offer relates is a System Exit Point, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 3 (Allocation and Isolation) is declared (and the Trading System’s time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);
  - (c) in all other circumstances, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 4 (Restoration) is declared (and the Trading System’s time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered); and
  - (d) the User must be a Registered User at the System Point in respect of which the Market Offer is made.

Any claim which does not comply with the above requirements shall be rejected.

- 4.5.11 Where a User submits one or more Post-Emergency Claims for a relevant Day (within a Stage 2+ GDE), and the aggregate Market Transaction Quantities for all such Post-Emergency Claims submitted by the User exceeds the User’s positive Daily Imbalance in respect of that Day then, for each User:
- (a) the User’s Post Emergency Claims for that Day will be ranked in ascending Market Offer Price order (with the claim having the lowest Market Offer Price being ranked first) and where two or more Post-Emergency Claims relate to Market Offers at the same Market Offer Price, such claims shall be ranked by time (with the claim having the earliest registered Market Offer Price being ranked first, and the Trading System’s time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);
  - (b) the first ranked Post Emergency Claim shall be considered first and where the Market Transaction Quantity specified in that Post Emergency Claim is less

than or equal to the User's positive Daily Imbalance for that Day, then the claim shall remain valid, and the next ranked Post Emergency Claim shall be considered on the same basis, and this process of consideration shall continue until the first Post Emergency Claim is reached (the "**First Non-Qualifying Post-Emergency Claim**") where the Market Transaction Quantity of such claim plus the sum of the Market Transaction Quantities in all of the User's Post-Emergency Claims for that Day that have been considered pursuant to this paragraph prior to the First Non-Qualifying Post-Emergency Claim being considered is greater than the User's positive Daily Imbalance for that Day;

- (c) the Market Transaction Quantity of the First Non-Qualifying Post-Emergency Claim shall, for the purposes of the remainder of this paragraph 4.5, be reduced such that, when added to the sum of the Market Transaction Quantities in all of the User's Post-Emergency Claims for that Day that have been considered pursuant to paragraph (b) prior to the First Non-Qualifying Post-Emergency Claim being considered, it is equal to the User's positive Daily Imbalance for that Day; and
- (d) all of the User's Post-Emergency Claims that are ranked after the First Non-Qualifying Post-Emergency Claim shall be rejected and deemed invalid for the purposes of the remainder of this paragraph 4.5.

4.5.12 Following validation of Post-Emergency Claims by the Post-Emergency Claims Agent, National Gas Transmission (or the Post-Emergency Claims Agent on its behalf) will then determine which of the remaining valid Post-Emergency Claims should be submitted to the Authority as being recommended for payment or as being subject to further economic assessment. To determine the recommendation in respect of each remaining valid Post-Emergency Claim:

- (a) remaining valid Post-Emergency Claims will be ordered by Market Offer Price (with the claim having the lowest Market Offer Price being first) and where two or more Post-Emergency Claims relate to Market Offers at the same Market Offer Price, such claims shall be ordered by time (with the claim having the earliest registered Market Offer Price being first, and the Trading System's time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);
- (b) each remaining valid Post-Emergency Claim will then be considered in turn in the order referred to above. Where the Market Transaction Quantity of the claim under consideration plus the aggregate Market Transaction Quantity of all other claims that have (prior to the consideration of the Post-Emergency Claim in question) been allocated a status of "recommended for payment" is less than or equal to 80% of the aggregate Market Transaction Quantities in all valid Post-Emergency Claims (taking account of any reduced Market Transaction Quantities, if applicable, in accordance with paragraph 4.5.11), then the Post-Emergency Claim in question shall be allocated a status of "recommended for payment", otherwise the Post-Emergency Claim in question (and all Post-Emergency Claims yet to be considered) shall be allocated a status of "subject to economic price assessment".

4.5.13 National Gas Transmission will submit all remaining valid Post-Emergency Claims (being those allocated a status of "recommended for payment" and those allocated a status of "subject to economic price assessment") together with their status, to the

Authority for its consideration (TPD Section Q.4.2.6 (e)) in a single batch on a given date (the “**Post-Emergency Claims Review Date**”). National Gas Transmission shall use reasonable endeavours to ensure that the Post-Emergency Claims Review Date is not more than ten (10) Business Days after the fifteenth (15<sup>th</sup>) day of the month following the month in which the Day in question falls; provided that where a Gas Deficit Emergency spans multiple Billing Periods, National Gas Transmission will submit the validated Post-Emergency Claims to the Authority in batches that are specific to each of the Billing Periods.

- 4.5.14 For each relevant Day and pursuant to Standard Special Condition A11(18) of National Gas Transmission’s Gas Transporter’s Licence the Authority shall consider each validated Post-Emergency Claim submitted to it by National Gas Transmission and shall thereafter advise National Gas Transmission as to whether the Authority directs that the Post-Emergency Claim should be paid or not (and if it does direct that the Post-Emergency Claim should be paid, whether the Post-Emergency Claim should be paid at the Market Offer Price or at some other price). To the extent that the Authority has not given a direction in respect of a submitted Post Emergency Claim within twenty eight (28) days of the date of submission of such claim by National Gas Transmission to the Authority for consideration, the Authority shall be deemed to have directed that such Post-Emergency Claim should be paid.
- 4.5.15 National Gas Transmission will, not less than twenty nine (29) days after the Post-Emergency Claims Review Date (the “**Post-Emergency Claims Approval Date**”) calculate a volume weighted average price in pence per kWh (“**VWAPEC**”) for a Day based on all those Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment. VWAPEC for a Day shall be calculated as follows:

$$((B - C) / A)$$

Where:

A is the sum (expressed in kWh) of the Market Transaction Quantities of all Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment (taking account of any reduced Market Transaction Quantity, if applicable, in accordance with paragraph 4.5.11);

B is the total aggregate amount payable as directed (or deemed to have been directed) by the Authority in relation to all those Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment; and

C is the sum of A multiplied by the System Average Price for the Day in question.

- 4.5.16 Each User that has submitted a Post-Emergency Claim that has been directed (or deemed to have been directed) by the Authority for payment shall be paid by National Gas Transmission an amount (“**Post-Emergency Claims Payment**”) equal to the amount determined as:

$$A - (B * C)$$

Where:

A is the total amount payable as directed (or deemed to have been directed) by the

Authority for payment in relation to that Post-Emergency Claim;

B is the Market Transaction Quantity (expressed in kWh) of the Post-Emergency Claim in question; and

C is the System Average Price for the Day in question.

- 4.5.17 Each User with a negative Daily Imbalance for a Day in respect of which one or more Post-Emergency Claims have been submitted and directed (or deemed to have been directed) by the Authority for payment shall pay an amount (“**Post-Emergency Claims Charge**”) determined as the User’s negative Daily Imbalance for that Day multiplied by VWAP in respect of that Day.
- 4.5.18 Post-Emergency Claims Charges and Post-Emergency Claims Payment for the relevant Day will be invoiced in accordance with TPD Section S2.4 and will be deemed to be Balancing Neutrality Charges for the purposes thereof.
- 4.5.19 In relation to each Day during a Stage 2+ GDE, National Gas Transmission will use reasonable endeavours to publish:
- (a) not later than ten (10) Business Days after the Post-Emergency Claims Closeout Date:
    - (i) in respect of each Post-Emergency Claim submitted:
      - (1) the Day in respect of which the Post-Emergency Claim was submitted;
      - (2) the Market Transaction Quantity claimed; and
      - (3) the Market Offer Price claimed;
    - (ii) the volume weighted average price of all submitted Post-Emergency Claims for that Day;
    - (iii) in respect of each Post-Emergency Claim rejected pursuant to paragraph 4.5.10:
      - (1) the Day in respect of which the Post-Emergency Claim was submitted;
      - (2) the Market Transaction Quantity claimed;
      - (3) the Market Offer Price claimed; and
      - (4) the reason for the rejection of the Post-Emergency Claim;
  - (b) not later than one (1) Business Day after the Post-Emergency Claims Review Date:
    - (i) in respect of each valid Post-Emergency Claim which was submitted to the Authority pursuant to paragraph 4.5.13:
      - (1) the Day in respect of which the Post-Emergency Claim was submitted;

- (2) the Market Transaction Quantity claimed (reduced, if applicable, pursuant to paragraph 4.5.11); and
- (3) the Market Offer Price claimed;
- (ii) the volume weighted average price of all Post-Emergency Claims for that Day submitted to the Authority pursuant to paragraph 4.5.13;
- (iii) in respect of each Post-Emergency Claim which was rejected pursuant to paragraph 4.5.11:
  - (1) the Day in respect of which the Post-Emergency Claim was submitted;
  - (2) the Market Transaction Quantity claimed;
  - (3) the Market Offer Price claimed; and
  - (4) the reason for the rejection of the Post-Emergency Claim;
- (c) not later than fifteen (15) Business Days after the Post-Emergency Claims Approval Date, a report for each relevant Day, specifying:
  - (i) in respect of each Post-Emergency Claim that has been directed (or deemed to have been directed) by the Authority for payment, the Market Transaction Quantity directed (or deemed to have been directed) by the Authority, the Market Offer Price directed (or deemed to have been directed) by the Authority, and the total amount directed (or deemed to have been directed) by the Authority for payment in respect of such claim by National Gas Transmission;
  - (ii) the sum of the Market Transaction Quantities in relation to all Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment;
  - (iii) the sum of the Market Offer Prices in relation to all Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment;
  - (iv) VWAP for the Day; and
  - (v) in respect of each Post-Emergency Claim that was submitted to the Authority pursuant to paragraph 4.5.13 and which the Authority has directed should not be paid, the Market Transaction Quantity (reduced, if applicable, pursuant to paragraph 4.5.11) and the Market Offer Price.

## 5 SAFETY MONITOR

### 5.1 Introduction

5.1.1 For the purposes of paragraph 5:

- (a) **"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 Gas Transmission Safety Case as being 'protected by monitor';

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

## 5.2 Information Requirements

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

- (a) Stored Safety Gas Requirement;
- (b) Storage Safety Deliverability Requirement;
- (c) maximum daily supply; and
- (d) 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 Gas Transmission 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 (b) and shall notify Users of any shortfall and the extent thereof. In this event, the Safety Monitor notified pursuant to paragraph 5.2.3 will reflect the available Storage Space and/or Storage Deliverability.

5.2.3 National Gas Transmission will, by 1 October in each Gas Year, notify Users of final

details of the items stated in paragraph 5.2.1 along with the Safety Monitor for each day of the coming Winter Period.

- 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 Gas Transmission 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 Gas Transmission will throughout the Winter Period 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 Gas Transmission in respect of its estimates of expected deliveries to or offtakes from the Total System, and may:
- (a) reduce a Safety Monitor to reflect longer-term demand forecasts (for example, during the later Days of the Winter Period);
  - (b) adjust a Safety Monitor to reflect the occurrence of severe weather; and
  - (c) increase or reduce (as the case may be) a Safety Monitor to reflect any material change in National Gas Transmission's estimates of expected deliveries to or offtakes from the Total System.
- 5.2.6 Where National Gas Transmission undertakes any of the actions specified in paragraph 5.2.5, National Gas Transmission will;
- (a) in respect of any of the actions specified in paragraphs 5.2.5(a) to 5.2.5(b), 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(c), notify Users of the reasons for such action being taken.
- 5.2.7 National Gas Transmission will:
- (a) notify Users, on a daily basis, of the aggregate physical gas-in-storage level (in kWh) in each Storage Facility Type; and
  - (b) where National Gas Transmission calculates that the aggregate physical gas-in-storage level in all Storage Facility Types exceeds the Safety Monitor by a quantity (in kWh) equal to or less than the Two Day Ahead Minimum Storage Deliverability Amount, notify Users of:
    - (i) the quantity (in kWh) by which the physical gas-in-storage levels of all Storage Facility Types exceeds the Safety Monitor; and
    - (ii) the sum of all Storage Withdrawal Nominations for all Storage Facility Types.

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 Gas Transmission shall notify all Users of potential or actual breaches of a Safety Monitor as a result of:
- (a) insufficient bookings of Storage Space and/or Storage Deliverability as notified to National Gas Transmission 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 Gas Transmission by the relevant Storage Operator(s);
  - (c) Renominations or other relevant within day information.

### **5.3 Storage Information**

- 5.3.1 National Gas Transmission 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 Gas Transmission:
- (a) where National Gas Transmission 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 Gas Transmission 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 Gas Transmission of the information referred to in paragraph 5.3.2(a) and (b) and the subsequent publication of this information by National Gas Transmission pursuant to the provisions of this paragraph 5 (or as otherwise required by the Code).

### **5.4 Actions to Prevent Safety 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 Gas Transmission Safety Case, National Gas Transmission will not take any specific action as a consequence of identifying a potential or actual breach of a Safety Monitor.
- 5.4.2 Where National Gas Transmission has assessed that any actions taken by it pursuant to the National Gas Transmission 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 Gas Transmission's opinion, would not be sufficient to prevent a breach of a Safety Monitor, National Gas Transmission shall liaise with the Network Emergency Coordinator to declare a Network Gas Supply Emergency.

## **6 EMERGENCY CURTAILMENT AND DEMAND SIDE RESPONSE (DSR) PAYMENTS**

### **6.1 General**

6.1.1 For the purposes of the Code:

- (a) **“Emergency Curtailment”** means either:
  - (i) Interruption (in the case of an Interruptible Supply Point); or
  - (ii) any reduction or discontinuance of offtake of gas pursuant to Firm Load Sheddingon a Day at any System Exit Point due to a Gas Deficit Emergency;
- (b) for the purposes of this paragraph 6:
  - (i) a **“NDR System Exit Point”** is:
    - (1) a NDM Supply Point; or
    - (2) a Connected System Exit Point which, pursuant to a provision of the relevant Network Exit Agreement, is to be treated as equivalent to such a Supply Point Component for the purposes of the Code;
  - (ii) a **“DR System Exit Point”** is a System Exit Point other than one within paragraph (i); but excluding:
    - (1) a System Exit Point to the extent to which it is Commercially Interruptible;
    - (2) a Storage Connection Point; and
    - (3) an Interconnection Point;
- (c) **“Emergency Curtailment Trade Price”** in respect of a Day of Emergency Curtailment means:
  - (i) the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1(c) or F1.2.2 for each of the 30 Days preceding the Day; and
- (d) **“Emergency Curtailment Quantity”** means, in respect of a User and a Day of Emergency Curtailment, the quantity determined:
  - (i) in relation to DR System Exit Points, in accordance with paragraph

6.1.2;

(ii) in relation to NDR System Exit Points, in accordance with paragraph 6.1.3

- (e) a System Exit Point is “**Commercially Interruptible**” where the conditions in paragraph 6.1.4 are satisfied;
- (f) references to the Registered User of a System Exit Point are to the CSEP User in the case of a Connected System Exit Point.

6.1.2 In relation to a DR System Exit Point, for a User and a Day of Emergency Curtailment, subject to paragraph 6.1.5:

- (a) the Emergency Curtailment Quantity shall be the quantity of gas (in kWh) determined in accordance with the DR ECQ Methodology as the quantity (in excess of any quantity which was actually offtaken) that would have been offtaken by the User from the relevant Transporter’s System at the DR System Exit Point but for the fact that Emergency Curtailment had occurred at that System Exit Point;
- (b) in the case of a Commercially Interruptible System Exit Point within paragraph 6.1.4(b)(ii), the Emergency Curtailment Quantity is the quantity referred to in paragraph (a) which is referable to that part of the supply at such System Exit Point which (as provided in paragraph 6.1.4(b)(ii), and as determined in accordance with the DR ECQ Methodology) is not interruptible;
- (c) the Emergency Curtailment Quantity shall be determined by the relevant Transporter based on the information available to it at the time of making such determination;
- (d) as soon as reasonably practicable after the end of the Day (and in event, not later than 20:00 hours on the fourth Day after the Day), each Transporter shall notify each User of that User’s Emergency Curtailment Quantities for that Day for System Exit Points on that Transporter’s System;
- (e) a Transporter may revise the determination (in accordance with the DR ECQ Methodology) of any Emergency Curtailment Quantity in respect of a Day, based on newly available information, at any time up to the Entry Close-out Date; and shall notify the relevant User of the revised Emergency Curtailment Quantity as soon as practicable after making such revised determination;

and for the purposes hereof the “**DR ECQ Methodology**” is a statement prepared by the Transporters and governed in accordance with Section V12 setting out the methodology that the Transporters will use to determine (and/or revise any previous determination of) the quantities referred to in paragraph (a).

6.1.3 In relation to NDR System Exit Points, for a User and a Day:

- (a) the Emergency Curtailment Quantity in respect of all the User’s NDR System Exit Points in an Exit Zone shall be determined as the difference between:
  - (i) the Nomination Quantity under the NDM Output Nomination (for that

User and Exit Zone) made or revised pursuant to TPD Section C1.5.1(b) as at the most recent Demand Forecast Time before the time at which the Emergency Curtailment was instructed by the Transporter, and

- (ii) the sum of the User’s UDQOs for those NDR System Exit Points;
  - (b) in each demand forecast for the relevant LDZ for the Day under Section H5.2 after the Demand Forecast Time referred to in paragraph (a)(i), Forecast LDZ Demand shall be increased by an estimate of the sum (over all Users and Exit Zones in the LDZ) of the Emergency Curtailment Quantities.
- 6.1.4 The conditions for a System Exit Point to be Commercially Interruptible in respect of a Day are that:
- (a) the System Exit Point is not a NDR System Exit Point;
  - (b) the supplier has agreed with the consumer that the supplier may interrupt the supply of gas at the System Exit Point in defined circumstances (which include the occurrence of a Gas Deficit Emergency), either:
    - (i) as to the whole of the supply of gas, or
    - (ii) as to a part of such supply;
  - (c) the Registered User has provided to National Gas Transmission:
    - (i) the identity of the System Exit Point;
    - (ii) details (in accordance with the DR ECQ Methodology) as to whether the supply of gas is interruptible in whole or in part; and
    - (iii) the further information required to be provided under the DR ECQ Methodology;
  - (d) the information required under paragraph (c) was provided:
    - (i) not less than thirty (30) Days before the start of the Gas Year in which such Day falls, or
    - (ii) if an agreement with the relevant consumer is made after the date set out in (i) above, as soon as reasonably practicable after the agreement with the consumer was made, and in any event no later than the Day preceding such Day.
- 6.1.5 In respect of any Shared Supply Meter Point and any Day of Emergency Curtailment:
- (a) an Emergency Curtailment Quantity shall be determined for the Shared Supply Meter Point in accordance with the DR ECQ Methodology;
  - (b) an Emergency Curtailment Quantity shall be determined for each of the Registered Users, by allocating among them the Emergency Curtailment Quantity under paragraph (a) in proportions (aggregating one (1)) determined as

follows;

- (c) the Registered Users (or the Sharing Registered User Agent) shall, not more than one (1) hour after the instruction of any Emergency Curtailment, notify the relevant Transporter of such proportions;
- (d) if such proportions are not so notified, the Transporter shall determine such 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 Emergency Curtailment Trade Arrangements**

- 6.2.1 In the event that Emergency Curtailment occurs in respect of the relevant Day, then National Gas Transmission shall be deemed to have made a Market Balancing Buy Action in respect of each User’s Emergency Curtailment Quantity.
- 6.2.2 In the case of DR System Exit Points, such deemed Market Balancing Buy Action shall be determined at the time (within the Day) at which the Emergency Curtailement occurs; and in the event that further Emergency Curtailment occurs in respect of the Day, or Emergency Curtailment that had previously occurred in respect of that Day is removed, then the Emergency Curtailment Quantity for each User and System Exit Point shall be redetermined, and National Gas Transmission and the User shall be deemed to have made:
  - (a) in the case of an increase in the User’s Emergency Curtailment Quantity, a further Market Balancing Buy Action,
  - (b) in the case of a decrease in the User’s Emergency Curtailment Quantity, a Market Balancing Sell Action,

in each case for a quantity equal to the difference between the User’s revised Emergency Curtailment Quantity and its previously calculated Emergency Curtailment Quantity.

- 6.2.3 In the case of NDR System Exit Points, such deemed Market Balancing Buy Action shall be determined at the Exit Close-out Date for the Day on which the Emergency Curtailment occurs.
- 6.2.4 National Gas Transmission will pay each User (by way of Market Balancing Action Charge), in respect of all such deemed Market Balancing Buy Actions (or where paragraph 6.2.2 applies the effective deemed Market Balancing Buy Actions at the end of the Day) an amount determined as:
  - (a) the aggregate (over all DR System Exit Point and NDR System Exit Points) of the User’s Emergency Curtailment Quantities (or where paragraph 6.2.2 applies the net such quantities at the end of the Day)

multiplied by

- (b) the Emergency Curtailment Trade Price.

- 6.2.5 The amounts payable by National Gas Transmission pursuant to paragraph 6.2.4 in respect of a Day within a Billing Period shall be invoiced in the Balancing Invoice for that Billing Period and payable in accordance with Section S.
- 6.2.6 The amounts payable by National Gas Transmission pursuant to paragraph 6.2 in respect of deemed Market Balancing Buy Actions shall not be taken into accounts 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.

### **6.3 Emergency Curtailment Adjustment**

- 6.3.1 Where, following the end of a Day, a User (the "**claimant**") believes that its Emergency Curtailment Quantity (applicable at the end of the Day, and including any revision thereof under paragraph 6.1.2(e)) for any DR System Exit Point was not determined in accordance with the DR ECQ Methodology, or on the basis of newly available information would not be so determined:
- (a) the claimant may, within such time as National Gas Transmission shall reasonably require, submit to National Gas Transmission a claim that a different Emergency Curtailment Quantity should have been or should be determined in accordance with the DR ECQ Methodology, together with details of the basis on which it believes that a different Emergency Curtailment Quantity should have been determined;
  - (b) National Gas Transmission 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 Gas Transmission of whether the claim appears to the claims reviewer to be justified and the Emergency Curtailment Quantity which (in the claims reviewer's opinion) should have been or should be determined in accordance with the DR ECQ Methodology;
  - (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 Gas Transmission 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 Gas Transmission 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 Gas Transmission or the claimant pursuant to paragraph (e), the Authority determines) that a different Emergency Curtailment Quantity should have been determined, then the provisions of paragraph 6.3.2 shall apply.

- 6.3.2 Where the provisions of this paragraph 6.3.2 apply, then:
- (a) an adjustment and/or adjustment payment shall be made in accordance with paragraph 6.3.3 in respect of the amount(s) payable by National Gas Transmission pursuant to paragraph 6.2.4 for the Day; and
  - (b) an adjustment payment shall be made in accordance with paragraph 6.3.6 in respect of the amount of the User's Daily Imbalance Charge for the Day.
- 6.3.3 For the purposes of paragraph 6.3.2(a):
- (a) where the User's Emergency Curtailment Adjustment Quantity is positive, National Gas Transmission 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 Gas Transmission an amount equal to the User's Emergency Curtailment Adjustment Clearing Charge.
- 6.3.4 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 Gas Transmission or the claimant pursuant to paragraph 6.3.1(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.
- 6.3.5 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).
- 6.3.6 For the purposes of paragraph 6.3.2(b):
- (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 Gas Transmission 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 Gas Transmission 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 Gas Transmission:
  - (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 Gas Transmission 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 Gas Transmission 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 Gas Transmission 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.

6.3.7 For the purposes of paragraph 6.3.4:

- (a) the “**relevant sell price**” for any Day:
  - (i) in respect of which Stage 1 of a Gas Deficit Emergency has been declared, is the System Marginal Sell Price determined under Section F1.2.1(b) and;
  - (ii) in a Stage 2+ GDE 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 of a Gas Deficit Emergency has been declared, is the System Marginal Buy Price determined under Section F1.2.1(a) and;
  - (ii) in a Stage 2+ GDE, is the relevant price as specified in paragraph 4.2.4(b).

#### 6.4 DSR Payments

6.4.1 It is agreed that:

- (a) Users shall be entitled to receive amounts (“**DSR Payments**”) in respect of Firm Load Shedding, determined in accordance with this paragraph 6.4;
- (b) such entitlements shall be funded by Users pursuant to the arrangements set out (by way of modifications to the determination and settlement of Balancing Neutrality Charges for relevant Days) in paragraph 6.5;
- (c) such amounts shall accordingly be paid to and recovered from Users by National Gas Transmission pursuant to such arrangements set out in paragraph 6.5.

6.4.2 For the purposes of paragraphs 6.4 and 6.5:

- (a) the amount of the DSR Payment for a User, relevant System Exit Point and a relevant Day of Firm Load Shedding shall be determined as the DSR Quantity multiplied by the DSR Value;
- (b) the “**DSR Quantity**” for a relevant System Exit Point and a relevant Day of Emergency Curtailment is:
  - (i) for a DR System Exit Point, the Emergency Curtailment Quantity plus the Voluntary DSR Quantity in respect of a DSR Locational Market Transaction where the relevant Market Offer Date is a Day of Emergency Curtailment as described in paragraph 6.1.1(a)(ii);
  - (ii) for a NDR System Exit Point, the quantity calculated as:

$$\text{AECQ} * \text{ASPC} / \text{AASPC}$$

where:

AECQ is the sum, for all Users and all Exit Zones, of the Emergency Curtailment Quantities for all NDR System Exit Points;

ASPC is the Attributed Supply Point Capacity in respect of that System Exit Point;

AASPC is the sum, for all Users and all relevant NDR System Exit Points, of the Attributed Supply Point Capacities in respect of such System Exit Points;

and where Attributed Supply Point Capacity is:

(i) in relation to a Domestic NDR System Exit Point, the arithmetic mean of the Supply Point Capacities held (on the Day) by all Users at all Domestic NDR System Exit Points;

(ii) in relation to a Non-Domestic NDR System Exit Point whose Annual Quantity is:

(1) less than 73.2 MWh;

(2) not less than 73.2 MWh but less than 293 MWh; or

(3) nor less than 293 MWh but less than 732 MWh

respectively, the arithmetic mean of the Supply Point Capacities held (on the Day) by all Users at all Non-Domestic NDR System Exit Points whose Annual Quantities are within the relevant band in (1), (2) or (3) (as the case may be);

(iii) in relation to a Non-Domestic NDR System Exit Point whose Annual Quantity is not less than 732 MWh, the Supply Point Capacity held (on the Day) by the User at that individual NDR System Exit Point;

(iv) where a Domestic or Non-Domestic NDR System Exit Point is a NDR System Exit Point for which the Supply Point Premises respectively are Domestic Premises or Non-Domestic Premises (or in the context of a Connected System Exit Point the equivalent under the provisions of the relevant Network Exit Agreement);

(c) the “**DSR Value**” is the amount determined as the DSR Value Proportion of:

(i) in respect of NDR System Exit Points;

(1) In Stage 2 of a GDE, Emergency Curtailment Trade Price on the Day on which the Gas Deficit Emergency became a Stage 2+ GDE;

(2) In Stage 3 of a GDE, the Assumed VoLL; and

(ii) in respect of DR System Exit Points, the Emergency Curtailment Trade

Price for the Day on which the Gas Deficit Emergency became a Stage 2+ GDE;

- (d) a relevant System Exit Point is a DR System Exit Point or NDR System Exit Point which was subject to Firm Load Shedding on the Day (and for the avoidance of doubt, excludes any Interruptible Supply Point);
- (e) a relevant Day (in respect of a relevant System Exit Point) is a Day in respect of which a DSR Payment is payable in accordance with paragraph 6.4.3;
- (f) references to Supply Point Capacity in the context of a Connected System Exit Point are to the equivalent quantity under the provisions of the relevant Network Exit Agreement;
- (g) for the purposes of determining AASPC, the relevant NDR System Exit Points shall be as determined as at the Exit Close-Out Date for the relevant Day, and AASPC shall not be subsequently revised by any subsequent determination of relevant NDR System Exit Points;
- (h) the “**DSR Payment Reference Date**” in relation to a relevant Day is the final Day of the Billing Period in which the DSR Payment is to be invoiced in accordance with paragraph 6.4.7;
- (i) the “**DSR Value Proportion**” is the proportion determined as such in accordance with paragraph 6.5.

6.4.3 Subject to paragraph 6.4.5, a relevant System Exit Point which

- (a) is a DR System Exit Point shall be eligible for a DSR Payment in respect of each Day on which that System Exit Point was subject to Firm Load Shedding, up to and including the first Day (if any) in the Stage 2+ GDE on which the System Exit Point was subject to Network Isolation, but not in respect of subsequent Days in the Stage 2+ GDE; and;
- (b) is a NDR System Exit Point shall be eligible for a DSR Payment in respect of the first Day on which it was subject to Firm Load Shedding and the first Day (if any) in the Stage 2+ GDE on which the System Exit Point was subject to Network Isolation, but not in respect of other Days in the Stage 2+ GDE

6.4.4 For the purposes of paragraph 6.4.3, a System Exit Point is subject to “**Network Isolation**” where it is on a part of an LDZ which is isolated from the Total System for the purposes of Emergency Curtailment.

6.4.5 A NDR System Exit Point which is not subject to Network Isolation on a Day shall not be eligible for a DSR Payment in respect of a Day of Firm Load Shedding unless the User is able to demonstrate to the reasonable satisfaction of the Transporter that the offtake of gas at such System Exit Point was reduced or discontinued on the Day in compliance with the Transporter’s instruction for Firm Load Shedding; provided that this shall not affect the application of paragraph 6.1.3.

6.4.6 Where a System Exit Point is eligible for a DSR Payment, the DSR Payment shall be payable to the User which is Registered User of the System Exit Point as at the DSR

Payment Reference Date; and no User shall have any entitlement in respect of a DSR Payment prior to that date.

- 6.4.7 DSR Payments in respect of a Day during a Gas Deficit Emergency shall (subject to paragraph 6.4.10(b)) be included in the Balancing Invoice in respect of the fourth (4th) Billing Period after the month in which the Gas Deficit Emergency ceases, and shall be payable accordingly (and otherwise invoiced and payable in accordance with Section S). National Gas Transmission shall provide supporting information to the relevant User in respect of any System Exit Point eligible for a DSR Payment as detailed in the Balancing Invoice.
- 6.4.8 For each relevant Day, the System Exit Points which are eligible for DSR Payments shall be determined:
- (a) initially, on the basis of the information then available to the Transporters, as at the Exit Close-out Date (“**Initial DSR Determination**”);
  - (b) subsequently, on the basis of the updated information then available to the Transporters:
    - (i) once each month (as at a date determined by National Gas Transmission) for each of the four (4) months following the month in which the relevant Day fell;
    - (ii) thereafter, on an ad-hoc basis, if the Transporter considers that updated information justifies such determination, subject to paragraph 6.4.11;
- (each an “**Adjustment DSR Determination**”).
- 6.4.9 Upon each Adjustment DSR Determination:
- (a) where a System Exit Point (previously not determined to be eligible) is determined to be eligible for a DSR Payment, the DSR Payment shall be payable to the relevant User calculated, by reference to the relevant DSR Value Proportion;
  - (b) where a System Exit Point (previously determined to be eligible) is determined not to be eligible for a DSR Payment, the DSR Payment shall be repayable by the User which is the Registered User at the time of such determination.
- 6.4.10 DSR Payments payable pursuant to an Adjustment DSR Determination:
- (a) under paragraph 6.4.8(b)(i), shall be included in the Balancing Invoice referred to in paragraph 6.4.7 (and netted off in the case of amounts payable under paragraph 6.4.9(b));
  - (b) under paragraph 6.4.8(b)(ii), shall be included in the Balancing Invoice for the month in which the Adjustment DSR Determination is made.
- 6.4.11 In the absence of fraud, no adjustment in respect of the determination of DSR Payments shall be made more than eighteen (18) months after the Invoice Due Date in respect of the Initial DSR Determination.

## 6.5 Neutrality

6.5.1 In respect of any Day of Firm Load Shedding (for the purposes of this paragraph 6, a “**relevant**” Day) the provisions of Section F4 shall be modified in accordance with this paragraph 6.5.

6.5.2 In relation to any relevant Day Section F, paragraph 4.2.2(a) shall be read as follows:

“the Unit Daily Neutrality Amount multiplied by the sum of the relevant User's relevant UDQIs and relevant UDQOs for the preceding 365 Days;”

6.5.3 For the purposes of this paragraph 6.5 a “Short User” in respect of a Day is a User whose Daily Imbalance is negative.

6.5.4 For the purposes of Section F4.4.3, the aggregate amounts of DSR Payments payable in respect of the relevant Day, as determined in the Initial DSR Determination (and notwithstanding that the Users to which such amounts are payable are not determined until so provided in paragraph 6.4.6), shall be included in Aggregate System Payments.

6.5.5 For each relevant Day:

- (a) the DSR Value (and DSR Payments) shall be determined, for the purposes of the Initial DSR Determination:
  - (i) provisionally on the basis of a provisional DSR Value Proportion equal to one (1);
  - (ii) finally on the basis of the final DSR Value Proportion determined under paragraph 6.5.6(b) or 6.5.7(d)(i) or (ii);
- (b) the Basic Net Neutrality Amount shall be determined:
  - (i) provisionally (“**Provisional BNNA**”) in accordance with Section F4.4, as modified by paragraph 6.5.4 on the basis of DSR Payments provisionally determined in accordance with paragraph (a)(i), and
  - (ii) finally in accordance with paragraph 6.5.6 or paragraphs 6.5.7(c) and (e);

and Balancing Neutrality Charges shall be determined following, and on the basis of, such final determinations.

6.5.6 If the Provisional BNNA for the Day is negative (ie Aggregate System Receipts exceed Aggregate System Payments):

- (a) the Basic Net Neutrality Amount shall be finally determined as equal to the Provisional BNNA, and
- (b) the final DSR Value Proportion shall be one (1).

6.5.7 If the Provisional BNNA for the Day is positive (ie Aggregate System Payments exceed Aggregate System Receipts):

- (a) the “**Unit DSR Funding Amount**” shall be calculated as the Provisional BNNA divided by the greater of:
  - (i) the aggregate of the Daily Imbalances for all Short Users (“**ADISU**”), and
  - (ii) the aggregate of the DSR Quantities for the Day for all Users (“**ADSRQ**”);
- (b) each Short User shall pay to National Gas Transmission an amount (“DSR Funding Charge”) calculated as the Unit DSR Funding Amount multiplied by the Short User’s Daily Imbalance;
- (c) the aggregate amounts of DSR Funding Charges payable by Users in respect of the Day shall be included in Aggregate System Receipts for the purposes of Section F4.4.2 for the Day;
- (d) the final DSR Value Proportion shall:
  - (i) if ADISU is greater than or equal to ADSRQ, be one (1)
  - (ii) if ADSRQ is greater than ADISU, be the proportion determined such that the Basic Net Neutrality Amount, as finally determined under paragraph (e), is zero (0);
- (e) the Basic Net Neutrality Amount shall be finally determined (after application of paragraphs (c) and (d) and 6.5.5(a)(ii)) in accordance with Section F4.4.1.

6.5.8 For the avoidance of doubt, if ADISU is greater than ADSRQ, the DSR Funding Charges will in aggregate be equal to the Provisional BNNA and the finally determined Basic Net Neutrality Amount will be zero (0).

6.5.9 DSR Funding Charges shall be invoiced (in the Balancing Invoice in respect of the Billing Period in which the relevant Day falls) and payable in accordance with Section S.

6.5.10 It is acknowledged that, as a result of the deferral of payment of DSR Payments pursuant to paragraph 6.4.8, the closing cash balance (as provided in Section F4.6.2(a)) for Days following a relevant Day and until payment of the DSR Payments will tend to become and remain positive.

6.5.11 The aggregate amount of DSR Payments determined under an Adjustment DSR Determination to be payable:

- (a) to Users, shall be included pursuant to Section F4.5.3(a)(v)(1) as an additional Monthly Adjustment Neutrality Cost;
- (b) by Users, shall be included pursuant to Section F4.5.3(b)(iv) as an additional Monthly Adjustment Neutrality Revenue,

in respect of the month in which the Adjustment DSR Determination is made (and shall not be taken into account for the purposes of paragraphs 6.5.3 to 6.5.10 above).

## 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 Gas Transmission 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 Gas Transmission by 03:00 hours on the Day that Storage Curtailment occurs a CQ<sub>SCP</sub> 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 17:00 hours on the first Business Day following the Day that Storage Curtailment occurs, National Gas Transmission will advise each User that submits a SCCQ Statement, in accordance with this paragraph, of the amount payable by National Gas Transmission pursuant to paragraph 7.2.2.
- 7.2.2 National Gas Transmission 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 Gas Transmission a revised CQ<sub>SCP</sub> 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 Gas Transmission 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 Gas Transmission 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 Gas Transmission 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 **"CQ<sub>SCP</sub> 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 thirty (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 Gas Transmission 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 Gas Transmission 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 thirty (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 thirty (30) Days.

## **8 CLASS A CONTINGENCIES**

### **8.1 Class A Contingencies**

- 8.1.1 During the period of a Class A Contingency, the relevant Contingency Procedures will apply.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION R – STORAGE****1 GENERAL****1.1 Introduction**

1.1.1 This Section R sets out provisions (in addition to or in substitution for those of Sections I and J) as to the terms on which Users may offtake gas from the Total System for injection to Storage Facilities, and deliver gas withdrawn from Storage Facilities and LNG Importation Facilities to the Total System, and otherwise relating to Storage Connection Points, Storage Facilities and LNG Importation Facilities.

**1.2 Storage Facilities and LNG Importation Facilities**

1.2.1 For the purposes of the Code:

- (a) a "**Storage Facility**" is a facility:
  - (i) which is directly connected to the Total System;
  - (ii) whose principal purpose is the storage of gas;
  - (iii) in which gas offtaken from the Total System, together with (if any) gas located within a storage facility which has not been injected from the Total System nor any other system or facility ("**native gas**"), and only gas offtaken from the Total System and native gas (if any) may be stored, and from which stored gas may be delivered to the Total System whether or not gas withdrawn from such storage may also be delivered other than to the Total System;
  - (iv) which is not a facility operated and used by the Transporter solely for diurnal storage;
- (b) a "**Storage Operator**" is the person (or several persons jointly) operating a Storage Facility (and, for the avoidance of doubt, National Gas Transmission LNG Storage may be a Storage Operator);
- (c) an "**LNG Facility**" is a Storage Facility in which gas is liquefied, stored as liquefied natural gas ("**LNG**") and either:
  - (i) regasified for purposes of withdrawal; or
  - (ii) withdrawn as LNG by tanker(s).
- (d) "**stored gas**" is gas which has been injected into a Storage Facility from the Total System by Storage Users and which Storage Users are entitled to withdraw from the facility in accordance with the relevant Storage Terms (and accordingly does not include either native gas or gas which has been injected into the Storage Facility from the Total System by the relevant Storage Operator for purposes related to, or otherwise connected with, the operation of

the facility).

- (e) **"storage use gas provider"** means in relation to a Storage Facility, the User who, by agreement with the Storage Operator, has responsibility for storage use gas at a Storage Facility.
- (f) an "LNG Importation Facility" is a facility:
  - (i) which is directly connected to the Total System;
  - (ii) whose principal purpose is the receipt of liquefied gas from a sea going vessel, the storage of such liquefied gas and the regasification of such gas for delivery to the Total System;
  - (iii) from which stored gas may be delivered to the Total System whether or not gas withdrawn from such storage may also be delivered other than to the Total System.

1.2.2 Pursuant to Sections I1.2.2 and J1.4.4, a Storage Facility is a Connected Offtake System (in relation to which the Storage Operator is the Connected System Operator) in relation to the Connected System Exit Point, and a Connected Delivery Facility (in relation to which the Storage Operator is the Delivery Facility Operator) in relation to the System Entry Point, at which it is connected to the Total System.

1.2.3 A Storage Operator may be, but shall not (by reason only of having the Storage Facility connected to the Total System) be required to be, a User.

1.2.4 The Entry Point Daily Quantity Delivered and CSEP Daily Quantity Offtaken at the Storage Connection Point in respect of a Storage Facility will be established by means of measurement equipment installed (and operated, maintained, tested and calibrated) by the Transporter or the Storage Operator in accordance with procedures established by the Transporter or the Storage Operator for such purposes (details of which Users may obtain from the Storage Operator).

### 1.3 Storage Connection Agreement

1.3.1 A **"Storage Connection Agreement"** is a single document constituting (as contemplated by Section J1.4.6) the Network Entry Agreement and the Network Exit Provisions in respect of a Storage Facility.

1.3.2 A Storage Connection Agreement in respect of a Storage Facility:

- (a) will provide that, as a condition to such agreement having effect and continuing to have effect, the Storage Operator has an agreement with one or more Users whereby the User(s) have responsibility for storage use gas;
- (b) will provide that for the purposes of Section B3.12.5, the Storage Operator shall notify the Transporter, by not later than the fifth Business Day of each calendar month:
  - (i) the quantity of storage use gas; and
  - (ii) the identity of each storage use gas provider

and where there is more than one storage use gas provider, the Storage Operator will in addition notify the Transporter of the quantities of storage use gas attributable to each storage use gas provider (and the quantities so attributed shall in aggregate equal the quantity notified under paragraph (i));

- (c) will specify the procedures, methods and standards by which the quantity of storage use gas in relation to a calendar month is to be calculated; and
- (d) will provide the Transporter with a right to review the Storage Operator's calculations of quantities of storage use gas and will contain procedures for the resolution of any dispute between the Transporter and the Storage Operator as to the proper calculation of a quantity of storage use gas.

#### 1.4 Storage Year

For the purposes of the Code a "**Storage Year**" is a 12 month period from 1 May in any year to the following 30 April.

#### 1.5 References to storage and LNG Importation services

1.5.1 For the purposes of the Code:

- (a) "**Storage Terms**" means the terms and conditions on and subject to which the Storage Operator permits Storage Users or a particular Storage User to utilise the services of the Storage Facility;
- (b) a "**Storage User**" is any person (including the Storage Operator), whether or not such a person is a User, which utilises or is entitled to utilise the services of the Storage Facility;
- (c) "**Applicable Total Storage Space**" is in respect of:
  - (i) a Storage Facility, the maximum quantity of gas that the Storage Operator determines can be withdrawn from the facility when full of stored gas;
  - (ii) a LNG Importation Facility, the maximum quantity of gas that the operator of that facility determines can be withdrawn from the facility when full of stored gas;
- (d) "**Applicable Total Storage Deliverability**" is in respect of a Storage Facility, the maximum quantity of gas that the Storage Operator determines can be withdrawn from the facility in a period of 24 hours during the calendar months of January and February in any Storage Year;
  - (i) a LNG Importation Facility, the maximum quantity of gas that the operator of that facility determines can be withdrawn from the facility in a period of 24 hours during the calendar months of January and February in any Storage Year;
- (e) "**Applicable Storage Nomination Time**" in respect of a Storage Facility, is the time identified in the relevant Storage Terms after which time the Storage Operator is not required to act on nominations made by the Storage User;

- (f) an "**LNG Importation User**" is any person (including the operator of the LNG Importation Facility), whether or not such a person is a User, which utilises or is entitled to utilise the services of the LNG Importation Facility;
- (g) "**LNG Importation Terms**" means the terms and conditions on and subject to which the operator of an LNG Importation Facility permits LNG Importation Users or a particular LNG Importation User to utilise the services of the LNG Importation Facility;
- (h) "**Isle of Grain LNG Importation Facility**" is the LNG Importation Facility located at the Isle of Grain, Rochester, Kent;
- (i) "**Isle of Grain LNG Importation Facility User**" is any person (including the operator of the Isle of Grain LNG Importation Facility), whether or not such a person is a User, which utilises or is entitled to utilise the services of the Isle of Grain LNG Importation Facility;
- (j) "**Uncommitted**" Storage Space or Storage Deliverability is in respect of a Storage Facility, the maximum Storage Space or Maximum Storage Deliverability of that facility less the aggregate Storage Space or Storage Deliverability at such time registered as held by Storage Users pursuant to applications, or subject to applications made but not yet approved under the relevant Storage Terms;
- (k) "**Uncommitted**" LNG Importation Space or LNG Importation Deliverability is the maximum LNG Importation Space or maximum LNG Importation Deliverability of that facility less the aggregate LNG Importation Space or LNG Importation Deliverability at such time registered as held by LNG Importation Users pursuant to applications, or subject to applications made but not yet approved under the relevant LNG Importation Terms;
- (l) "**Applicable Storage Space Charge Rate**" or "**Applicable Storage Deliverability Charge Rate**" respectively is:
- (i) in respect of a Storage Facility, the annual rate payable in respect of Storage Space, in pence per kWh of Storage Space, for a Storage Year or (as the case may be) Storage Deliverability, in pence per kWh/Day of Storage Deliverability, for a Storage Year;
  - (ii) in respect of a LNG Importation Facility, the annual rate payable in respect of LNG Importation Space, in pence per kWh of LNG Importation Space, for a Storage Year or (as the case may be) LNG Importation Deliverability, in pence per kWh/Day of LNG Importation Deliverability, for a Storage Year;
- (m) "**Storage Space Charge**" is:
- (i) in respect of a Storage Facility, a charge in respect of, and determined by reference to the amount of, a Storage User's Storage Space in that Storage Facility calculated in accordance with the relevant Storage Terms;
  - (ii) in respect of an LNG Importation Facility, a charge in respect of, and determined by reference to the amount of, a LNG Importation User's LNG Importation Space in that LNG Importation Facility calculated in

accordance with the relevant LNG Importation Terms;

- (n) "**Storage Deliverability Charge**" is in respect of a Storage Facility, a charge in respect of, and determined by reference to the amount of, a Storage User's Storage Deliverability in that Storage Facility calculated in accordance with the relevant Storage Terms;
  - (i) in respect of an LNG Importation Facility, a charge in respect of, and determined by reference to the amount of, an LNG Importation User's LNG Importation Deliverability in that LNG Importation Facility calculated in accordance with the relevant LNG Importation Terms;

1.5.2 In relation to any Storage Facility:

- (a) "**injection**" is the transfer of gas offtaken from the Total System to storage in (or for use in connection with the operation of) the Storage Facility, and "**withdrawal**" is the transfer of gas from storage in the Storage Facility for delivery to the Total System, in each case whether or not the User offtaking or delivering such gas is the same person as the Storage User effecting such transfer;
- (b) a Storage User's "**gas-in-storage**" at any time is the amount in aggregate of gas which (in accordance with the relevant Storage Terms) the Storage User is entitled to withdraw from the Storage Facility (and reflecting its injections to and withdrawals from and any transfers of its entitlements in respect of gas stored in such facility);
- (c) "**Storage Injectability**" is (as the context may require) the capability of the Storage Facility to have gas injected, or the entitlement (pursuant to the relevant Storage Terms) of a Storage User to inject gas into the Storage Facility, expressed as a rate or a quantity in a given period;
- (d) "**Storage Space**" is (as the context may require) the capability of the Storage Facility to have gas stored, or the entitlement (pursuant to the relevant Storage Terms) of a Storage User to have gas-in-storage in the Storage Facility, expressed as a quantity;
- (e) "**Storage Deliverability**" is (as the context may require) the capability of the Storage Facility to have gas withdrawn, or the entitlement (pursuant to the relevant Storage Terms) of a Storage User to withdraw gas from the Storage Facility, expressed as a rate or a quantity in a given period;
- (f) "**Storage Capacity**" means Storage Injectability, Storage Space and Storage Deliverability, or any of them, as the context may require;
- (g) a "**Storage Gas Transfer**" in relation to a Storage Facility, is a transfer (subject to and in accordance with the relevant Storage Terms) of or in respect of Storage Capacity or gas-in-storage; and
- (h) "**Total Storage Duration**" in respect of a Storage Facility is the number of Days obtained by dividing the Applicable Total Storage Space by Applicable Total Storage Deliverability.

1.5.3 In relation to any LNG Importation Facility:

- (a) **"injection"** or **"input"** is the transfer of gas into storage from a sea-going vessel or otherwise into (or for use in connection with the operation of) the LNG Importation Facility, and **"withdrawal"** is the transfer of gas from storage in the LNG Importation Facility for delivery to the Total System, whether or not the User delivering such gas is the same person as the LNG Importation User effecting such transfer;
- (b) an LNG Importation User's **"gas-in-storage"** at any time is the amount in aggregate of gas which (in accordance with the relevant LNG Importation Terms) the LNG Importation User is entitled to withdraw from the LNG Importation Facility (and reflecting its injections to and withdrawals from and any transfers of its entitlements in respect of gas stored in such facility);
- (c) **"LNG Importation Injectability"** is (as the context may require) the capability of the LNG Importation Facility to accept gas injected, or the entitlement (pursuant to the relevant LNG Importation Terms) of an LNG Importation User to inject gas into the LNG Importation Facility, expressed as a rate or a quantity in a given period;
- (d) **"LNG Importation Space"** is (as the context may require) the capability of the LNG Importation Facility to have gas stored, or the entitlement (pursuant to the relevant LNG Importation Terms) of an LNG Importation User to have gas-in-storage in the LNG Importation Facility, expressed as a quantity;
- (e) **"LNG Importation Deliverability"** is (as the context may require) the capability of the LNG Importation Facility to have gas withdrawn, or the entitlement, (pursuant to the relevant LNG Importation Terms) of an LNG Importation User to withdraw gas from the LNG Importation Facility, expressed as a rate or a quantity in a given period;
- (f) **"LNG Importation Capacity"** means LNG Importation Injectability, LNG Importation Space and LNG Importation Deliverability, or any of them, as the context may require;
- (g) a **"Storage Gas Transfer"** in relation to an LNG Importation Facility, is a transfer (subject to and in accordance with the relevant LNG Importation Terms) of or in respect of LNG Importation Capacity or gas-in-storage;

## 1.6 Simultaneous offtakes and deliveries

A Storage Connection Agreement may provide for the application of Section E1.9, irrespective of whether there is a Storage Balancing Arrangement in force pursuant to paragraph 2.2, provided that Section E1.9.4 may be substituted by provisions in the relevant Storage Connection Agreement.

## 1.7 Not Used

## 1.8 National Gas Transmission as Storage User and LNG Importation User

### 1.8.1 National Gas Transmission may be:

- (a) a Storage User in respect of Storage Facilities for Operating Margins purposes pursuant to Section K;

- (b) an LNG Importation User in respect of LNG Importation Facilities for Operating Margins purposes pursuant to Section K.

1.8.2 Where National Gas Transmission (as Storage User) has agreed (pursuant to the relevant Storage Connection Agreement or the relevant Storage Terms) with the Storage Operator, for Operating Margins Purposes terms and conditions for the provision of storage services which differ from the published standard Storage Terms applying to other Storage Users, copies of any such agreed differences shall be made available to Users on request.

## **1.9 Offtake and input requirements**

- 1.9.1 The Transporter may require, as a condition of a User applying for or holding NTS Entry Capacity or delivering gas to the Total System at a Storage Connection Point, that the User has complied with such conditions as may be specified in the relevant Storage Connection Agreement.
- 1.9.2 The Transporter may require, as a condition of a User applying for or holding NTS Entry Capacity or delivering gas to the Total System at a System Entry Point in respect of an LNG Importation Facility, that the User has complied with such conditions as may be specified in the relevant Network Entry Agreement.

## **1.10 Scottish Independent Networks and other liquefied natural gas storage**

1.10.1 For the purposes of enabling the relevant Transporter to provide Scottish Independent Networks with LNG as provided in Section B1.9.2, the relevant Transporter may enter into arrangements with any person in respect of a liquefied natural gas storage facility (whether such facility is located in or outside of the United Kingdom), pursuant to which the relevant Transporter (or any other person) may withdraw gas from such facility as liquefied natural gas loaded on to road tankers, and discharge such liquefied natural gas into any Connected Delivery Facility referred to in Section I1.2.2(g) in respect of a Scottish Independent Network.

## **1.11 DNO Users**

In this Section R references to Users exclude DNO Users.

## **1.12 Trader User**

In this Section R references to Users exclude Trader Users.

# **2 TERMS RELATING TO STORAGE FACILITIES**

## **2.1 Storage Nomination Arrangements**

2.1.1 For the purposes of the Code:

- (a) "**Storage Injection Nomination**" in respect of a Storage Facility is a nomination in respect of a quantity of gas to be injected into the Storage Facility;
- (b) a "**Storage Withdrawal Nomination**" in respect of a Storage Facility is a nomination in respect of a quantity of gas to be withdrawn from the Storage

Facility;

- (c) a "**Storage Nomination**" is a Storage Injection Nomination or a Storage Withdrawal Nomination;
- (d) a "**Storage Renomination**" is a Storage Nomination which is made before or after (in each case to the extent permitted by the relevant Storage Terms) the Applicable Storage Nomination Time and which revises an earlier Storage Nomination (including a Storage Renomination); and
- (e) "**Storage Nomination Quantity**" is the quantity nominated for injection or withdrawal under a User's prevailing Storage Nomination.

### 3 CONSTRAINED STORAGE

#### 3.1 Introduction

3.1.1 Not Used.

3.1.2 National Gas Transmission shall be entitled to require Storage Users to nominate gas for withdrawal from a Constrained Storage Facility in accordance with this paragraph 3.

3.1.3 Where any Storage Facility is to be a Constrained Storage Facility for a Storage Year, National Gas Transmission will, not later than 1 March before the start of such Storage Year, publish a document (the "**Constrained Storage Statement**") containing the following details for each Constrained Storage Facility:

- (a) the "**Constrained Point(s)**", being a point or points on the NTS as identified by National Gas Transmission as being relevant, for the purposes of this paragraph 3, to a Constrained Storage Facility;
- (b) the rate of flow ("**Constrained Threshold Demand Flow**") at a Constrained Storage Point at which National Gas Transmission may make Constrained Storage Renominations in respect of the relevant Constrained Storage Facility;
- (c) the Capacity Charges for NTS Entry Capacity at the relevant Storage Connection Point; and
- (d) a percentage for each Week in the Winter Period for the purposes of paragraph 3.4.3.

3.1.4 The Storage Operator and National Gas Transmission will (and National Gas Transmission is authorised to) provide to each other all such information concerning Users holding Storage Space in a Constrained Storage Facility (including details of their gas-in-storage and Storage Space) as may be required to give effect to this paragraph 3; and National Gas Transmission may delegate to the Storage Operator the making of any determination which is required for the implementation of this paragraph 3.

3.1.5 This paragraph 3 shall not apply to National Gas Transmission when acting for Operating Margins Purposes as a Storage User of a Constrained Storage Facility, and references in this paragraph 3 to Users do not include a reference to National Gas Transmission when so acting.

3.1.6 The amounts payable by Users by way of Capacity Charges for NTS Entry Capacity at the Storage Connection Point at a Constrained Storage Facility shall be adjusted on the basis set out in National Gas Transmission's Transportation Statement.

### 3.2 Constrained Storage Renominations

3.2.1 Each User holding Storage Space in a Constrained Storage Facility authorises National Gas Transmission to make an Input Nomination ("**Constrained Storage Renomination**") in respect of the relevant Storage Connection Point on behalf of the User in accordance with this paragraph 3.

3.2.2 Subject to paragraph 3.4, a Constrained Storage Renomination will be made as a Renomination, including a New Renomination where the relevant User has not already made an Input Nomination in respect of the relevant Storage Connection Point (and accordingly will not be made by the Applicable Storage Nomination Time).

3.2.3 National Gas Transmission may make Constrained Storage Renominations in respect of a Constrained Storage Facility in respect of any Day (a "**Constrained Storage Day**") where at 16:00 on the Preceding Day and/or at any subsequent Demand Forecast Time, the forecast flow, at the relevant Constrained Point, exceeds the Constrained Threshold Demand Flow; and where National Gas Transmission makes a Constrained Storage Renomination, it will notify Users of the forecast flow at the Constrained Point.

3.2.4 The Nomination Quantity ("**Constrained Nomination Quantity**") under a Constrained Storage Renomination shall be in the case of a Storage Facility, the quantity determined in accordance with the relevant Storage Terms.

3.2.5 On a Constrained Storage Day a User may not make any Renomination in respect of the relevant Storage Connection Point to reduce the Constrained Nomination Quantity (and any such Renomination purportedly made may be disregarded); provided that a User may post a Market Offer to effect a Locational Market Transaction in relation to which the User agrees to make an Acquiring Trade Nomination for the System Entry Point comprising the relevant Storage Connection Point for a Constrained Storage Day.

3.2.6 Where, on a Constrained Storage Day after Constrained Storage Renominations have been made, actual flow for a Constrained Point increases, National Gas Transmission will notify Users and may make further Constrained Storage Renominations in accordance with this paragraph 3.

3.2.7 Where, on a Constrained Storage Day after Constrained Storage Renominations have been made, actual flow in respect of a Constrained Point is reduced to less than 90% of the Constrained Threshold Demand Flow, National Gas Transmission will notify Users and revise the Constrained Storage Renominations such that the Constrained Nomination Quantities are, in the case of Constrained Storage Renominations:

- (a) in respect of a Storage Facility, equivalent to the quantities determined in accordance with the relevant Storage Terms.

3.2.8 The aggregate amount ("**Total Constrained Quantity**") of gas for which National Gas Transmission on a Constrained Storage Day makes Constrained Storage Renominations in respect of a Constrained Storage Facility shall not exceed either:

- (a) the maximum Storage Deliverability for that facility (as specified in the Storage

Connection Agreement or otherwise agreed between National Gas Transmission and the Storage Operator); or

- (b) the aggregate amount of all Users' gas-in-storage in that facility on the relevant Day.

### 3.3 Effect of nomination

- 3.3.1 The relevant Storage Terms will provide in relation to a User holding Storage Space in a Constrained Storage Facility to authorise the Storage Operator to deliver gas to the Total System at the Storage Connection Point pursuant to a Constrained Storage Renomination.
- 3.3.2 Users will be responsible for ensuring they have sufficient Storage Deliverability to enable any Constrained Storage Renomination to be complied with, and National Gas Transmission will not be concerned with any question whether the Storage Renomination Quantity exceeds the User's Storage Deliverability in the Constrained Storage Facility; and the Storage Connection Agreement will require the Storage Operator to comply with the Constrained Storage Renomination irrespective of whether it will (in accordance with the Storage Terms) result in the User becoming liable for any charge to the Storage Operator.

### 3.4 Minimum inventory requirements

- 3.4.1 Subject to paragraph 3.4.4, on each Day in each week in the Winter Period, a User's gas-in-storage in each Constrained Storage Facility shall not be less than the Weekly Minimum Requirement.
- 3.4.2 Each User holding Storage Space in a Constrained Storage Facility shall secure that the requirement in paragraph 3.4.1 is at all times in the Winter Period satisfied.
- 3.4.3 For each User the "**Weekly Minimum Requirement**" for a Constrained Storage Facility in respect of any week in the Winter Period is the amount determined as the relevant percentage of the User's Available Storage Space (being the storage space capacity (in kWh) which the User holds in a Constrained Storage Facility), for which purpose the relevant percentage is the percentage set out in respect of such week for such facility in the Constrained Storage Document; and the "**Aggregate Weekly Minimum Requirement**" in respect of any such week is the amount determined as the relevant percentage of the Maximum Storage Space (less Storage Space held by National Gas Transmission for Operating Margins Purposes) in the Constrained Storage Facility.
- 3.4.4 Without prejudice to paragraph 3.4.5, the requirement in paragraph 3.4.1 shall not be treated as not being satisfied where by reason of a Constrained Storage Renomination a User's gas-in-storage in a Constrained Storage Facility becomes less than the Weekly Minimum Requirement.
- 3.4.5 Where at any time in the Winter Period a User's gas-in-storage in a Constrained Storage Facility is for the time being less than the Weekly Minimum Requirement (whether or not as a result of any Constrained Storage Renomination), the User may not make any Input Nomination in respect of the relevant Storage Connection Point for the relevant Constrained Storage Facility; but National Gas Transmission may continue to make Constrained Storage Renominations in accordance with this paragraph 3.

3.4.6 National Gas Transmission may but shall not be required to reject an Input Nomination in respect of the relevant Storage Connection Point for the Constrained Storage Facility which would result in the requirement in paragraph 3.4.1 ceasing to be satisfied or is made at a time at which such requirement is not satisfied.

3.4.7 Where as respects any User and any Constrained Storage Facility:

- (a) on the first Day of the Winter Period the requirement in paragraph 3.4.1 is not satisfied; or
- (b) on any other Day in the Winter Period (subject to paragraph 3.4.4) the requirement in paragraph 3.4.1 ceases to be satisfied

paragraph 3.4.8 shall apply.

3.4.8 In the circumstances in paragraph 3.4.7:

- (a) the Storage Connection Agreement and Storage Terms will provide that, or will provide that National Gas Transmission may elect that (on such terms as between the Storage Operator and User, as may be provided in the Storage Terms) the Storage Operator (as User) shall make Output Nominations in respect of the Storage Connection Point (for injection to the Constrained Storage Facility), on or as soon as reasonably practicable after the relevant Day under paragraph 3.4.7, for a quantity or quantities equal in aggregate to the relevant quantity (and may but shall not be obliged to secure the delivery to the Total System of a quantity of gas not exceeding the relevant quantity);
- (b) such injection quantity(ies) will be treated as injected by the User to the Constrained Storage Facility, for the purposes of the relevant Storage Terms, but will not be treated as offtaken from the Total System by the User.

3.4.9 For the purposes of paragraph 3.4.8 the relevant quantity is the amount by which the User's gas-in-storage in the relevant Constrained Storage Facility was, on the relevant Day under paragraph 3.4.7, less than the Weekly Minimum Requirement.

3.4.10 A User will not make a Storage Withdrawal Nomination which would result in the requirement in paragraph 3.4.1 ceasing to be satisfied or at a time at which such requirement is not satisfied.

## **4 CLASS A CONTINGENCIES**

### **4.1 Class A Contingencies**

4.1.1 During the period of a Class A Contingency any nominations and renominations for the purposes of Section R shall be submitted in accordance with the relevant Contingency Procedures.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION S – INVOICING AND PAYMENT****1 INVOICING****1.1 Introduction**

1.1.1 The amounts payable by Users to the Transporter and by the Transporter to Users in accordance with the Code will be invoiced and payable in accordance with this Section S.

1.1.2 The Transporter will submit to each User Invoice Documents in respect of each Billing Period in accordance with this Section S.

1.1.3 For the purposes of this Section S:

- (a) subject to paragraph 2.4.3, a "**Billing Period**" is a calendar month; provided that in relation to an Amendment Invoice the Billing Period is the Reconciliation Billing Period;
- (b) a "**Billing Day**" is a Day in a Billing Period;
- (c) an "**Invoice Document**" is an invoice document submitted by the Transporter to a User pursuant to this Section S;
- (d) "**Invoice Item**" is an item (in respect of all charges of a particular kind) shown as payable by the Transporter or by a User in an Invoice Document (including where relevant a self-bill amount in accordance with paragraph 1.1.4);
- (e) the "**Invoice Amount**" in relation to an Invoice Item is the amount shown as payable by the User or the Transporter in respect of that item under the relevant Invoice Document;
- (f) a "**Reconciliation Billing Period**" is the period of one month (or in the event of a change in the last reconciliation day a shorter or longer period) ending on the last reconciliation day; for which purposes the last reconciliation day is the Day of the month (not more than 8 Business Days before the prevailing date on which the relevant Amendment Invoice is to be submitted pursuant to paragraph 1.4), from time to time advised by the Transporters to Users as being the last Day on which the Transporters are able to undertake calculations of Offtake Reconciliation for inclusion in the next Amendment Invoice to be submitted.

1.1.4 An Invoice Document may show as an Invoice Amount an amount (a "**self-bill amount**") payable by the Transporter to a User in respect of which Regulation 13(3) of the Value Added Tax Regulations 1995 is to apply.

1.1.5 An Invoice Document may contain an adjustment by way of credit ("**Invoice Credit**") in respect of an Invoice Amount in another Invoice Document.

1.1.6 An Invoice Document shall take effect as a separate invoice in respect of each Invoice Item, but without prejudice to paragraph 4.

1.1.7 No delay by the Transporter in submitting an Invoice Document shall prejudice the liability (once such Invoice Document has been submitted) of the Transporter or the User for the amounts subject thereto.

## 1.2 Invoice types

1.2.1 For each Billing Period separate Invoice Documents (as described in paragraph 1.2.2) will be submitted to each User in respect of amounts payable (if any) under different provisions of the Code.

1.2.2 The types (each an "**Invoice Type**") of Invoice Document to be submitted are NTS Entry Capacity Invoices, NTS Exit Capacity Invoices, LDZ Capacity Invoices, Balancing Invoices, Commodity Invoices, Amendment Invoices and Ancillary Invoices in accordance with paragraph 2.

## 1.3 Form and content of Invoice Document

1.3.1 Each Invoice Document will specify:

- (a) the identity of the User;
- (b) the Billing Period to which the Invoice Document (other than as respects any Invoice Credit) relates;
- (c) the Invoice Type;
- (d) in respect of each Invoice Item, the Invoice Amount;
- (e) a unique number by which the Invoice Document may be identified, and a reference number for each Invoice Item; and
- (f) the amount of Value Added Tax (if any) payable in respect of each Invoice Item and the further details required under Regulation 14 of the Regulations referred to in paragraph 1.1.4.

1.3.2 An Invoice Document which contains an Invoice Credit will also identify the Invoice Document and Invoice Item to which the Invoice Credit relates and the amount of the Invoice Credit.

1.3.3 Each Invoice Document will be accompanied by a remittance advice ("**Invoice Remittance Advice**"), to be completed by the User in accordance with paragraph 3.4.

1.3.4 Subject to GT Section D5.9, Invoice Documents will be submitted to Users either by UK Link Communication in the form and manner described in the UK Link Manual or by Conventional Notice in the specific circumstances set out in the UK Link Manual, and subject to paragraph 1.3.5 will be accompanied by the supporting data specified in respect of each Invoice Item in the UK Link Manual (the supporting data in respect of any such UK Link Communication comprising all data contained therein other than that described in paragraph 1.3.1).

1.3.5 An Invoice Document will not be invalid solely by reason of its not being accompanied by any particular item of supporting data, but (in accordance with paragraph 4.2.1(c)(i)) the specificity of any Invoice Query will depend on the extent to which such data was provided.

#### **1.4 Invoice timing**

1.4.1 Subject to paragraphs 1.7 and 2.4.2, Invoice Documents of different Invoice Types will be submitted at different times after the Billing Period to which they relate.

1.4.2 Subject to paragraphs 1.7 and 2.4.2, the Transporters will inform every User:

- (a) of the expected timing of the submission of each Invoice Type referred to in Annex S-1 (which shall be the same for each Transporter submitting each such Invoice Type);
- (b) upon not less than 6 months notice to Users, of any change in such expected timing;
- (c) upon becoming aware that such delay will occur, of any delay of more than 5 Business Days (by reference to such expected timing) in the submission of an Invoice Document in respect of a particular Billing Period (but the Transporter may not by notifying such delays avoid the requirements under paragraphs (b) and 1.4.3)).

1.4.3 Subject to paragraph 1.7, the Transporters will not change the expected timing of Invoice Documents of a particular Invoice Type more than once in any period of 12 months.

1.4.4 Subject to the provisions of Section E, paragraphs 1.3.9 – 1.3.13 (inclusive), no Invoice Document shall contain an Invoice Item or Invoice Amount that shall relate to any Day or period prior to the Code Cut Off Date provided that such Code Cut Off Date shall not apply in respect of an Invoice Item or Invoice Amount which relates to Recovered Amounts or Recovery Costs pursuant to Section X3.4.

#### **1.5 Divided Invoices**

1.5.1 Without prejudice to paragraph 2.4.2, the Transporter may, in the circumstances in paragraph 1.5.2, after notifying the User and (in the cases in paragraph 1.5.2(b) and (c)) explaining the reason therefor in reasonable detail and providing reasonable evidence thereof, submit to a User more than one Invoice Document of the same Invoice Type in respect of a particular Billing Period.

1.5.2 The circumstances referred to in paragraph 1.5.1 are:

- (a) where the User has requested that more than one such Invoice Document is submitted, provided it is reasonably practicable for the Transporter to accommodate such request;
- (b) where a problem in the operation of UK Link, which it was reasonable for the Transporter not to have foreseen at the UNC Implementation Date, adversely affects the ability of the Transporter to produce or submit to the User an Invoice Document in respect of a given Billing Period;

- (c) where anything required to be done (for or on behalf of or in relation to the User) by a person other than the Transporter (whether acting as Meter Reader or otherwise, and including an agent or contractor of the Transporter) to enable an Invoice Document to be produced or submitted is not done or not done by the required time.
- 1.5.3 The charges subject to each Invoice Document submitted pursuant to paragraph 1.5.1 will be allocated between such Invoice Documents by reference to the LDZ of the System Points in respect of which such charges arise or on another basis agreed with the User.
- 1.5.4 Such Invoice Documents may be submitted on different Days and each such Invoice Document will be treated as a separate Invoice Document for the purposes of this Section S; provided that the Invoice Due Date in respect of each such Invoice Document shall be:
  - (a) in the cases under paragraph 1.5.2(a) and (c):
    - (i) the Invoice Due Date (in accordance with paragraph 3.1.2) of the first submitted such Invoice Document; or
    - (ii) where later, the date which is 5 Business Days after the date on which the relevant Invoice Document is submitted; provided that in such a case (notwithstanding such later Invoice Due Date) interest shall be payable pursuant to paragraph 3.5.1 as though the Invoice Due Date were the date established under paragraph (i);
  - (b) in the cases under paragraph 1.5.2(b), the Invoice Due Date (in accordance with paragraph 3.1.2) of the last-submitted such Invoice Document.
- 1.5.5 The Transporter will give the User as much notice (pursuant to paragraph 1.5.1) as is reasonably practicable, and the Transporter and the User will coordinate with each other to facilitate the giving and receiving of such Invoice Documents.

## **1.6 Value Added Tax**

- 1.6.1 All amounts expressed as payable by a User or the Transporter pursuant to the Code, and whether the amount thereof is set out in the Code or determined by reference to a Transportation Statement, a Metering Charges Statement or otherwise, are exclusive (unless expressly otherwise stated) of any applicable Value Added Tax (and accordingly Value Added Tax shall be paid by the paying party where payable in respect of any such amount).
- 1.6.2 Where:
  - (a) any amount has been included in any Adjustment Neutrality Amount or Adjustment Reconciliation Neutrality Amount pursuant to Section F4.5.3(a)(ii) by reason of any amount (as therein referred to) being unpaid by a User;
  - (b) any Value Added Tax (unpaid by the User) in respect of the unpaid charge was also so included; and

- (c) National Gas Transmission, having accounted for the unpaid Value Added Tax, subsequently recovers any amount from the relevant authorities in respect of the unpaid Value Added Tax

the amount which was so recovered in respect of Value Added Tax will be included as an additional Monthly Adjustment Neutrality Revenue for the purposes of Section F4.5.3(b) in the month in which it is paid to National Gas Transmission.

## **1.7 Termination and Insolvency**

- 1.7.1 Notwithstanding paragraph 1.4, the Transporter may, at any time (whether before or after the User Discontinuance Date) after the Transporter submits to a User a Termination Notice under Section V4.3, submit to that User any Invoice Document in respect of any Billing Period or part of a Billing Period ending at or before the time at which the Transporter submits such Invoice Document.
- 1.7.2 Where the Transporter has submitted a Termination Notice to a User, all amounts payable by that User to the Transporter or by the Transporter to the User (whether the Invoice Document in which such amounts are shown was submitted before or after the date of the Termination Notice) shall be immediately payable notwithstanding paragraph 3.1.
- 1.7.3 Notwithstanding paragraph 1.4, the Transporter may, at any time on or following the occurrence of any of the events set out in paragraph V4.3.1(e) in relation to any User, submit to that User any Invoice Document in respect of any Billing Period or part of a Billing Period ending at or before the time at which the Transporter submits such Invoice Document.
- 1.7.4 In relation to a User, on the occurrence of any of the events set out in paragraph V4.3.1(e), all amounts payable to the Transporter (whether the Invoice Document in which such amounts are shown was submitted before or after the date of the occurrence of any of the events set out in paragraph V4.3.1(e)) shall be immediately payable notwithstanding paragraph 3.1.

## **1.8 Invoice adjustment**

- 1.8.1 Subject to paragraph 1.8.3, where it appears to the Transporter that any Invoice Amount has been incorrectly stated in an Invoice Document, the Invoice Amount may be adjusted by an Amendment Invoice or as the case may be an Ancillary Invoice submitted by the Transporter in accordance with paragraph 2.2 or 2.3 (and the Transporter will not be required to revise and resubmit the original Invoice Document).
- 1.8.2 An adjustment (by way of debit) representing an increase in an Invoice Amount shall be a new Invoice Amount in respect of which the Invoice Due Date will be the Invoice Due Date of the relevant Amendment Invoice or Ancillary Invoice.
- 1.8.3 In the absence of fraud, after the expiry of 18 months (or any other period agreed between the Transporter and the User) after the Invoice Due Date (in accordance with paragraph 3.1) in respect of any Invoice Document:
  - (a) no adjustment may be made to an Invoice Amount under that Invoice Document, other than:

- (i) an adjustment of which the Transporter had given notice to the User; or
  - (ii) an adjustment pursuant to an Invoice Query raised by a User (in accordance with paragraph 4)  
before the expiry of such period;
- (b) no Invoice Query may be raised in respect of the Invoice Document; and
- (c) the Invoice Document shall (subject to any adjustments already made and any permitted under paragraph (a)) be deemed to be final and conclusive as to the amounts shown as payable thereunder.
- 1.8.4 The provisions of this Section S whereby an Invoice Amount may be adjusted or an Invoice Query raised are without prejudice to the provisions of the Code pursuant to which determinations of quantities delivered to and offtaken from the Total System are made final.

## **1.9 Contingencies**

- 1.9.1 Subject to paragraph 1.9.4, in the event that, as a result of a Code Contingency, the Transporter is unable to produce or submit any Invoice Documents within 7 Days after the expected date (in accordance with paragraph 1.4) of submission thereof:
- (a) the Transporter may prepare and submit an Invoice Document (as an Ancillary Invoice) containing estimated Invoice Amounts;
  - (b) such an Invoice Document will be a valid Invoice Document; and
  - (c) for the purposes of paragraph 1.3.4, the supporting data to be provided with the Invoice Document will be an explanation of the basis of estimation.
- 1.9.2 Where the User believes that the Transporter's estimate or basis of estimation is materially inaccurate, the User shall as soon as reasonably practicable after receiving the Invoice Document (and in any event before the Invoice Due Date) contact the Transporter and discuss the estimate or basis of estimation with a view to agreeing upon a more accurate estimate of the amount which is payable, which amount (if so agreed) shall be the amount payable by the User in respect of the estimated Invoice Document, but without prejudice to paragraph 1.8.1 or 4.3.
- 1.9.3 Where (following discussion under paragraph 1.9.2) the User raises an Invoice Query under paragraph 4.2.1:
- (a) paragraph 4.2.1(c)(i) shall apply on the basis of the detail provided of the basis of estimation; and
  - (b) for the purposes of paragraph 4.2.1(c)(ii), the User shall specify the amount by which the User reasonably believes the Transporter's estimate to be under-or over-stated.
- 1.9.4 Except with the agreement of a User, and except in the circumstances listed in TDIIF 8.1.3, the Transporter may not on the occurrence of any Code Contingency submit Invoice Documents containing estimated Invoice Amounts under this paragraph 1.9 in respect of consecutive Billing Periods.

- 1.9.5 Where in accordance with the Contingency Procedures the Transporter submits Invoice Documents, which do not contain estimated Invoice Amounts, such Invoice Documents shall be submitted in the format required in paragraph 1.3.4.

### **1.10 Adjustment neutrality**

Where any Energy Balancing Charge has been invoiced and, upon the resolution of an Invoice Query or pursuant to paragraph 1.8.1 or (unless expressly otherwise provided) following a Code Modification or otherwise, any adjustment is subsequently made in respect of such Energy Balancing Charge, any amount payable by National Gas Transmission to a User or by a User to National Gas Transmission pursuant to such adjustment shall be:

- (a) except as provided in paragraph (b), an additional Monthly Adjustment Neutrality Cost, or (as the case may be) an additional Monthly Adjustment Neutrality Revenue for the purposes of Section F4.5.3(a) or (b) in respect of the month(s) to which the adjustment relates; and
- (b) where the relevant Energy Balancing Charge was a Reconciliation Clearing Charge other than in respect of an NTS System Exit Point or a Reconciliation Neutrality Charge included when determining the Aggregate Reconciliation Clearing Value for the purposes of Section E7.1.2(d) for the Reconciliation Billing Period in which such adjustment was determined.

### **1.11 DNO Users**

In this Section S references to Users include DNO Users.

### **1.12 Trader User**

In this Section S references to Users include Trader Users.

### **1.13 CDSP Functions**

- 1.13.1 Agency Functions of the CDSP to support implementation of this Section S are:

- (a) notifying Users of invoice timing;
- (b) calculating Invoice Amounts;
- (c) submitting Invoice Documents (and supporting data); and
- (d) resolving Invoice Queries.

## **2 INVOICE TYPES**

### **2.1 General**

- 2.1.1 NTS Entry Capacity Invoices, NTS Exit Capacity Invoices, LDZ Capacity Invoices, Balancing Invoices, Commodity Invoices and Amendment Invoices are Invoice Documents of the Invoice Types described in Annex S-1.

- 2.1.2 Subject to paragraphs 2.1.3 and 2.1.5, the Invoice Items to be comprised in each of the Invoice Types referred to in paragraph 2.1.1 are set out in Annex S-1.
- 2.1.3 Upon not less than 3 months notice to Users, the Transporter may include in any Invoice Document of an Invoice Type referred to in paragraph 2.1.1 Invoice Items which previously were or would have been contained in an Ancillary Invoice (but for the avoidance of doubt only in respect of Invoice Items in respect of charges payable pursuant to the Code).
- 2.1.4 The provisions of paragraph 2 and Annex S-1 as to the scope and contents of particular Invoice Documents shall be deemed from time to time to be modified to the extent necessary to be consistent with any UK Link Modification (as defined in the DSC) (but for the avoidance of doubt only in respect of Invoice Items in respect of charges payable pursuant to the Code).
- 2.1.5 An amount which:
- (a) is payable under the Code in relation to, or in connection with the holding of System Capacity at or the offtake of gas at, a Connected System Exit Point, a Shared Supply Meter Point, a VLDMC Supply Point, or a System Exit Point in a part of an LDZ to which GT Section C3.3.4 applies; and
  - (b) would otherwise be an Invoice Item within an Invoice Type in Annex S-1,
- may be contained in an Ancillary Invoice.

## **2.2 Amendment Invoice**

- 2.2.1 An Amendment Invoice is an Invoice Document containing Invoice Credits or Invoice Amounts (if not contained in an Ancillary Invoice) representing adjustments (by way of credit or debit) to Invoice Amounts contained in one or more LDZ Capacity Invoices or Commodity Invoices.
- 2.2.2 The amount of interest (if any) payable in respect of any amount payable or repayable pursuant to an Amendment Invoice will be shown in an Ancillary Invoice and not in the relevant Amendment Invoice.

## **2.3 Ancillary Invoice**

- 2.3.1 An Ancillary Invoice is an Invoice Document in respect of an amount not included in another Invoice Type.
- 2.3.2 The Transporter may submit an Ancillary Invoice to any User at any time (but subject to paragraph 1.8.3) in respect of any amount (not included in another Invoice Type) which, at any time prior to the submission of such Invoice Document, becomes payable or repayable by the User or the Transporter to the other pursuant to any provision of the Code or otherwise pursuant to Section B1.7.9 or (unless otherwise therein provided) pursuant to any Ancillary Agreement.
- 2.3.3 An Ancillary Invoice may also contain adjustments (by way of credit or debit) in respect of any Invoice Amount, other than adjustments to be contained (in accordance with paragraph 2.2) in Amendment Invoices.

- 2.3.4 The Transporter will submit (as an Ancillary Invoice) an Invoice Document in respect of amounts becoming payable by the Transporter to a User pursuant to Annex G-2 as soon as reasonably practicable after the month in which the liability to pay such amounts accrues.
- 2.3.5 The liability of the Transporter pursuant to any provision referred to in paragraph 2.3.4 or Section I3.7 or J3.5 to make any payment to a User is without prejudice to the User's liability for any charge payable to the Transporter, and the Transporter shall not be entitled to discharge its liability by releasing the User from any such liability of the User; and the Transporter shall secure that (where relevant) the Invoice Amounts in relevant Ancillary Invoices are stated accordingly.
- 2.3.6 National Gas Transmission will, at the same time as it submits a Balancing Invoice in relation to any Billing Period, submit (as an Ancillary Invoice) an Invoice Document in respect of amounts payable by or to National Gas Transmission pursuant to Section D3 in respect of such Billing Period.
- 2.3.7 Supporting data in respect of an Ancillary Invoices may be submitted 5 Days in advance of the date of submission of an Ancillary Invoice, provided where, without prejudice to paragraph 2.4.2, the Transporter informs User of the expected date of submission of an Ancillary Invoice, the supporting data may be submitted at the same time as the Ancillary Invoice.

## **2.4 Miscellaneous**

- 2.4.1 An Amendment Invoice or Ancillary Invoice may contain Invoice Amounts (or Invoice Credits in respect of Invoice Amounts) accruing (before such invoice is submitted):
- (a) in the calendar month in which the Invoice Document is submitted; and/or
  - (b) in more than one calendar month.
- 2.4.2 Without prejudice to paragraph 2.3.6, there is no expected timing within a calendar month for the submission of an Amendment Invoice or Ancillary Invoice.
- 2.4.3 A reference to a Billing Period in the context of an Amendment Invoice or Ancillary Invoice (other than where submitted pursuant to paragraph 2.3.6) is to the period from the date of accrual of the first to that of the last accruing Invoice Amount contained in such Invoice Document.

## **3 INVOICE PAYMENT**

### **3.1 Invoice Due Date**

- 3.1.1 Subject to paragraphs 1.7.2, 1.7.4 and 4.2.2, the Invoice Amounts under each Invoice Document shall be paid (by the User to the Transporter or by the Transporter to the User, as the case may be) on or before the Invoice Due Date.
- 3.1.2 Subject to 3.1.3, the "**Invoice Due Date**" in respect of an Invoice Document is the day ending at 24:00 hours on:
- (a) subject to paragraphs (b) and (c), whichever is the later of:

- (i) the 12th Day after the Day on which the Invoice Document was deemed to be received in accordance with GT Section B5 and GT Section D5; and
  - (ii) the 20th Day after the last Day of the Billing Period to which the Invoice Document relates;
- (b) in the case of an Amendment Invoice or Ancillary Invoice, subject to paragraph (c) and paragraph (d), the 12th Day after the Day on which the Invoice Document was deemed to be received in accordance with GT Section B5 and GT Section D5;
- (c) where the Day (the "**target due date**") determined under paragraph (a), (b) or (d) is not a Business Day:
- (i) subject to paragraph (ii), the Business Day (whether before or after the target due date) which is nearest to the target due date; or
  - (ii) if the nearest Business Days before and after the target due date are equally near, the nearest Business Day after the target due date.
- (d) subject to paragraph (e), in the case of a Small Value Invoice, the 30<sup>th</sup> Day following the end of the month in which the Invoice Document was deemed to be received in accordance with GT Section B5 and GT Section D5, or
- (e) the Day determined in accordance with paragraph (b), where the Small Value Invoice is not paid by the Day in paragraph (d).

3.1.3 In relation to a Trading System Clearer which either:

- (a) is a Recognised Clearing House for the purposes of the Financial Services and Markets Act 2000; or
- (b) has appointed a Recognised Clearing House for the purposes of the Financial Services and Markets Acts 2000 in order to discharge its obligations as a Trading System Clearer,

and without prejudice to applicable law and the Code, the Invoice Due Date, in relation to Energy Balancing Invoices, shall be agreed between National Gas Transmission and such Trading System Clearer following consultation with the Energy Balancing Credit Committee, until such agreement or failing such agreement, the Invoice Due Date shall continue to be specified in the Code.

3.1.4 Where an Invoice Type contains Invoice Amounts payable both by and to a User, only the net amount (the "**Net Invoice Amount**") shall be payable.

**3.2 Payment details**

3.2.1 Payment of any amount payable under the Code shall be made in pounds sterling in same day funds to the account of the payee at a bank in the United Kingdom notified to the paying party in accordance with paragraph 3.2.2.

3.2.2 The Transporter will notify each User, and each User shall notify the Transporter, of the account name and number, and the name, address and sort code of the account bank, to which payments to the Transporter by such User or (as the case may be) to such User by the Transporter are to be made, within 5 Business Days after the User Accession Date, and of any change in such details not less than 30 Days before such change occurs.

3.2.3 The payer shall instruct the bank remitting payment of any amount payable under the Code to quote the number (under paragraph 1.3.1(e)) of the relevant Invoice Document to the payee's bank when remitting such payment.

### **3.3 Deductions, withholdings, taxes etc**

3.3.1 Without prejudice to paragraphs 3.8, 3.9 and 4.2.2, amounts payable under the Code shall be paid:

- (a) free and clear of any restriction, reservation or condition; and
- (b) except to the extent (if any) required by law, without deduction or withholding in respect of tax or on account of any amount due or to become due to the paying party, whether by way of set off, counterclaim or otherwise.

3.3.2 If, in respect of a payment to be made to the Transporter by a User, any deduction or withholding is required to be made by the law of any country other than a country of the United Kingdom, the User shall:

- (a) ensure that the amount of such withholding or deduction does not exceed the minimum so required;
- (b) forthwith pay the Transporter such additional amounts as will ensure that the net amount received by the Transporter will be equal to that which would have been received had no deduction or withholding been made; and
- (c) pay the amount withheld or deducted to the relevant authority in accordance with the relevant requirement of law, and provide to the payee a receipt issued by such authority or (if such a receipt is not available) a certificate in respect of such payment.

### **3.4 Remittance advice**

3.4.1 Where payment of any amount is made pursuant to an Invoice Document, the User shall complete and submit to the payee the Invoice Remittance Advice not later than the Day on which payment is made (but no inability of the User to do so shall affect its obligation to make payment).

3.4.2 The completed Invoice Remittance Advice shall specify:

- (a) the date when payment is to be made;
- (b) the amounts, by reference to each Invoice Item (payable to the Transporter) specified in the Invoice Document, in respect of which the payment is to be made, and the total amount to be paid; and

- (c) any amount or amounts, by reference to each Invoice Item, in respect of which payment is not being made pursuant to paragraph 3.9.4 and/or 4.2.2.
- 3.4.3 Where the Transporter makes payment of any amount pursuant to an Invoice Document, the Transporter will not later than the date on which payment is made notify the User of details equivalent to those to be specified in an Invoice Remittance Advice pursuant to paragraph 3.4.2 (but no inability of the Transporter to do so shall affect its obligation to make payment).
- 3.4.4 Where the Transporter or a User makes payment under more than one Invoice Document on the same Day, it shall secure that a separate remittance is made in respect of each Invoice Document.
- 3.4.5 Where the Invoice Document number is not quoted (in accordance with paragraph 3.4.4) with any remittance made by or on behalf of a User, and no Invoice Remittance Advice corresponding to the remittance is submitted, the Transporter will endeavour to obtain the User's instructions (by telephone, facsimile or e-mail) as to the application thereof; but if it has not (by the Business Day following the Day of the remittance) obtained such instructions, the Transporter will apply the amount remitted to or towards Invoice Amount(s) in order of Invoice Due Date (the earliest first) and proportionately as between Invoice Amounts with the same Invoice Due Date, but applying such amount last to any Invoice Amounts which are subject to an Invoice Query.

### **3.5 Late payment**

- 3.5.1 Without prejudice to Section V4.3.1, where any amount payable under an Invoice is not paid on or before the Invoice Due Date, the paying party shall pay interest, after as well as before judgment, at the Applicable Interest Rate, on the unpaid amount from the Invoice Due Date until the Day on which payment is made.
- 3.5.2 For the avoidance of doubt paragraph 3.5.1 shall not be construed as permitting late payment of any Invoice Amount.
- 3.5.3 Without prejudice to any other rights of the Transporter under the Code, including without limitation those under Section V4.3, where, in relation to any amount (or amounts in aggregate) of not less than £10,000 which has become due for payment by a User under the Code (excluding for the avoidance of doubt amounts which are the subject of an Invoice Query which by virtue of paragraph 4.2.2 have not become due for payment or amounts which are the subject of Profiling Payment by virtue of paragraph 3.9.4 provided strictly that such amounts are repaid in accordance with paragraph 3.9.6) and the relevant User has not paid the amount in full by the due date for payment the Transporter shall be entitled to:
- (a) reject or refuse to accept all or any of the following by the relevant User:
- (i) an application for System Capacity or increased System Capacity at any System Point under Section B (including Annex B-3); and
  - (ii) a System Capacity Trade under Section B5 in respect of which the User is Transferee User;

- (b) give the CDSP a Registration Block Notice which shall be effective from the day after the due date for payment until such time as the relevant User has paid the amount due for payment in full.

### **3.6 Interest**

- 3.6.1 Where pursuant to any provision of this Section S interest is payable by the Transporter or a User, such interest shall accrue on a daily basis and on the basis of a 365 day year.
- 3.6.2 Interest payable under this Section S will be compounded to the extent and by virtue of being invoiced in an Ancillary Invoice, late payment of which will itself be subject to interest under this paragraph 3.6.
- 3.6.3 The "**Applicable Interest Rate**" is the rate of interest, expressed as a percentage rate per annum, payable in respect of amounts overdue for payment, or subject to repayment, under the Code.
- 3.6.4 The Applicable Interest Rate shall be:
  - (a) except as provided in paragraph (b), the rate of interest set for the relevant period as the statutory interest rate for the purposes of the Late Payment of Commercial Debts (Interest) Act 1998; or
  - (b) for the purposes only of paragraphs 1.5.4(a)(ii), 4.2.5 and 4.3.2, or where otherwise expressly provided in the Code, the base rate for the time being of Barclays Bank PLC plus one (1) percentage point per annum.
- 3.6.5 If the Applicable Interest Rate (pursuant to paragraph 3.6.4(a)) is exercised then the creditor shall be entitled to recover compensation from the debtor to the value according to the provisions of the Late Payment of Commercial Debts (Interest) Act 1998.
- 3.6.6 Except in the case of late payment of a Balancing Invoice, where pursuant to paragraph 3.5.1 interest is payable by a Transporter or a User, the Transporter shall submit to the relevant User, an Ancillary Invoice within 35 Days of the Day on which payment is made.

### **3.7 Statement of account**

- 3.7.1 The Transporter will provide to each User each month a statement of account showing, by reference to individual Invoice Documents (but not individual Invoice Items) and in aggregate:
  - (a) the amounts shown under paragraph (d) in the preceding statement of account (if any) as payable by the User or the Transporter;
  - (b) the amounts shown as payable by the User or the Transporter under Invoice Documents submitted to the User since the date of the preceding statement of account (if any), including any amount for which the Invoice Due Date is after the date of the statement of account for the current month;
  - (c) the amounts paid by the User or the Transporter since the date of the preceding statement of account (if any); and

- (d) the sum of the amounts shown under paragraphs (a) and (b) less the amounts shown under paragraph (c).

3.7.2 Each statement provided under paragraph 3.7.1 shall state that it is not a tax invoice for Value Added Tax purposes.

3.7.3 No payment obligation of any User or the Transporter shall be affected by any delay or failure by the Transporter in producing a statement of account.

### **3.8 Set off notice**

3.8.1 A Transporter may submit a notice ("**Set off Notice**") to a User in respect of a relevant Invoice Document where either:

- (a) such User has failed to make payment in full in respect of such Invoice Document by the Invoice Due Date in accordance with paragraph 3.1; or
- (b) such User has agreed in writing that a Transporter may apply set off in accordance with this paragraph 3.8 and such User has not withdrawn such agreement by notice in writing at least 5 Business Days prior to any Set Off Notice;

in such case, the provisions of this paragraph 3.8 shall apply.

3.8.2 For the purposes of this paragraph 3.8 a "**relevant**" Invoice Document is an Invoice Document which:

- (a) has been submitted to the User;
- (b) comprises Invoice Amounts (including Invoice Amounts under any other relevant Invoice Document specified in the Set off Notice) which are payable both by and to a User; and
- (c) such Invoice Amounts are in respect of Transportation Charges.

3.8.3 A Set off Notice shall specify:

- (a) the identity of the User;
- (b) in respect of each relevant Invoice Document:
  - (i) the unique number by which the Invoice Document is identified;
  - (ii) the date the Invoice Document was submitted to the User;
  - (iii) the Invoice Type;
  - (iv) the Invoice Due Date;
  - (v) in respect of each Invoice Item, the Invoice Amount;
- (c) by reference to each of the Invoice Amounts payable both by and to a User under each relevant Invoice Document, the net amount payable by or to the User (the "**net invoice amount**"); and

- (d) the Invoice Document (the "**specified**" Invoice Document) in respect of which the net invoice amount is to be treated as payable (which in the case of a Set off Notice in respect of a single Invoice Document shall be such Invoice Document).

3.8.4 Following the submission of a Set off Notice:

- (a) payment of the net invoice amount by the Transporter or (as the case may be) the User on or before the Invoice Due Date of the specified Invoice Document shall be treated for the purposes of this Section S as payment in full of all Invoice Amounts payable by or to the User under each relevant Invoice Document specified in the Set off Notice;
- (b) paragraphs 3.2, 3.4 and 3.7 shall apply in respect of each relevant Invoice Document;
- (c) the Transporter or (as the case may be) the User will remain liable for the payment of interest in accordance with paragraph 3.5 in respect of the late payment of any Invoice Amount under a relevant Invoice Document where payment was not made by the Invoice Due Date; and
- (d) in the event the net invoice amount is not paid on or before the Invoice Due Date of the specified Invoice Document paragraph 3.5 shall apply in respect of each Invoice Document specified in the Set off Notice.

3.8.5 Where a User has notified the Transporter of an Invoice Query (in accordance with paragraph 4.2) in respect of an Invoice Item under a relevant Invoice Document:

- (a) prior to the submission of a Set off Notice, the Transporter shall take account of the Invoice Amount which is the subject of the Invoice Query when determining the net invoice amount payable;
- (b) following the submission of a Set off Notice, the Transporter may:
  - (i) make payment of any such amount for which it is liable pursuant to this Section S in respect of the Invoice Query; or
  - (ii) submit a revised Set off Notice to take account of the Invoice Amount which is subject of the Invoice Query (and the first Set off Notice shall cease to have effect).

### 3.9 Profiling Payment

3.9.1 For the purposes of this paragraph 3.9:

- (a) A "**Qualifying User**" shall be deemed to be a User:
  - (i) who is a Registered User in respect of no more than 100,000 Smaller Supply Points across all Distribution Networks;
  - (ii) has a Code Credit Limit in relation to the relevant DNO which, in aggregate with the Code Credit Limits in relation to that DNO of each other User in respect of which an instrument of surety or security has

been provided pursuant to Section V3.4.6 jointly with such User, is no greater than £500,000; and

- (iii) whose maximum Value at Risk in the three months preceding May of the calendar year is still less than the User's Code Credit Limit.
  - (b) **“Profiling Payment”** shall mean the payment of LDZ Capacity Invoice by a Qualifying User in accordance with paragraph 3.9.4.
  - (c) **“Profiling Month”** shall mean a month where an LDZ Capacity Invoice relates to a Billing Period covering May, June, July or August.
  - (d) **“Profiling Amount”** shall mean the Invoice Amount of an LDZ Capacity Invoice relating to the Smaller Supply Point element of:
    - (i) the LDZ Capacity Charge; and
    - (ii) the Capacity Variable Component of the Customer Charge.
- 3.9.2 A Qualifying User shall be entitled to elect to Profiling Payment for the purposes of settling LDZ Capacity Invoice.
- 3.9.3 Where a Qualifying User wishes to move to Profiling Payment in respect of a LDZ Capacity Invoice, it shall submit a notice (**“profiling notice”**) to the relevant DNO confirming its intention to do so.
- 3.9.4 Subject to paragraph 3.9.5, where a Qualifying User submits a profiling notice, it shall be entitled to withhold, in any Profiling Month, up to 50% of the Profiling Amount, provided that it pays no less than 50% of the Profiling Amount by the Invoice Due Date.
- 3.9.5 Where pursuant to paragraph 3.9.4 any amount is withheld on the Invoice Due Date, the withheld amount shall be payable by the Qualifying User in accordance with paragraph 3.9.6, and interest from the Invoice Due Date shall be payable in accordance with paragraph 3.5 on such amount withheld.
- 3.9.6 Where any amount is withheld on the Invoice Due Date by a Qualifying User pursuant to paragraph 3.9.4 above, then the aggregate of the amounts withheld for each Profiling Month (such aggregate to be calculated following 31 August in each calendar year) shall be paid by the Qualifying User in six equal instalments on or before the last Business Day of each month from October through to March (inclusive), provided that at any time during this period the Qualifying User shall have the option to pay more than the sum equivalent to the instalment due.
- 3.9.7 All amounts withheld by a Qualifying User pursuant to paragraph 3.9.4 shall be settled in full by 31 March following the period where Profiling Payment occurred.
- 3.9.8 All payments made by Qualifying User in accordance with paragraph 3.9.6 shall be offset against the earliest occurring withheld amount for the purposes of calculating interest pursuant to paragraph 3.5 and VAT pursuant to paragraph 1.6.
- 3.9.9 A Qualifying User shall clarify to the relevant DNO their VAT payments in relation to withheld amounts subject to Profiling Payment.

- 3.9.10 Where a Qualifying User adheres, to the fullest extent, to the terms of paragraph 3.9.6 and 3.9.7, the relevant DNO shall exclude amounts subject to Profiling Payment (by virtue of paragraph 3.9.4) when determining any amount (or amounts in aggregate) which have become due for payment by the Qualifying User under the Code.
- 3.9.11 To extent that a Qualifying User does not comply with paragraph 3.9.6 and/or 3.9.7, any amounts previously excluded by the relevant DNO by virtue of paragraph 3.9.10 shall, with immediate effect, be included for the purpose of determining any amount (or amounts in aggregate) which have become due for payment by the Qualifying User under the Code and the relevant DNO shall be entitled to exercise any right available to it including (without limitation) any right pursuant to paragraph 3.5 and/or Section V4.3.
- 3.9.12 Subject to paragraph 3.9.10, the provisions of this paragraph 3.9 are without prejudice to TPD Section V3 and Section TPD V4 of the Code.
- 3.9.13 In this paragraph 3.9 a references to User shall not include a DNO User.

## **4 INVOICE QUERIES, ETC**

### **4.1 Invoice Queries**

- 4.1.1 For the purposes of this Section S an "**Invoice Query**" is any question or dispute as to the proper calculation of any amount shown as payable by a User or the Transporter under an Invoice Document or as to whether any such amount is or was properly payable and references to the amount of an Invoice Query are to the amount by which the User submitting the Invoice Query considers the Invoice Amount to be incorrect.
- 4.1.2 A User may notify an Invoice Query by telephone (subject to paragraph 4.1.3), by Conventional Notice or by UK Link Communication.
- 4.1.3 Where a User notifies an Invoice Query by telephone, the Transporter may (at the time of the telephone communication) require that the Invoice Query be notified by Conventional Notice or UK Link Communication, in which case the Invoice Query shall be deemed not to have been raised for the purposes of paragraph 4.2.1 until so notified.
- 4.1.4 The Transporter and the relevant User will endeavour to resolve Invoice Queries by agreement.
- 4.1.5 Any reference in this Section S:
- (a) to the resolution of an Invoice Query is a reference to the resolution thereof by agreement (at any time) between the Transporter and the relevant User or by determination thereof (in accordance with paragraph (b));
  - (b) to the determination of an Invoice Query is a reference:
    - (i) to the resolution of a dispute in respect thereof under any provision of GT Section A where applicable; and
    - (ii) except as provided in paragraph (i), to the outcome of any proceedings commenced by the Transporter or the relevant User in respect thereof.

- 4.1.6 Without prejudice to any obligation (including any liability to pay interest pursuant to paragraph 4.2.4) of Users pursuant to this Section, the Transporter agrees that it will make available such resources as are in its reasonable opinion reasonably adequate to deal reasonably promptly with reasonable Invoice Queries.
- 4.1.7 In paragraph 4.1.8 'appropriate resources' shall mean the application by the Transporter in respect of an Invoice Query, of available resources that are commensurate with and appropriate to the value of the Invoice Query.
- 4.1.8 In relation to an Invoice Query, for which there exists an Invoice Query Methodology, relating to an Invoice Document in respect of which the relevant Billing period is February 1998 or any subsequent month:
- (a) where it has not been possible to resolve the Invoice Query by applying appropriate resources; or
  - (b) the Transporter is of the opinion that the Invoice Query will not be resolved by applying appropriate resources

the Transporter shall, where agreed with the User, calculate, in accordance with the Invoice Query Estimation Methodology, an estimated value for the Invoice Amount which is the subject of the Invoice Query.

- 4.1.9 Without prejudice to paragraph 4.1.5 where the Transporter calculates an estimated value for the amount of an Invoice Query in accordance with paragraph 4.1.8, the Invoice Query shall be held to have been resolved on the basis of such estimated value, which estimated value shall be deemed to be final and conclusive as to the proper calculation of the amount payable.
- 4.1.10 An "**Invoice Query Estimation Methodology**" is a document so entitled, prepared, published and revised (subject to prior approval by Panel Majority of the Uniform Network Code Committee) from time to time by Transporters (in consultation with Users) setting out (inter alia) the methodology to be applied by the Transporter for the purposes of calculating an estimated value of the amount of each Invoice Query.
- 4.1.11 In the preparation (and revision) of an Invoice Query Methodology the Transporters shall seek to ensure that the methodology is designed to apply in such a manner that the estimated values calculated for amounts that are the subject of Invoice Queries are, as between the Transporter and Users and as between Users, fair and equitable.
- 4.1.12 Without prejudice to paragraphs 4.1.6, 4.1.8 and 4.1.9, where a User gives simultaneous notification to the Transporters of thirty or more relevant Invoice Queries, the User may also notify the Transporters that it elects that paragraph 4.5 apply to the resolution of the relevant Invoice Queries ( an "**Invoice Query Batch**").
- 4.1.13 For the purposes of paragraph 4.1.12, a "**relevant Invoice Query**" is an Invoice Query:
- (a) which relates to a Larger Supply Point, other than in respect of an Invoice Item on a Commodity Invoice or Amendment Invoice determined by reference to the Metered Quantity or Reconciliation Quantity respectively; and
  - (b) where the amount is less than £40.

## 4.2 Invoice Queries before payment

- 4.2.1 Where a User wishes to raise any Invoice Query in respect of an amount shown as payable by the User under an Invoice Document, the User may, not later than the Day before the Invoice Due Date, notify (in accordance with paragraph 4.1.2 and 4.1.3) such Invoice Query to the Transporter, specifying:
- (a) the Invoice Type, date and number of the Invoice Document;
  - (b) the Invoice Item to which the Invoice Query relates;
  - (c) an explanation of the basis on which the Invoice Query arises, and the amount of the Invoice Amount which is subject to the Invoice Query:
    - (i) identified by reference to the particular item of supporting data (in accordance with paragraph 1.3.4) in respect of which the Invoice Query arises, on the basis of the level of greatest detail of such supporting data provided for in the UK Link Manual, to the extent that such data was provided by the Transporter, and subject to paragraph 4.2.6 where applicable; and
    - (ii) where the basis of the Invoice Query is that the value of any parameter by reference to which the Invoice Amount is determined is incorrectly stated in such supporting data, the amount (estimated as accurately as is reasonably practicable) by which such value is incorrectly stated; and
  - (d) the amount of the Invoice Amount which is not subject to the Invoice Query, determined on the basis that only so much of the Invoice Amount as is identified in paragraph (c) is subject to the Invoice Query.
- 4.2.2 Where a User raises an Invoice Query in accordance with the requirements of paragraph 4.2.1 (but not otherwise), the amount subject to the Invoice Query (in accordance with paragraph 4.2.1(c)) shall not be payable on the Invoice Due Date, but without prejudice to paragraph 4.2.4.
- 4.2.3 Except as provided in paragraph 4.2.2, but without prejudice to paragraph 4.3.1, the whole amount shown as payable by a User in any Invoice Document shall be payable on the Invoice Due Date.
- 4.2.4 Where pursuant to paragraph 4.2.2 any amount is not paid on the Invoice Due Date by a User, the amount (if any) which is agreed or determined (following resolution of the Invoice Query) to be payable by the User shall be payable upon such resolution, and interest from the Invoice Due Date shall be payable in accordance with paragraph 3.5 (but subject to paragraph 4.2.5) on such amount.
- 4.2.5 For the purposes of paragraph 4.2.4, where it is agreed or determined that the question or dispute the subject of the Invoice Query pursuant to paragraph 4.2.2 was a bona fide question or dispute, the Applicable Interest Rate shall be:
- (a) for Invoice Items other than those listed in paragraph 5 of Annex S-1, the rate under paragraph 3.6.4(b); and

- (b) for Invoice Items listed in paragraph 5 of Annex S-1 the rate under paragraph 3.6.4(b) until the expiry of 2 Business Days after the date of resolution of the Invoice Query.

4.2.6 Where, by reason of a delay (after the UNC Implementation Date) in the preparation or submission of any Invoice Documents:

- (a) the Transporter submits to a User, in the same month, Invoice Documents of the same Invoice Type (other than the Invoice Types referred to in paragraph 4.2.8) in respect of several Billing Periods to a User; or
- (b) the Transporter submits to a User in any month Invoice Documents of different Invoice Types (other than the Invoice Types referred to in paragraph 4.2.8) at intervals which are substantially less (so that they are submitted on the same Day or within the space of a few Days) than those allowed for by the expected timing under paragraph 1.4.2

paragraph 4.2.7 shall apply.

4.2.7 In relation to any such Invoice Document as is referred to in paragraph 4.2.6:

- (a) the level of detail by reference to which (for the purposes of paragraph 4.2.1) any Invoice Query is required to be given shall be such as is reasonable having regard to the extent of the supporting data and the time (from submission of the Invoice Document until the Invoice Due Date) available for the User to review such Invoice Documents and the supporting data; and
- (b) where the User raised an Invoice Query containing less detail than would have been required but for paragraph (a):
  - (i) the User shall as soon as is reasonable provide to the Transporter the details which were omitted; and
  - (ii) to the extent that the User does not comply with paragraph (i), the suspension (pursuant to paragraph 4.2.2) of the User's obligation to pay shall cease to apply.

4.2.8 The Invoice Types excluded from paragraph 4.2.6(a) and (b) are Invoice Types within paragraph 2.4.1, except that Ancillary Invoices submitted pursuant to paragraph 1.9.1 shall be included.

### **4.3 Other Invoice Queries**

4.3.1 Subject to paragraph 1.8.3, nothing in this paragraph 4 shall prevent a User from raising any Invoice Query other than pursuant to paragraph 4.2.1, including in respect of any amount after payment has been made in respect of such amount, or from paying any such amount at the same time as notifying an Invoice Query in respect thereof; provided that (without prejudice to the resolution of the Invoice Query) no constructive trust or other implied term as to the receipt or application by the payee of the amount paid shall arise.

4.3.2 Where, upon the resolution of an Invoice Query or otherwise, it is agreed or determined that any amount or part of any amount paid should not have been paid, the payee shall

repay such overpaid amount with interest at the Applicable Interest Rate from the date on which payment was made to it or if later the Invoice Due Date until the date of such repayment.

- 4.3.3 Notwithstanding paragraph 4.2.2, a User shall pay the Invoice Amount in respect of NTS Entry Capacity Charges in respect of Daily NTS Entry Capacity, NTS Entry Capacity Charges in respect of Interruptible NTS Entry Capacity and (where payable by the User) Capacity Neutrality Charges under each NTS Entry Capacity Invoice in full on the Invoice Due Date, notwithstanding any Invoice Query, and paragraphs 4.3.1 and 4.3.2 will apply in respect of any such Invoice Query.

#### **4.4 Invoicing of resolved Queries**

- 4.4.1 As soon as reasonably practicable after any Invoice Query is resolved, and in any event by the end of the second following month, the Transporter will prepare and submit to the relevant User an appropriate Invoice Document in respect of the amount (if any) agreed or determined to be payable or repayable by the Transporter or the relevant User.
- 4.4.2 Save in respect of an Invoice Query relating to charges in respect of the Invoice Items listed in paragraph 5 of Annex S-1, as soon as reasonably practicable after any Invoice Query is resolved, and in any event by the end of the third following month, the Transporter will prepare and submit to the relevant User an appropriate Invoice Document in respect of the amount (if any) of interest payable by the Transporter or the User in respect of such Invoice Query.

#### **4.5 Invoice Query Batch sampling**

- 4.5.1 Following an election by a User pursuant to paragraph 4.1.12:
- (a) the Transporters shall take a batch sample from the Invoice Query Batch and determine in respect of each Invoice Query in the batch sample whether the Invoice Query complies with paragraph 4.2.1;
  - (b) where:
    - (i) more than 5% (in number) of the Invoice Queries in the batch sample do not comply with the requirements of paragraph 4.2.1, all Invoice Queries in the Invoice Query Batch shall be deemed not to comply with paragraph 4.2.1;
    - (ii) 5% or fewer (in number) of the Invoice Queries in the batch sample do not comply with the requirements of paragraph 4.2.1, all Invoice Queries in the Invoice Query Batch shall be deemed to comply with paragraph 4.2.1;
  - (c) where paragraph (b)(i) applies:
    - (i) the Transporters will provide the User with details of the Invoice Queries in the batch sample which did not comply with paragraph 4.2.1;
    - (ii) the User shall be deemed not to have notified the Transporters of any of the Invoice Queries in the Invoice Query Batch and the User may notify

the Transporter of such Invoice Queries pursuant to paragraph 4.2.1 or 4.1.12;

- (iii) where paragraph (b)(ii) applies, the Transporters shall calculate the average invoice query factor;
- (d) the "**average invoice query factor**" shall be, for each Invoice Query in the batch sample which complied with paragraph 4.2.1, the sum of the amounts determined by the Transporters as being the amount which should have properly been the subject of the Invoice Query divided by the sum of the amounts as notified by the User; and
- (e) in respect of each Invoice Query in the Invoice Query Batch, the amount which should have properly been the subject of the Invoice Query shall be, where the average invoice query factor is:
  - (i) less than or greater than 1, the amount notified by the User multiplied by the average invoice query factor;
  - (ii) equal to 1, the amount notified by the User.

4.5.2 For the purposes of paragraph 4.5.1, the "**batch sample**" shall comprise, where the number of Invoice Queries comprised in the Invoice Query Batch:

- (a) exceeds 10,000, a random sample of 222 Invoice Queries;
- (b) is greater than 30 but less than 10,000, a random sample of such number of Invoice Queries ('s') determined as follows:

$$s = (nl + (f * (nh - nl)))$$

where: f equals  $(N - NI)/(Nh - NI)$ ;

N is the number of Invoice Queries in the Invoice Query Batch;

'NI' is the closest batch size below (lower batch size) the actual number of queries in an Invoice Query Batch; and

'Nh' is the closest batch size above (higher batch size) the actual number of queries in the Invoice Query Batch

'nl' and 'nh' are the appropriate sample size set out in Annex S-2.

**Annex S-1****INVOICE TYPES AND INVOICE ITEMS****1 NTS Entry Capacity Invoice**

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

- (a) NTS Entry Capacity Charges in respect of Monthly NTS Entry Capacity;
- (b) NTS Entry Capacity Charges in respect of Daily NTS Entry Capacity;
- (c) NTS Entry Capacity Charges in respect of Interruptible NTS Entry Capacity;
- (d) Capacity Surrender Charges;
- (e) Firm Curtailment Charges;
- (f) System Entry Overrun Charges;
- (g) Capacity Neutrality Charges; and
- (h) Force Majeure Premium Charge.

**2 NTS Exit Capacity Invoice**

An "**NTS Exit Capacity Invoice**" is an Invoice Document in respect of the following separate Invoice Items:

- (a) NTS Exit Capacity Charges – Annual NTS Exit (Flat) Capacity;
- (b) NTS Exit Capacity Charges – Daily NTS Exit (Flat) Capacity;
- (c) NTS Exit Capacity Charges – Off-peak Daily NTS Exit (Flat) Capacity;
- (d) NTS Exit (Flat) Capacity Surrender Charges;
- (e) NTS Offtake Reduction Charges; and
- (f) NTS Exit (Flat) Overrun Charges.

**3 LDZ Capacity Invoice**

An "**LDZ Capacity Invoice**" is an Invoice Document in respect of the following Invoice Items:

- (a) LDZ Capacity Charges;
- (b) Customer Charges - Capacity Variable Component;

- (c) Customer Charges - Fixed Component;
- (d) Supply Point Ratchet Charges – LDZ Capacity Charges; and
- (e) Supply Point Ratchet Charges – Capacity Variable Component of Customer Charge.

#### **4 Commodity Invoice**

A "**Commodity Invoice**" is an Invoice Document in respect of the following Invoice Items:

- (a) (i) NTS Entry Commodity Charges; and
- (a) (ii) NTS Exit (Flat) Commodity Charges;
- (b) LDZ Commodity Charges; and
- (c) Customer Charges - Commodity Variable Component.

#### **5 Balancing Invoice**

A "**Balancing Invoice**" is an Invoice Document in respect of the following Invoice Items:

- (a) Market Balancing Action Charges in respect of Market Balancing Sell Actions;
- (b) Daily Imbalance Charges in respect of which National Gas Transmission is the seller;
- (c) Scheduling Charges - Input;
- (d) Scheduling Charges - Output;
- (e) Balancing Neutrality Charges;
- (f) Not used;
- (g) Reconciliation Neutrality Charges – Offtake Reconciliation for Unmetered Connected System Exit Points;
- (h) Reconciliation Neutrality Charges – Offtake Reconciliation for Metered Connected System Exit Points;
- (i) Market Balancing Action Charges in respect of Market Balancing Buy Actions (a self-bill amount);
- (j) Daily Imbalance Charges in respect of which the User is the seller (self-bill amount);
- (k) Physical Renomination Incentive Charges; and

- (l) Total Incentivised Nomination Charges.

## **6 Amendment Invoice**

An "**Amendment Invoice**" is an Invoice Document in respect of the following Invoice Items:

- (a) Reconciliation Clearing Charges; and
- (b) Reconciliation Transportation Charge Adjustments in respect of the NTS Exit Commodity Charge, the LDZ Commodity Charge and the Commodity Variable Component of Customer Charges

(Such amounts shall include adjustments to Reconciliation Values arising pursuant to Section E6.7 and 6.8)

## **7 Small Value Invoice**

A "**Small Value Invoice**" is an Invoice Document in respect of an Invoice Amount which has a value of less than £25 and which is:

- (a) listed under Appendix II of the Operation Rules Governing the Supply of Invoice Charges via the Ancillary Process; or
- (b) an Amendment Invoice;

except where it contains a Balancing Neutrality Charge, a Capacity Neutrality Charge or a Reconciliation Neutrality Charge.



**Annex S-2**

Invoice Query Batch Size (NI/Nh)	Sample Size (nl/nh)
30	30
50	41
100	69
200	105
300	128
500	154
1,000	182
2,000	200
10,000	217



**Annex S-3**

<b>QUERY STANDARD</b>	<b>Query Implementation Date</b>	<b>6 month</b>	<b>12 month</b>	<b>18 month</b>
<b>Smaller Supply Points: GT</b>				
4 Day Standard: GT (SGT <sub>4</sub> )	50%	65%	75%	80%
10 Day Standard: (SGT <sub>10</sub> )	85%	90%	95%	95%
20 Day Standard (SGT <sub>20</sub> )	98%	98%	98%	98%
<b>SMALLER SUPPLY POINTS: METERING</b>				
4 Day Standard: GT (SM <sub>4</sub> )	50%	65%	75%	80%
10 Day Standard: (SM <sub>10</sub> )	85%	90%	95%	95%
20 Day Standard (SM <sub>20</sub> )	98%	98%	98%	98%
<b>Larger Supply Points: GT</b>				
4 Day Standard: (LGT <sub>4</sub> )	50%	65%	75%	80%
10 Day Standard: (LGT <sub>10</sub> )	85%	90%	95%	95%
20 Day Standard (LGT <sub>20</sub> )	98%	98%	98%	98%
<b>LARGER SUPPLY POINTS: METERING</b>				
4 Day Standard: (LM <sub>4</sub> )	50%	65%	75%	80%
10 Day Standard: (LM <sub>10</sub> )	85%	90%	95%	95%
20 Day Standard (LM <sub>20</sub> )	98%	98%	98%	98%



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT**

**SECTION U – NOT USED**



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION V – GENERAL****1 INTRODUCTION****1.1 Ancillary Agreement**

1.1.1 An "**Ancillary Agreement**" is an agreement between the Transporter and one or more Users setting out any terms of a transportation arrangement (as defined in Standard Special Condition A3 of the Transporter's Licence) in relation to the relevant System(s):

- (a) entered into pursuant to any provision of the Code which contemplates that such an Agreement may be entered into; or
- (b) which expressly provides that it is to be a "**Network Code Ancillary Agreement**" for the purposes of this Section V.

1.1.2 Subject as provided in this Section V an Ancillary Agreement shall be treated as forming, as between the Transporter and the User or Users party thereto, and as to its subject matter, a part of the contractual relationship between the Transporter and such User(s) existing pursuant to the Code and the relevant Shipper Framework Agreement.

1.1.3 In any Ancillary Agreement (unless it otherwise provides) terms defined in or for the purposes of the Code and not otherwise defined in such Ancillary Agreement shall have the meanings ascribed thereto in or for the purposes of the Code.

1.1.4 An Ancillary Agreement may be amended by agreement of the Transporter and the User(s) party to that Agreement and not otherwise; and accordingly an Ancillary Agreement shall not be subject to modification pursuant to the Modification Rules (but without prejudice to any modification of any provisions of the Code which apply to or are incorporated into such Agreement).

1.1.5 A breach by a User of a term of an Ancillary Agreement will not (unless the Ancillary Agreement so provides) be a breach of the Code.

1.1.6 Any Ancillary Agreement applying in respect of a System Entry Point or Connected System Exit Point shall provide (in such manner as the Transporter shall reasonably determine) for any User who may (or intends to) deliver gas to or (as the case may be) offtake gas from the Total System at that point to accede to such agreement; and the Transporter may refuse to allow a User who has not acceded or agreed to accede to such an Agreement to deliver or offtake gas or to hold System Capacity or to make a Nomination at or in respect of the relevant System Point.

1.1.7 In this paragraph 1.1 references to Users exclude Trader Users and DNO Users.

**1.2 Non-Code Transportation Arrangements**

1.2.1 For the purposes of the Code:

- (a) "**Non-Code Transportation Arrangement**" means a transportation

arrangement, which is for the time being in force, made between a Transporter and a gas shipper on terms other than those of the Code, or in the context of a particular System Point, such a transportation arrangement relating to the delivery or offtake of gas to or from the Total System at such point;

- (b) "**Non-Code Shipper**" means a gas shipper who is party to a Non-Code Transportation Arrangement.

1.2.2 Where a Transporter makes or has made a Non-Code Transportation Arrangement, subject to paragraphs 1.2.3 and 1.2.4(a):

- (a) for the purposes of giving effect to such arrangement and to the provisions of Sections C, D, E, F, H, I and K of the Code which apply by reference to the quantities of gas delivered to and offtaken from the Total System by Users, and of calculating such quantities, National Gas Transmission will be treated as a User of the NTS as respects the quantities of gas delivered to and offtaken from the Total System by the Non-Code Shipper (and where such arrangements relates to the offtake of gas from an LDZ, then so far as relevant, the relevant DN Operator is treated as a User of the LDZ);
- (b) for the purposes of giving effect to such arrangement and to the provisions of G4, G5, G6, G7 and G8, the Transporter will be treated as a User of the relevant System as respects the Supply Meter Points which are or are to become subject to such arrangement.

1.2.3 Nothing in paragraph 1.2.2 shall have the effect of conferring on the Non-Code Shipper any right or imposing on it any obligation under the Code, nor as implying any terms into the Non-Code Transportation Arrangement.

1.2.4 Where a Non-Code Transportation Arrangement is one to which Condition 6(3) of the Shipper's Licence applies:

- (a) the Transporter may elect for some or all of the purposes of paragraph 1.2.2 that the Non-Code Shipper shall be treated as a User in place of the Transporter;
- (b) the Code shall apply so as to give effect to the arrangement or undertaking referred to in the said Condition 6(3);
- (c) paragraphs 1.2.5 and 1.2.6 shall not apply in respect of the Non-Code Transportation Arrangement.

1.2.5 Where a Shipper User is also a Non-Code Shipper, its Non-Code Transportation Arrangements (including without limitation holdings of System Capacity or Storage Capacity for LNG facilities) as Non-Code Shipper shall be separate from, and shall be given effect and accounted for separately from, those under the Code.

1.2.6 In accordance with and without prejudice to the generality of paragraph 1.2.4, the calculation of a User's Daily Imbalance, and any Daily Imbalance Charges, Scheduling Charges, Overrun Charges or Storage Overrun Charges at LNG Facilities, shall be made disregarding quantities of gas delivered to or offtaken from the Total System or System Capacity held by the User as Non-Code Shipper.

1.2.7 In this paragraph 1.2 references to Users exclude Trader Users.

### **1.3 TPD Communications**

1.3.1 For the purposes of the TPD a Code Communication shall be limited to a TPD Communication.

### **1.4 CDSP Functions**

1.4.1 Direct Functions of the CDSP to support implementation of this Section V are:

- (a) disclosing historic Supply Meter Point asset and read information in accordance with section M4.4; and
- (b) appointing and managing the PAFA.

1.4.2 Agency Functions of the CDSP to support implementation of this Section V are:

- (a) managing the User accession, discontinuance and termination processes; and
- (b) reporting on the theft of gas.

## **2 USER ADMISSION**

### **2.1 Admission requirements**

2.1.1 In order to become a Shipper User in relation to a System or a Trader User in relation to the NTS a person (the "**Applicant User**") must:

- (a) satisfy or secure satisfaction of the relevant requirements in paragraph 2.1.2; and
- (b) accede to the relevant Shipper Framework Agreement and thereby agree to be bound by the Code.

2.1.2 The requirements referred to in paragraph 2.1.1(a) are as follows:

- (a) the Applicant User shall have applied to the Transporter, in such form as the Transporters may from time to time prescribe, giving the following details:
  - (i) the name of the Applicant User;
  - (ii) the legal nature of the Applicant User, and where the Applicant User is not a company incorporated under the Companies Act 1985 (as amended), such further information concerning the constitution of the Applicant User as the Transporter may reasonably require;
  - (iii) the postal and e-mail address and telephone and facsimile numbers of the Applicant User, and the individual for whose attention notice is to be marked, for the purposes of notice under GT Section B5.2.3 and B5.3.1;
  - (iv) where the Applicant User is not a company incorporated under the Companies Act 1985 (as amended), an address for service in accordance with paragraph GT Section B6.6.3;

- (b) where the Applicant User wishes to become a Shipper User, either:
    - (i) a Shipper's Licence shall have been granted to the Applicant User which is in force and in respect of which no notice of revocation has been given, and the Applicant User shall have provided a copy of such licence to the Transporter; or
    - (ii) a Shipper's Licence shall be treated as having been granted to the Applicant User pursuant to a scheme made under paragraph 15 or 16 of Schedule 5 to the Gas Act 1995;
  - (c) where the Applicant User wishes to become a Shipper User in relation to an LDZ the Applicant User is, or will be, a Shipper User under National Gas Transmission's Network Code at the User Accession Date;
  - (d) the Applicant User shall have provided the emergency contact details required under Section Q2.2;
  - (e) the Applicant User shall have obtained from the Transporters one or more copies of the Code and such other documents referred to in the Code or the Shipper Framework Agreement as the Transporters shall from time to time prescribe for the purposes of this paragraph (e);
  - (f) where the Applicant User wishes to become a Shipper User, the Applicant User shall have been assigned an initial Code Credit Limit in accordance with paragraph 3;
  - (g) in relation to the NTS, the Applicant User shall have been assigned an initial Secured Credit Limit in accordance with Section X;
  - (h) where the Applicant User wishes to become a Shipper User, the Applicant User shall have provided the Transportation Charges contact detail as required under Section 3.4.7;
  - (i) where the Applicant User wishes to become a Shipper User, the Applicant User shall have signed the Accession Agreement and shall have satisfied the Accession Requirements (each as defined in the DSC); and
  - (j) where the Applicant User wishes to become a Trader User, the Applicant User shall have signed a UK Link User Agreement and shall have paid the initial charge under and satisfied any other conditions to effectiveness of that Agreement.
- 2.1.3 An Applicant User may accede to a Shipper Framework Agreement before the requirements of paragraphs 2.1.2(f), (g) and (i) are satisfied.
- 2.1.4 Where in accordance with paragraph 2.1.3 an Applicant User has executed a Shipper Framework Agreement, the Applicant User and the Transporter shall be bound by this Section V; and the Applicant User shall for such purposes only be treated as a User.
- 2.1.5 For the avoidance of doubt a person may not become a Trader User in relation to any System other than the NTS.
- 2.1.6 Where a Trader User wishes to become a Shipper User the Trader User must:

- (a) notify National Gas Transmission, in such form as National Gas Transmission may from time to time specify, that it wishes to become a Shipper User;
- (b) satisfy those requirements in paragraph 2.1.2(b), (c), (f) and (i) which the Trader User was not required to secure or satisfy for the purposes of becoming a Trader User; and
- (c) be assigned a revised Secured Credit Limit in accordance with Section X

and the Trader User shall become a Shipper User with effect from the Day which is 3 Business Days after satisfaction of the last or the requirements specified in this paragraph 2.1.7.

2.1.7 Where a Party who is a Shipper User wishes to become a Trader User such Party must:

- (a) cease to be a Shipper User of or in relation to a System (in accordance with paragraph 4.2);
- (b) cease to be party to the DSC; and
- (c) become a Trader User in accordance with paragraph 2.1.2 on the date on which it ceases to be a Shipper User.

## 2.2 Admission of User

2.2.1 The Applicant User will become a User with effect from the Day ("**User Accession Date**") which is 3 Business Days after satisfaction of the last of the requirements under paragraphs 2.1.1 and 2.1.2 to be satisfied.

2.2.2 Upon the Applicant User's becoming a User pursuant to paragraph 2.2.1 the Transporter will so notify:

- (a) the Applicant User, specifying:
  - (i) the Transporter's notice details for the purposes of GT Section B5.2.3; and
  - (ii) the names of all other Users and their prevailing notice details in accordance with GT Section B5.2.3;
- (b) all other Users, and the CDSP, specifying the name of the Applicant User, its notice details provided under paragraph 2.1.2(a)(iii) and the User Accession Date.

## 2.3 Restricted authorisation of User

Where the Shipper's Licence held by a Shipper User limits or restricts the premises to which the User may arrange for the conveyance of gas by a or any System or in any other way limits or restricts the activities which the User is authorised to carry on:

- (a) the User shall be solely responsible for compliance with such limit or restriction and (subject to paragraph (b)) the Transporter shall not in the implementation of the Code as respects such User be concerned with such limit or restriction; but

- (b) the Transporter shall be at liberty in its discretion to (but shall not be required to) withhold from the User any right or entitlement pursuant to the Code so as to give effect to such limit or restriction.

## 2.4 Single User admission

Unless expressly otherwise provided in the Code or agreed by the Transporters, a person may only be one User for the purposes of the Code, and accordingly a person who is for the time being a User may not make a further application to be admitted as a User.

## 2.5 Restricted User

2.5.1 A person which is for the time being either:

- (a) designated by the Authority for the purposes of Special Condition 9.20 of National Gas Transmission's Transporter's Licence; or
- (b) a body which is declared by an Order of the Secretary of State to be a Recognised Clearing House for the purposes of the Financial Services Markets Act 2000 (as amended); or
- (c) a body which is declared by an Order of the Secretary of State to be a Recognised Investment Exchange for the purposes of the Financial Services Markets Act 2000 (as amended) and which makes its own arrangements for clearing transactions effected on its exchange

may be admitted as a User in relation to the NTS for the purposes only of making Trade Nominations pursuant to Section C5.

2.5.2 Where a User is admitted pursuant to paragraph 2.5.1:

- (a) the User hereby undertakes to National Gas Transmission that it will not and will not purport to deliver gas to nor offtake gas from the Total System, make any Nomination, will not or purport to act as if it were a Trading Participant, become a CSEP User or the Registered User of any Supply Point, or hold System Capacity or Storage Capacity at LNG Facilities, or make a System Capacity Transfer or Storage Gas Transfer in relation to an LNG Facility, or otherwise exercise any right or entitlement of a User other than the right to make Trade Nominations pursuant to Section C5 and any rights (consequent thereon) arising under Sections F, S, GT Section A, this Section V, U and X;
- (b) the User shall not make a Trade Nomination more than 5 Days before the Gas Flow Day;
- (c) the User shall not be bound to comply with any obligation under Section L, O or (except pursuant to paragraph 4 thereof) Q.

2.5.3 Where an Applicant User informs National Gas Transmission that it wishes to be admitted as a User pursuant to paragraph 2.5.1:

- (a) the requirements in paragraph 2.1.2(b), (d) and (i) shall not apply in respect of the Applicant User;

- (b) the requirement paragraph 2.1.2(j) shall apply in respect of the Applicant User as if it were a Trader User;
- (c) it shall be an additional requirement for the purposes of paragraph 2.1.1 that, at the same time as the User accedes to the Framework Agreement, National Gas Transmission and the User enter into a memorandum to record that the User is or is to be admitted pursuant to paragraph 2.5.1;
- (d) National Gas Transmission's notification to Users and the CDSP under paragraph 2.2.2(b) will specify that the Applicant User has been so admitted.

### 3 CODE CREDIT LIMITS

#### 3.1 General

3.1.1 For the purposes of the Code:

- (a) the “**Regulatory Asset Value**” is the value of the relevant Transporter’s regulated assets as published by the Authority at the start of any Transporter’s relevant price control period which will be published and updated to current year prices by the Transporter for the sole use of establishing a Users Maximum Unsecured Credit Limit.
- (b) An “**Approved Credit Rating**” is a published and monitored long term rating provided by a Credit Rating Agency as defined in 3.1.1(d) of not less than Ba3 by Moody’s Investors Service or equivalent rating by either Standard and Poor’s or Fitch Ratings.
- (c) The “**Unsecured Credit Limit**” is that proportion of the Maximum Unsecured Credit Limit extended to a User by the Transporter as calculated in accordance with the table set out in paragraph 3.1.3 or 3.1.4 as appropriate.
- (d) A “**Credit Rating Agency**” can issue an Approved Credit Rating and is confined to Fitch Ratings, Moody’s Investment Service and Standard and Poor’s Rating Group and any of their subsidiaries.

The Transporter will determine and assign to each User a Code Credit Limit, which may comprise of an Unsecured Credit Limit calculated in accordance with paragraph 3.1.3 and/or security or surety provided in accordance with paragraph 3.4. The Transporter shall keep each User informed of its Code Credit Limit (as revised in accordance with the Code) for the time being. The Transporter shall limit the Unsecured Credit Limit to any User and related company to a maximum of two percent (2%) of the Regulatory Asset Value (The “**Maximum Unsecured Credit Limit**”). The User shall notify the Transporter within 1 Business Day if the User’s Approved Credit Rating changes or if the User has a reasonable belief that its Approved Credit Rating is likely to change.

3.1.2 In this paragraph 3 references to Users include DNO Users.

3.1.3

- (a) Where a User has an Approved Credit Rating, such User’s Unsecured Credit Limit at any time shall be calculated as that percentage (%) of the Maximum

Unsecured Credit Limit by reference to the User’s Approved Credit Rating as follows:

Approved Credit Rating			User’s % of Maximum Unsecured Credit Limit	Parent Company	Qualifying Company
Standard & Poor’s	Moody’s Investors Service	Fitch Ratings			
AAA	Aaa	AAA	100	✓	✓
AA+	Aa1	AA+	100	✓	✓
AA	Aa2	AA	100	✓	✓
AA-	Aa3	AA-	100	✓	✓
A+	A1	A+	40	✓	✓
A	A2	A	40	✓	✓
A-	A3	A-	40	✓	✓
BBB+	Baa1	BBB+	20	✓	×
BBB	Baa2	BBB	19	✓	×
BBB-	Baa3	BBB-	18	✓	×
BB+	Ba1	BB+	17	✓	×
BB	Ba2	BB	16	✓	×
BB-	Ba3	BB-	15	✓	×

- (b) Subject to paragraph 3.1.3(c), where a Qualifying Company or Parent Company with an Approved Credit Rating provides surety in respect of a User in the form of a Guarantee (the “**Surety Provider**”), then the Approved Credit Rating of such Surety Provider may be used in place of the User’s to calculate such User’s Unsecured Credit Limit in accordance with the table set out in paragraph 3.1.3(a).
- (c) Where a Surety Provider provides surety pursuant to paragraph 3.1.3(b) or paragraph 3.1.3(d) for more than one User, the aggregate surety provided by the Surety Provider shall not exceed the maximum credit entitlement of the Surety Provider calculated in accordance with the table set out in paragraph 3.1.3(a).
- (d) A User may increase an Unsecured Credit Limit allocated pursuant to paragraph 3.1.3(a) or paragraph 3.1.4 by an incremental amount (the “**Incremental Amount**”) by providing surety (in respect of the Incremental Amount) in the form of a Guarantee from a Surety Provider with an Approved Credit Rating subject to:
  - (i) such Approved Credit Rating being sufficient to cover the Incremental Amount as calculated in accordance with the table set out in paragraph 3.1.3(a); and
  - (ii) paragraph 3.1.3(c); and
  - (iii) in the opinion of the Transporter, such Surety Provider’s ability to bear risk not being exceeded.

3.1.4 Where a User does not have an Approved Credit Rating, or a User’s Approved Credit

Rating is less than that in 3.1.3(a), such User may obtain an Unsecured Credit Limit by:

- (a) payment history in accordance with paragraph 3.1.5 below; or
- (b) independent assessment in accordance with paragraph 3.1.7 below

provided that a User shall only be able to obtain an Unsecured Credit Limit by one of the above methods at any one time.

3.1.5 The Transporter may allocate an Unsecured Credit Limit to a User based upon the period of time elapsed that such User has paid all invoices by their due date for payment in accordance with Section S, such that after a calendar month and only until the second anniversary of the User's User Accession Date, a User may be allocated an Unsecured Credit Limit on the basis of 0.4% of the relevant Transporter's Maximum Unsecured Credit Limit over a 12 Month period and increasing on an evenly graduated basis each Month up to a maximum of 0.8% of the relevant Transporter's Maximum Credit Limit.

3.1.6 Where a User has been allocated an Unsecured Credit Limit pursuant to paragraph 3.1.5 above, and such User subsequently fails to make payment in full of any invoice (other than in respect of Energy Balancing Charges) issued in accordance with Section S:

- (a) on the Invoice Due Date for payment but payment is made in full within 2 Business Days of the Invoice Due Date ("**a late payment**"), the User shall pay interest on the Invoice Amount and;
  - (i) where a late payment is made on only one occasion in a 12 Month period the User's Unsecured Credit Limit shall not be increased in accordance with paragraph 3.1.5 above for that Month;
  - (ii) where a late payment is made on more than one occasion in a 12 Month period the User's Unsecured Credit Limit shall be reduced to zero from the date of the second late payment.
- (b) where payment is made more than 2 Business Days from the Invoice Due Date then such User's Unsecured Credit Limit shall be reduced to zero from the date of such payment default.

Subject to paragraph 3.1.5 and this paragraph 3.1.6, the User's payment history may continue to be used following the date of any payment default as set out above to increase the reduced value of the User's Unsecured Credit Limit in accordance with paragraph 3.1.5 above.

3.1.7 Where a User or Parent Company does not have an Approved Credit Rating, then upon request from such User, the User may select any one of the specified agencies for the Transporter to use to allocate an Unsecured Credit Limit to the User based upon the Independent Assessment Score of the User or Parent Company as follows:

- (a) where such User or Parent Company is unable to obtain an Approved Credit Rating (up to a maximum of 20% of the relevant Transporter's Maximum Unsecured Credit Limit); or
- (b) where such User or Parent Company has an Approved Credit Rating less than that in 3.1.3(a) (up to a maximum of 13 $\frac{1}{3}$ % of the relevant Transporter's Maximum Unsecured Credit Limit).

A score of between 0 and 10 will be allocated to the User or Parent Company in accordance with the following table to calculate the User’s Unsecured Credit Limit:

Independent Assessment Score	Equivalent of the Independent Assessment Score to credit scores provided by the independent credit rating agencies for Independent Assessments			% of Transporter’s Maximum Unsecured Credit Limit
	Dunn & Bradstreet Report	Experian Business IQ Report	Creditsafe Report	
10	5A1	95-100	86-100	20
9	5A2/4A1	90-94	71-85	19
8	5A3/4A2/3A1	80-89	61-70	18
7	4A3/3A2/2A1	70-79	51-60	17
6	3A3/2A2/1A1	60-69	41-50	16
5	2A3/1A2/A1	50-59	30-40	15
4	1A3/A2/B1	40-49	25-29	13 <sup>1/3</sup>
3	A3/B2/C1	30-39	21-24	10
2	B3/C2/D1	20-29	15-20	6 <sup>2/3</sup>
1	C3/D2/E1	10-19	10-14	3 <sup>1/3</sup>
0	E2 to Z inclusive	Below 10	Below 10	0

The Transporter will set the Users Unsecured Credit Limit no higher than the lower of the credit value recommended within the Independent Assessment and the value calculated by applying the Independent Assessment Score to the Transporter’s Maximum Unsecured Credit Limit.

3.1.8 Any Unsecured Credit Limit allocated in accordance with paragraph 3.1.7 shall be reviewed annually. Where any costs are incurred by the Transporter in providing an Unsecured Credit Limit in accordance with paragraph 3.1.7, including any annual reviews, the User shall pay to the Transporter 20% of such costs incurred. All reassessments in addition to those mentioned above shall be paid for by the party requesting them.

3.1.9 In this paragraph 3 references to Users exclude Trader Users.

**3.2 Code Credit Limit and Relevant Code Indebtedness**

3.2.1 For the purposes of the Code:

- (a) a "**Code Credit Limit**" is the sum of a User’s Unsecured Credit Limit and any security or surety provided by a User pursuant to paragraph 3.4, provided that such amount must be equal to or greater than the User’s Value at Risk;
- (b) "Relevant Code Indebtedness" is:
  - (i) the aggregate amount, other than in respect of Energy Balancing

Charges, for which a User is at any time liable to the Transporter pursuant to the Code or any Ancillary Agreement, determined on the basis of amounts accrued (and in accordance with paragraph (c) where applicable) and irrespective of whether such amounts have been invoiced under Section S or (where invoiced) have become due for payment; less

- (ii) any amount which has been paid to the Transporter by the User by way of prepayment, on the basis that the Transporter may apply such amount without the User's consent in or towards payment of amounts referred to in paragraph (i), and which has not yet been so applied;
  - (c) for the purposes of paragraph (b)(i) a User's liability for Capacity Charges in respect of a Day shall be treated as accruing on the following Day;
  - (d) Subject to paragraph 3.3.4, “**Value at Risk**” at any point in time is the sum of:
    - (i) The aggregate amount (other than Energy Balancing Charges) invoiced to the User pursuant to Section S but remaining unpaid (irrespective of whether such amount has become due for payment); and
    - (ii) The average daily rate of the aggregate amount (other than Energy Balancing Charges) invoiced to the User in the previous calendar month multiplied by 20.
- 3.2.2 For the avoidance of doubt, the amount of a User's Relevant Code Indebtedness shall be determined by reference to the relevant provisions of the Code, and nothing in the Code shall be construed as withdrawing from a User any right to dispute whether the Transporter has correctly calculated such amount in any case, or from the Transporter any right to dispute the validity of any Invoice Query submitted by any User.
- 3.2.3 Without prejudice to paragraph 3.2.2, where a User has submitted an Invoice Query in accordance with Section S4.2.1 in respect of any Invoice Document the Transporter will review and give due consideration to such Invoice Query before taking any steps pursuant to paragraph 3.3.
- 3.2.4
- (a) A User's Code Credit Limit may from time to time be reviewed and revised, in accordance with the Code, save where either paragraph 3.2.5, 3.2.6 or 3.2.8 applies, in the case of (i), (ii), (iv) and (v) on notice of not less than 30 Days, or in the case of (iii) below on notice of not less than 2 Business Days following the Business Day on which a notice is issued in accordance with 3.2.9, (or in any such case, such lesser period agreed by the User) to the User:
    - (i) at intervals of approximately 12 months;
    - (ii) at the User's request (but subject to paragraph 3.2);
    - (iii) where any published Rating of the User or any person providing security for the User is revised downwards;
    - (iv) where any instrument of surety or security expires or is determined;

- (v) at the Transporter's request where the Transporter has reasonable grounds to believe that the effect of the review will be to reduce the User's Code Credit Limit.
  - (b) A Letter of Credit is deemed zero value for User's Code Credit Limit purposes 30 days prior to the date of its expiry.
  - (c) A Guarantee is deemed zero value for User's Code Credit Limit purposes 30 days before expiry unless either extended or replaced by security or surety effective from no later than the day after the expiry date of the existing guarantee.
- 3.2.5 Where any published credit rating of the User or any person providing surety for a User is revised downwards to the extent that the credit rating following such revision is less than that in 3.1.3(a) then such User's Code Credit Limit may be immediately reviewed and revised by the Transporter in accordance with the Code, on notice to the User.
- 3.2.6 Where a Supplier of Last Resort (as defined in paragraph G2.1.7(b)) has been appointed and paragraph G2.1.8 applies, a Last Resort User's Code Credit Limit may be reviewed and revised by the Transporter in accordance with paragraph G2.1.10.
- 3.2.7 Subject to paragraph 3.2.8, the Transporter will bear the costs and fees that it incurs (but not any costs incurred by the User) in connection with any review of a User's Code Credit Limit in accordance with paragraph 3.2.4.
- 3.2.8 The Transporter will not be obliged to agree to any request of the User under paragraph 3.2.4(ii) unless the User agrees to reimburse to the Transporter the reasonable costs and fees payable by the Transporter to any third party in accordance with the Code in connection with such request.
- 3.2.9 Where a User's Code Credit Limit has been revised downwards in accordance with paragraph 3.2.4(iii) or 3.2.5 above, the Transporter will notify the User accordingly on the next Business Day following the occurrence of the event described in paragraph 3.2.4(a)(iii).
- 3.2.10 Where the Transporter requires the User to provide additional surety or security, the notice given in accordance with 3.2.9 shall require that such User shall provide to the Transporter, by no later than 17.00 on the second Business Day following the date of such notice, additional surety or security in a form acceptable to the Transporter for an amount notified by the Transporter, such that when applied it will result in the Value at Risk of the User not exceeding 100% of the Users Code Credit Limit. Subject to paragraph 3.2.11 below, where a User has not provided such additional surety or security by such second Business Day then with effect from the next Business Day following such second Business Day the following shall be payable by the User:
- (a) such amount as set out in the table below based upon the amount of additional surety or security demanded by the Transporter; and

Amount of additional surety or security required	Amount
Up to £999.99	£40
£1,000 to £9,999.99	£70
£10,000 or more	£100

- (b) a daily charge equivalent to that percentage rate as is set out from time to time in the Late Payments of Commercial Debts (Interest) Act 1998 multiplied by the amount of additional surety or security demanded by the Transporter.

3.2.11 Notwithstanding paragraph 3.2.10, where at any time as a direct consequence of an unanticipated increase in a Users registered aggregate “**Supply Point Capacity**”, a User’s Value at Risk increases materially, a User will have one calendar month from the date of notice given by the relevant Transporter, to provide additional surety or security and after expiry of such date, or paragraphs 3.2.10(a) and (b) shall apply.

### 3.3 Requirements as to Value at Risk

3.3.1 Where:

- (a) a User's Value at Risk exceeds 80% of its Code Credit Limit and the Transporter has given notice to the User to that effect; and
- (b) at any time following any notice given pursuant to (a) above, the User's Value at Risk exceeds 100% of its Code Credit Limit, the Transporter will notify the User of such event, giving such User 2 Business Days from the date of such notice to provide additional surety or security for the amount specified by the Transporter in the notice in order to reduce its Value at Risk to below 100% of its Code Credit Limit.

3.3.2 Without prejudice to paragraph 3.3.3, where a User fails to provide such additional surety or security as required in paragraph 3.3.1(b) by the date specified in the notice pursuant to 3.3.1(b):

- (a) with effect from the next Business Day after the date specified in such notice, the User shall pay to the Transporter that amount set out in the table in paragraph 3.2.10(a), based upon the amount of additional surety or security demanded by the Transporter and the daily charge set out in paragraph 3.2.10(b); and
- (b) subject to paragraph 3.3.1, where and for so long as the User’s Value at Risk exceeds 100% of the User’s Code Credit Limit, the Transporter shall be entitled to reject or refuse to accept all or any of the following by the relevant User:
  - (i) an application for System Capacity or increased System Capacity at any System Point under Sections B (including Annex B-3) or G; and/or
  - (ii) a notice of appointment under Section B3.13.8 if the User is the proposed Overrun User;
  - (iii) in relation to the NTS:
    - (1) a System Capacity Trade under Section B5 in respect of which the User is Transferee User;
    - (2) a System Capacity Assignment under Section B6 in respect of which the User is the Assignee User; until such time as the User’s Value at Risk is reduced to less than 100% of its Code

## Credit Limit; and

- (c) where from the fifth Business Day after the date specified in the notice, the User's Value at Risk exceeds 100% of the User's Code Credit Limit, the Transporter shall be entitled to give the CDSP a Registration Block Notice which shall be effective until such time as the User's Value at Risk is reduced to less than 100% of its Code Credit Limit.

3.3.3 Subject to paragraph 3.3.1, where and for so long as the Value at Risk of the User for the time being exceeds 100% of the User's Code Credit Limit, the Transporter may give Termination Notice (in accordance with paragraph 4.3) to the User.

3.3.4 For the purposes of paragraph 3.3.2(b)(i) and (iii) and the application of Section B3.3.3(f), a User's (excluding DNO Users) Value at Risk shall be treated as including:

- (a) the amounts of the aggregate NTS Exit (Flat) Capacity Charges;
- (b) the amounts of the aggregate NTS Entry Capacity Charges

payable by the User for each Day in the following twelve (12) calendar months commencing from the first Day of the calendar month following the Day in respect of which the User's Value at Risk is to be determined, irrespective of whether such amounts have been invoiced under Section S.

**3.4 Surety or Security under Code**

3.4.1 Any instrument of surety or security provided by a User pursuant to paragraph 3.4.6 (and whether or not entered into by the User) shall not be a part of the Code nor an Ancillary Agreement; and no provision of or modification of the Code, nor any inconsistency between the Code and any such instrument, and nothing done by the Transporter pursuant to the Code, shall prejudice or invalidate any such instrument.

3.4.2 Where a User has provided surety or security pursuant to paragraph 3.4.6 the User (or the person giving the surety) may request the Transporter to release all or any of such security or agree to a reduction in any maximum amount of such surety.

3.4.3 Following a request by a User under paragraph 3.4.2, the Transporter will as soon as reasonably practicable and, except where the User also requests a review (by an agency appointed by the Transporter for such purposes) and revision of its Code Credit Limit, in any event not more than 10 Business Days after such request, release security, or agree to a reduction in surety, to such extent or by such amount as will permit the condition in paragraph 3.4.4 to be satisfied.

3.4.4 The condition referred to in paragraph 3.4.3 is that the amount of the User's Value at Risk, at the date of such release or reduction is not more than 100% of the amount of the User's Code Credit Limit, determined in accordance with the Code on the basis of the release of security or reduction in surety (and taking account of any alternative surety or security provided by the User).

3.4.5 For the purposes of Code:

**“Deposit Deed”** shall mean an agreement that is Enforceable and in such form as provided to the User from time to time by the Transporter enabling the deposit of cash as security;

**“Enforceable”** shall mean the Transporter (acting reasonably) is satisfied that the instrument of security or surety is legally enforceable and in this respect, where surety is provided by a company registered outside of England and Wales, the Country of residence of such company must have a sovereign credit rating of a Qualifying Company (where such ratings conflict, the lower of the ratings will be used) and the User shall at its own expense provides such legal opinion as the Transporter may reasonably require;

**“Letter of Credit”** shall mean an unconditional irrevocable standby letter of credit in such form as provided to the User from time to time by the Transporter from such bank as the Transporter may approve, (provided that payment may be made at a United Kingdom branch of such issuing bank) with a long term debt rating of not less than that of a Qualifying Company (where such ratings conflict, the lower of the ratings will be used);

**“Guarantee”** shall mean an on demand irrevocable guarantee or performance bond provided by a Qualifying Company or a Parent Company that is Enforceable and in such form as provided to the User from time to time by the Transporter;

**“Prepayment Agreement”** shall mean an agreement between the Transporter and the User that is Enforceable and in such form as provided to the User from time to time by the Transporter with the purpose of enabling a User to make payments of amounts calculated on a monthly basis by the Transporter (using an accrual methodology set out therein) as representing the Transporter’s estimate of the amounts (other than in respect of Energy Balancing Charges) which will become due by the User to the Transporter in a charging month;

**“Parent Company”** shall mean:

- (i) in the case of a company registered in England and Wales a public or private company within the meaning of Section 4 1 of the Companies Act 2006 that is either a shareholder of the User or any holding company of such shareholder (the expression holding company having the meaning assigned thereto by Section 1159, Companies Act 2006 as supplemented by Schedule 6 Companies Act 2006 and Section 144(3) Companies Act 1989); or
- (ii) in the case of an entity registered outside of England and Wales, such equivalent entity to (i) above that is acceptable to the Transporter, acting reasonably;

**“Qualifying Company”** shall mean:

- (i) in the case of a company registered in England and Wales a public or private company within the meaning of section 1(3) of the Companies Act 1985 with a long term debt rating of at least A provided by a Credit Rating Agency as defined in 3.1.1 (where such ratings conflict, the lower of the ratings will be used); or
- (ii) in the case of an entity registered outside of England and Wales, such equivalent entity to (i) above that is acceptable to the Transporter, acting reasonably;

3.4.6 A User may extend its exposure beyond its Unsecured Credit Limit by providing surety or security in one or more of the forms set out below:

- (a) Letter of Credit; and/or
- (b) Guarantee; and/or
- (c) Deposit Deed; and/or
- (d) Prepayment Agreement;

provided that where an instrument of surety or security is conditional, the Transporter may agree with the User a value below 100% of its full face value. Where the value of the instrument of surety or security cannot be agreed between the User and the Transporter, the User may refer such dispute to Expert Determination in accordance with GT Section A, paragraph 2.

3.4.7 Each User shall provide to the Transporter:

- (a) a single telephone number, a single address, a single e-mail address and a single facsimile number by means of which the Transporter may contact a representative of the User for any purpose pursuant to Transportation Charges in connection with Section V3 and/or V4; and
- (b) the name(s) or title(s) of the User's representatives who may be contacted at such numbers and address; and
- (c) such User shall inform the Transporter where there are any amendments to the details provided pursuant to this section V3.4.7.

## 4 DISCONTINUING USERS AND TERMINATION

### 4.1 General

4.1.1 A User may cease to be a User of or in relation to a System pursuant to paragraph 4.2 or 4.3; and for the purposes of the Code a "**Discontinuing User**" is a User who so ceases to be a User and the "**User Discontinuance Date**" is the date with effect from which (in accordance with paragraph 4.2 or 4.3) a Discontinuing User ceases to be a User.

4.1.2 Upon a User's ceasing to be a User:

- (a) subject to paragraphs 5.6 and 4.3.7, the Shipper Framework Agreement shall cease to bind the Discontinuing User and (as respects the Discontinuing User) the Transporter;
- (b) each Ancillary Agreement to which a Discontinuing User is party shall, unless otherwise provided in such Ancillary Agreement, terminate as respects that User (but without prejudice to the continuance of that Agreement as respects any other User(s) party thereto) with effect from the User Discontinuance Date.

4.1.3 The Transporter will as soon as reasonably practicable after the User Discontinuance Date notify all other Users and the CDSP of a User's ceasing to be a User.

4.1.4 An Ancillary Agreement may be subject to termination as respects any User(s), in

accordance with its terms, but (except as may be provided in such Ancillary Agreement) such termination shall not result in any such User ceasing to be a User.

4.1.5 A Shipper Framework Agreement shall have no fixed duration, but without prejudice to the provisions of this paragraph 4 as respects Discontinuing Users.

4.1.6 In this paragraph 4 references to Users include Trader Users, except in relation to paragraph 4.3.1(f), and DNO Users.

## **4.2 Voluntary discontinuance**

4.2.1 A User may at any time by giving notice ("**Discontinuance Notice**") to the Transporter apply to cease to be a User of or in relation to a System.

4.2.2 A User may not cease to be a User under this paragraph 4.2 until such time as:

- (a) all amounts payable or (other than in respect of any recurrent charge becoming payable by reason only of the lapse of time after the date on which the last of the other requirements of this paragraph 4.2.2 is satisfied) which may become payable by the User to the Transporter pursuant to any provision of the Code, the Shipper Framework Agreement or any Ancillary Agreement have been paid in full;
- (b) the User is not the Registered User in respect of any Supply Point and is not party to any Shared Supply Meter Notification;
- (c) under National Gas Transmission's Network Code, there is no outstanding Daily Imbalance or NDM Reconciliation Quantity or DM Reconciliation Quantity in respect of the User;
- (d) any requirements under any Ancillary Agreement in respect of termination under this paragraph 4.2 have been complied with;
- (e) any outstanding breach, being a breach capable of remedy and of which the Transporter has given notice to the User, by the User of any provision of the Code or the Shipper Framework Agreement or any Ancillary Agreement shall have been remedied; and
- (f) the User (if a Shipper User) has satisfied the Withdrawal Requirements (as defined in the DSC, or (if a Trader User) has satisfied the requirements for voluntary termination of the UK Link User Agreement;

and a User may not cease to be a User of the NTS until the User ceases to be a User of each LDZ.

4.2.3 Where a User has given notice under paragraph 4.2.1:

- (a) the User and the Transporter shall remain bound by the Code and the Shipper Framework Agreement and any Ancillary Agreement to which the User is party until the requirements of paragraph 4.2.2 are satisfied;
- (b) the System Capacity which the User is registered as holding shall not be reduced or cancelled other than in accordance with the relevant provisions of

the Code (and the User will remain liable for payment of Transportation Charges in respect thereof but may elect to make prepayment thereof).

4.2.4 Where a User has given notice under paragraph 4.2.1, after the satisfaction of the last of the requirements of paragraph 4.2.2 to be satisfied:

- (a) with effect from the 5th Business Day following such satisfaction, the User will cease to be a User;
- (b) without prejudice to paragraph 4.2.5, the Transporter will as soon as reasonably practicable (and where possible before such date) inform the User of the date on which it ceases to be a User under paragraph (a).

4.2.5 Notwithstanding paragraph 4.2.4, without prejudice to paragraph 4.1.2(a), the Transporter or (as the case may be) the Discontinuing User shall remain liable, subject to and in accordance with the Code, to the other and (in the case of the Discontinuing User, subject to paragraph GT Section B2.4.2) to each other User, after the User Discontinuance Date:

- (a) for any amount which was or becomes payable under the Code or any Ancillary Agreement in respect of any period before the User Discontinuance Date; and
- (b) in respect of any outstanding breach of any provision of the Code, the Shipper Framework Agreement or any Ancillary Agreement where such breach was not (for the purposes of paragraph 4.2.2(e)) capable of remedy or (notwithstanding that paragraph) was capable of remedy but was not remedied.

### 4.3 Termination

4.3.1 For the purposes of this paragraph there shall have occurred a "**User Default**" in relation to a User (the "**Defaulting User**") in any of the following events or circumstances:

- (a) where in relation to any amount (or amounts in aggregate) of not less than £10,000 which has become due for payment by the Defaulting User under the Code (excluding for the avoidance of doubt amounts the subject of an Invoice Query which by virtue of Section S4.2.2 have not become due for payment):
  - (i) the Defaulting User has not paid the amount in full by the 5th Business Day after the due date for payment;
  - (ii) on or after the 5th Business Day after the due date for payment the Transporter has given notice to the Defaulting User requiring payment of such amount; and
  - (iii) the Defaulting User has not paid such amount in full by the 5th Business Day after the date of the Transporter's notice under paragraph (ii); or
- (b) in accordance with paragraph 3.3.3; or
- (c) where:

- (i) the Defaulting User is in material breach, other than such a breach as is referred to in paragraph 4.3.9, of any material provision (other than a payment obligation) of the Code; and
  - (ii) the breach is capable of remedy by the Defaulting User; and
  - (iii) the Transporter has given notice (making reference to this paragraph 4.3) of such breach to the Defaulting User; and
  - (iv) within 14 Days after the Transporter's notice under paragraph (iii), the Defaulting User does not either:
    - (1) remedy the breach in all material respects, where the breach is capable of remedy within such period of 14 Days; or
    - (2) where the breach is not so capable of remedy, provide to the Transporter a programme (setting out the steps to be taken by the User and the timetable for taking such steps) for the remedy of the breach as soon as is reasonably practicable; and
  - (v) in the case in paragraph (iv)(2), the Defaulting User does not:
    - (1) remedy the breach in all material respects with all reasonable diligence and so far as reasonably practicable in accordance with the programme provided under that paragraph or a revised programme pursuant to paragraph (2); and
    - (2) where notwithstanding the reasonable diligence of the User it is not reasonably practicable for the User to remedy the breach in accordance with that programme, provide to the Transporter a revised such programme; and
  - (vi) the breach remains unremedied in any material respect after the expiry of 7 Days after a further notice by the Transporter to the Defaulting User to the effect that the Defaulting User has not complied with paragraph (iv) or (v); or
- (d) where:
- (i) the Defaulting User is in material breach, other than such a breach as is referred to in paragraph 4.3.9, of any relevant provision (other than a payment obligation) of the Code; and
  - (ii) the breach is not capable of remedy; and
  - (iii) the Transporter has given notice (making reference to this paragraph 4.3) of the breach to the Defaulting User; and
  - (iv) at any time within the period of 12 months following the Transporter's notice under paragraph (iii), there occurs a further material breach by the Defaulting User of the same provision of the Code; and
  - (v) the Transporter has given a notice of such further breach to the Defaulting User and a period of 7 Days has expired following such notice; or

- (e) save if and to the extent the provisions of section 233B of the Insolvency Act 1986 apply, where:
- (i) the Defaulting User is unable to pay its debts (within the meaning of Section 123(1) or (2) of the Insolvency Act 1986, but subject to paragraph 4.3.2), or any voluntary arrangement is proposed in relation to it under Section 1 of that Act or it enters into any composition or scheme of arrangement (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
  - (ii) the Defaulting User has a receiver (which expression shall include an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking appointed; or
  - (iii) the Defaulting User has an administration order under Section 8 of the Insolvency Act 1986 made in relation to it; or
  - (iv) the Defaulting User passes any resolution for winding-up (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
  - (v) the Defaulting User becomes subject to an order by the High Court for winding-up; or
  - (vi) the Defaulting User becomes subject to a bankruptcy order; or
  - (vii) the Defaulting User becomes subject to an event made in a jurisdiction outside England and Wales, equivalent or analogous to any one or more of those events listed in paragraphs 4.3.1(e)(i) to (vi) above; or
- (f) where the Shipper's Licence granted to the Defaulting User is determined or revoked or otherwise ceases to be in force for any reason whatsoever, or such licence is assigned unless such assignment is contemporaneous with an assignment by the User of all of its rights and obligations under the Code and the Framework Agreement in accordance with GT Section B6.1;
- (g) an event which entitles National Gas Transmission to give a Termination Notice pursuant to Section X2.9.3, X2.10.10 or X3.2.2; or
- (h) the Defaulting User (if a Shipper User) has committed a DSC Default under (and as defined in) the DSC; or
- (i) the Defaulting User (if a Trader User) has committed a default as specified in the UK Link User Agreement.

4.3.2 For the purposes of paragraph 4.3.1(e)(i), Section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for '£750' there was substituted '£10,000'; and the Defaulting User shall not be deemed to be unable to pay its debts for the purposes of that paragraph if any such demand as is mentioned in the said Section is being contested in good faith by the Defaulting User with recourse to all appropriate measures and procedures.

4.3.3 Upon the occurrence of a User Default, and at any time after such occurrence at which the User Default is continuing the Transporter may (subject to the provisions of section

233B of the Insolvency Act 1986) give notice ("**Termination Notice**") to the Defaulting User to the effect that the User shall cease to be a User of or in relation to its System(s) with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice.

- 4.3.4 Without prejudice to the Transporter's right to give a Termination Notice, as set out in paragraph 4.3.3, where the condition in paragraph 4.3.5 is satisfied, Section X4 shall apply.
- 4.3.5 The condition referred to in paragraph 4.3.4 is that:
- (a) a User Default occurs by reason of the circumstances set out in any one or more of paragraphs 4.3.1(e)(ii), (iii), (vi) or (vii) to the extent that a person, analagous or equivalent to those persons appointed pursuant to paragraphs 4.3.1(e)(ii), (iii) or (vi) is appointed in a jurisdiction outside England and Wales ("**foreign insolvency practitioner**") in respect of the User; and
  - (b) (subject to the provisions of section 233B of the Insolvency Act 1986) the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate) fails to provide adequate assurances to National Gas Transmission in compliance with the principles established in Section X and the Energy Balancing Credit Rules (such assurances not to exceed a legal and binding commitment by the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate), to pay to National Gas Transmission all Energy Balancing Debt accruing from (and including) the date of appointment of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate)), as soon as reasonably practicable after being appointed (but for the avoidance of doubt not within two Business Days of its appointment).
- 4.3.6 Where the Transporter gives Termination Notice to a Defaulting User, with effect from the date specified in the notice, the User will cease to be a User of its System(s) and paragraph 4.1.2 shall apply.
- 4.3.7 Subject to paragraph 6.5.6 of the Modification Rules, the giving of a Termination Notice and the application of paragraph 4.3.6 shall not affect the rights and obligations of the Transporter and the Defaulting User under the Code, the Framework Agreement and any Ancillary Agreement (including rights and obligations in respect of the User Default, and in respect of amounts including interest payable by either Party, and rights and obligations arising pursuant to any provision of the Code in respect of the User's ceasing to be a User) accrued up to the date referred to in paragraph 4.3.6, which shall continue to be enforceable notwithstanding that paragraph.
- 4.3.8 Where the Transporter has given a Termination Notice it shall be entitled to inform such persons as it thinks fit (including another Transporter) that it has done so, including the supplier and consumer in relation to any Supply Point of which the Defaulting User was Registered User, the Connected System Operator or Delivery Facility Operator in relation to any Connected System Exit Point or System Entry Point comprised in an Aggregate System Entry Point at which the Defaulting User held System Capacity, and any person from whom the Transporter believes the Defaulting User to have purchased gas for delivery to the Total System; and it shall inform the CDSP that it has done so.
- 4.3.9 For the purposes of paragraphs 4.3.1(c)(i) and (d)(i) the following breaches are

excluded:

- (a) a breach which results from a breach by the Transporter of the Code or an Ancillary Agreement;
- (b) a failure to Interrupt (as described in Section B8.9);
- (c) the delivery or tendered delivery by the User of non-compliant gas (as described in Section I3.5);
- (d) a breach other than a wilful breach of a provision of the Code where the Code specifically provides some other remedy for such breach and such other remedy may reasonably be considered to be adequate in the circumstances.

4.3.10 For the purposes of paragraph 4.3.1(d)(i) a breach is a material breach of a relevant provision where and only where:

- (a) in the case of a material provision, the breach is wilful or reckless; or
- (b) in the case of any provision, as a result of the breach the Transporter or any other User is in material breach of any material provision of the Code or any Legal Requirement or incurs any material liability or expense.

4.3.11 Where National Gas Transmission gives a User a Termination Notice pursuant to this paragraph 4 or Section X:

- (a) each Transporter shall be deemed to have given a Termination Notice to the Defaulting User to the effect that the User shall cease to be a User of its System(s) with effect from the same date specified in the notice given by National Gas Transmission;
- (b) the User shall cease to be a User of its System(s) with effect from the date specified in the notice given to the User by National Gas Transmission; and
- (c) paragraphs 4.3.7 and 4.3.8 shall apply.

## **5 INFORMATION AND CONFIDENTIALITY**

### **5.1 Transporter obligations**

5.1.1 The Transporter shall secure that Protected Information is not:

- (a) disclosed to any person other than:
    - (i) an officer or employee of the Transporter whose province it is to know the same; or
    - (ii) a professional adviser of or consultant to the Transporter; or
    - (iii) without prejudice to any requirement under the Transporter's Licence, any 10% Affiliate (other than an Affiliate which is the holder of a Shipper's Licence or a gas supplier's licence) of the Transporter
- in any such case in accordance with the requirements of paragraph 5.4; or

- (b) used by the Transporter for any purpose other than carrying on the Transporter Activities.

5.1.2 "**Transporter Activities**" means the carrying on of transportation business (as defined in the Transporter's Licence), the operation, administration, maintenance and development of a relevant System and, the National Gas Transmission LNG Storage Facilities (in the case only of National Gas Transmission), facilitation of connections to a relevant System, and the implementation and performances of the Code, the Framework Agreement, any Ancillary Agreement and any Siteworks Contract.

5.1.3 In this paragraph 5 references to Users include Trader Users and DNO Users.

## 5.2 User obligations

5.2.1 Each User shall secure that Protected Information is not:

- (a) disclosed to any person other than:
  - (i) an officer or employee of the User whose province it is to know the same; or
  - (ii) a professional adviser of or consultant to that User or a User Agent appointed by that User; or
  - (iii) a 10% Affiliate (other than an Affiliate which is the holder of a Gas Transporter's Licence) of that User; or
  - (iv) subject to paragraph 5.2.3, a consumer or a supplier

in any such case in accordance with the requirements of paragraph 5.4; or
- (b) used by such User for any purpose other than one expressly contemplated by the Code or any Ancillary Agreement or Siteworks Contract to which such User is party.

5.2.2 GT Section B2.4.1 shall not apply in respect of this paragraph 5.

5.2.3 For the purposes of paragraph 5.2.1(a)(iv) Protected Information relating to a Supply Point may be disclosed to the supplier or consumer to the extent reasonably necessary to enable the conclusion and implementation of a contract of sale to the supplier (where relevant) and a contract of supply to the consumer.

## 5.3 Protected Information

5.3.1 In this Section "**Protected Information**" means:

- (a) for the purposes of the Transporter's obligations under paragraph 5.1:
  - (i) any information relating to the affairs of a User which is obtained by the Transporter pursuant to or in the course of the negotiation, implementation or performance of the Code, the Framework Agreement or any Ancillary Agreement to which that User is party;

- (ii) the terms of any Ancillary Agreement;
- (b) for the purposes of a User's obligations under paragraph 5.2:
  - (i) any information relating to the affairs of the Transporter or of another User which is obtained by the User pursuant to or in the course of the negotiation, implementation or performance of the Code, the Framework Agreement or any Ancillary Agreement to which the User and (in relation to another User) that other User are party;
  - (ii) the terms of any Ancillary Agreement to which that User is party.

5.3.2 For the purposes of paragraph 5.3.1:

- (a) information obtained by a Party in the course of the negotiation of the Code or a Framework Agreement shall be Protected Information only insofar as such information was obtained in writing;
- (b) the fact that a Party receives information from the CDSP does not prevent such information being Protected Information for the purposes of that Party's obligations under paragraph 5.3.1;
- (c) the following information shall (without prejudice to the generality of paragraph 5.3.1(a)(i)) be treated as information relating to the affairs of a User:
  - (i) the identity, address and any other details of a supplier or consumer, or any representative thereof, insofar as disclosed by the User to the Transporter pursuant to or for the purposes of the Code;
  - (ii) (without prejudice to paragraph 5.5.2(e)(i)) information provided by the User to the Transporter pursuant to Sections L and O and details of the User's Code Credit Limit and record of payment of charges under the Code;
- (d) information which (pursuant to the terms of the DSC) belongs to the CDSP is not Protected Information.

5.3.3 The terms of the Code and a Framework Agreement are not Protected Information.

5.3.4 For the avoidance of doubt, the provisions of the Code are without prejudice to the requirements of the Data Protection Act 2018.

5.3.5 Confidentiality as between a Party or Parties and the CDSP is governed by the DSC and not the Code.

#### **5.4 Terms of permitted disclosure**

Where Protected Information is disclosed by the Transporter as permitted under paragraph 5.1.1(a) or by a User as permitted under paragraph 5.2.1(a), the Disclosing Party shall (without prejudice to its obligations under paragraph 5.1.1 or 5.2.1) take all reasonable steps to secure that the person to whom the information is disclosed:

- (a) is aware of the Disclosing Party's obligations under paragraph 5.1.1 or 5.2.1 in relation thereto; and

- (b) does not use or disclose the information other than as is permitted of such Party in accordance with paragraph 5.1.1 or 5.2.1.

## 5.5 Exceptions

5.5.1 For the purposes of this paragraph 5.5, "**Disclosing Party**" and "**Protected Party**" shall be construed as follows:

- (a) for the purposes of the Transporter's obligations under paragraph 5.1, the Disclosing Party is the Transporter and the Protected Party is the User to whose affairs any Protected Information relates;
- (b) for the purposes of a User's obligations under paragraph 5.2, the Disclosing Party is such User and the Protected Party is the Party (either the Transporter or another User) to whose affairs any Protected Information relates.

5.5.2 Nothing in paragraph 5.1 or 5.2 shall apply:

- (a) to the disclosure or use by the Disclosing Party of Protected Information to which the Protected Party has consented in writing;
- (b) to any Protected Information which:
  - (i) before it is obtained by the Disclosing Party is in the public domain; or
  - (ii) after it is obtained by the Disclosing Party enters the public domain
  - (iii) in either case otherwise than as a result of a breach by the Disclosing Party of its obligations under paragraph 5.1 or 5.2;
- (c) to the disclosure of any Protected Information to any person if and to the extent that the Disclosing Party is required to make such disclosure to such person:
  - (i) in compliance with the duties of the Disclosing Party under the Act or any other requirement of a Competent Authority; or
  - (ii) in compliance with the conditions of the Transporter's Licence or (as the case may be) Shipper's Licence held by the Disclosing Party or any document referred to in such licence with which the Disclosing Party is required by virtue of the Act or such licence to comply; or
  - (iii) in compliance with any other Legal Requirement; or
  - (iv) in response to a requirement of any stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or
  - (v) pursuant to any provision of GT Section A or pursuant to any judicial or other arbitral process or tribunal having jurisdiction in relation to the Disclosing Party;
- (d) to the disclosure of any Protected Information (whether pursuant to an Agency Function or a Direct Function) by the CDSP (and no disclosure of information by the CDSP shall be treated as disclosure by a Party).

- (e) to any Protected Information to the extent that the Disclosing Party is expressly permitted or required to disclose that information:
  - (i) under the terms of any agreement or arrangement made with the Protected Party or to which it is party (including the Code, the relevant Framework Agreement and any Ancillary Agreement to which the Protected Party is party or bound);
  - (ii) under the terms of the DSC;
- (f) to the disclosure of Protected Information to any lending or other financial institution proposing to provide or arrange the provision of finance to the Disclosing Party, where and to the extent that the disclosure of such information is reasonably required for the purposes of the provision or arrangement of such finance, and provided that the person to whom the information is disclosed undertakes in writing to and in terms reasonably satisfactory to the Protected Party to maintain the confidentiality of such information;
- (g) to the disclosure of any Protected Information to the Authority, where the Disclosing Party considers in good faith that the Protected Party may be in breach of a condition of the Transporter's Licence or (as the case may be) the Shipper's Licence, to the extent reasonably necessary to draw such possible breach to the attention of the Authority;
- (h) to the disclosure of any Protected Information to any person proposing to make a connection directly or indirectly to a System, where and to the extent that the disclosure of such information is reasonably required for the purposes of supporting the Transporter's charges or requirement to allow such proposed connection to a System to be made and provided that the person to whom the information is to be disclosed is informed in writing of the confidentiality of such information and that prior to disclosure, such person has entered into a confidentiality agreement with the Transporter which prohibits use or disclosure of such Protected Information in terms no less onerous than those contained in this paragraph 5; or
- (i) to the disclosure of Protected Information to the CDSP to the extent such disclosure is required or permitted under Code or necessary for the purposes of the undertaking by the CDSP of its functions under the Code or is required under the DSC.

5.5.3 Nothing in paragraph 5.1 shall apply to the disclosure by the Transporter of Protected Information:

- (a) to any person to the extent such disclosure is required pursuant to the Modification Rules;
- (b) to any User Agent where the disclosure by the Transporter of such Protected Information to the appointing User would not have infringed paragraph 5.1;
- (c) referred to in paragraph 5.3.2(b)(i) where the supplier or consumer concerned has consented to such disclosure pursuant to a Siteworks Contract, Network Exit Provisions or other document contemplated by the Act, the Transporter's Transporter's Licence or the Code as being entered into by the Transporter and

the consumer;

- (d) to the Authority where (in connection with any Agency Function of the CDSP) such information is accessible by the Authority by or from the UK Link System to the extent of the access and in accordance with any function or facility thereof described in the UK Link Manual;
- (e) to the Trading System Operator to the extent required pursuant to the provisions of Section D or to any person to the extent required pursuant to the Trading System Arrangements;
- (f) to a consumer or an appropriate person to the extent designated by the authority within Standard Special Condition A31 of the Transporter's Licence and a supplier shall be an appropriate person pursuant to Standard Special Condition A31((2)(d)(ii) where its application is for the receipt of data for change of supplier purposes;
- (g) to another Transporter to the extent such disclosure is required for the purposes of the Code or the Transporter's Licence;
- (h) to a contractor or agent of the Transporter where the contractor or agent has entered into a confidentiality agreement with the Transporter on terms no less onerous than those of this paragraph 5;

#### 5.5.4 Where:

- (a) the Disclosing Party has complied with the data security requirements of the DSC; and
- (b) notwithstanding such compliance a person obtains any Protected Information by unauthorised access to any element of UK Link for the security of which the Disclosing Party is (in accordance with the DSC) responsible

the Disclosing Party shall not be in breach of paragraph 5.1 or 5.2 by virtue of such person having so obtained such Protected Information.

## 5.6 Survival

The provisions of paragraphs 5.1 to 5.5 shall continue, for a period of 3 years after the User Discontinuance Date, to bind a Discontinuing User and (as respects the Discontinuing User) the Transporter and each other User, notwithstanding that the Discontinuing User has ceased to be a User and irrespective of the reason for such cessation.

## 5.7 Transporter's Licence

Nothing in the Code, a Framework Agreement or any Ancillary Agreement shall be construed as requiring the Transporter to disclose or use any information in breach of any requirement of the Transporter's Licence.

## 5.8 Data ownership

5.8.1 Subject to paragraph 5.8.2(a), the data, including metering data, which is processed by

or recorded or maintained on the UK Link System by the CDSP pursuant to its Agency Functions (including all intellectual property rights in such data) shall belong for the purposes of the Code to the Transporter which owns or operates the System to which such data relates; and subject to paragraph 5.8.2(b) the Transporter may, but without prejudice to paragraph 5.1 or any other requirement of the Code, use and deal with such data as it thinks fit.

- 5.8.2 Where pursuant to the Code a User provides or arranges for the provision of data to a Transporter (including provision to the CDSP behalf of the Transporter pursuant to its Agency Functions):
- (a) such data (as provided to the Transporter by the User) shall belong to the User;
  - (b) the User hereby grants to the Transporter (its successors, assigns, agents and contractors) a perpetual, non-exclusive, royalty-free licence (which shall survive the User Discontinuance Date) in respect of such data and all intellectual rights therein to use, copy, adapt and deal with such data for the purposes of performance and implementation of the Code and for other purposes contemplated by the Code, but not otherwise;
  - (c) paragraph 5.8.1 shall apply in respect of data derived (pursuant to any process) by the Transporter from such data and in all compilations created by or on behalf of the Transporter of such data.

- 5.8.3 Where pursuant to the Code the Transporter provides data to a User or data which is recorded or maintained on the UK Link System is available to a User, the User shall (but without prejudice to paragraph 5.2) be entitled without charge to use such data for the purposes of performance and implementation of the Code, and for other purposes contemplated by the Code, but not otherwise.

## **5.9 Operational and Market Data**

- 5.9.1 Subject to the provisions of paragraph 5.9.2 and the other provisions of the Code, National Gas Transmission shall arrange for the data referred to in Annex V-1, ("**Operational and Market Data**") to be published or made available in the manner specified in Annex V-1.
- 5.9.2 National Gas Transmission shall not be obliged to publish or make available operational and market data pursuant to paragraph 5.9.1 where that data is not available to National Gas Transmission.
- 5.9.3 After forecasting demand in accordance with Section H 5.2.3 and Section H 5.2.4 for each Gas Flow Day in the period commencing at 05:00 on 1 October and ending at 05:00 on 1 April, on the Preceding Day National Gas Transmission shall determine whether the Forecast Total System Demand for the Gas Flow Day in question is:
- (a) greater than, or equal to, 95% of the Expected Available Supply for such Gas Flow Day
  - (b) greater than, or equal to, the Expected Available Supply for such Gas Flow Day.
- 5.9.4 National Gas Transmission shall:

- (a) where the threshold in paragraph 5.9.3(a) is reached, issue an Active Notification Communication by means of the Active Notification System informing Users of its determination; and
  - (b) where the threshold in paragraph 5.9.3(b) is reached, issue (by means of publication on its website) a notice informing Users of its determination (a “**Margins Notice**”).
- 5.9.5 National Gas Transmission may, in its sole discretion, extend the period within which it shall make determinations pursuant to paragraph 5.9.3 (and where necessary issue notices pursuant to 5.9.4) to end at 05:00 on 1 May.
- 5.9.6 Where a Margins Notice is issued, it shall remain in force until the end of the Gas Flow Day to which it is applicable, unless superseded by a Gas Balancing Notification.
- 5.9.7 National Gas Transmission may issue (by means of publication on its website) a notification (“**Gas Balancing Notification**”) where during or before a Gas Flow Day, an event affecting either supply or demand, for the Gas Flow Day in question is notified to National Gas Transmission, or National Gas Transmission otherwise becomes aware of circumstances, that may (in the reasonable opinion of National Gas Transmission) result in the quantities of gas on the Total System being insufficient for the purpose of meeting the Forecast Total System Demand. The issue of a Gas Balancing Notification by National Gas Transmission shall indicate the start of a Voluntary DSR Period for the purposes of Section D5.
- 5.9.8 Where a Gas Balancing Notification is issued, it shall remain in force until National Gas Transmission issues a GBN Withdrawal Notice.
- 5.9.9 For the purposes of the Code:
- (a) “**Expected Available Supply**” shall mean the sum of:
    - (i) the amount of gas National Gas Transmission reasonably expects (having taken into consideration all relevant information available to it, closely monitored the position and adjusted appropriately from time to time), the UK Continental Shelf, Norway and Interconnectors shall be capable of delivering onto the Total System on any Gas Flow Day in the period commencing at 05:00 on 1 October and ending at 05:00 on 1 April (as this period may be extended under paragraph 5.9.5), as published on its website;
    - (ii) an aggregate amount of gas which LNG Importation Facilities shall be deemed capable of delivering onto the Total System on any Gas Flow Day in the period commencing at 05:00 on 1 October and ending at 05:00 on 1 April (as this period may be extended under paragraph 5.9.5), (“**LNG<sub>d</sub>**”) determined as follows:

$$LNG_d = \text{Min} \left[ ECWC_d, \frac{US_d}{2} \right]$$

where:

Min means the lower of;

$ECWC_d$  means the expected cold weather capability of all LNG Importation Facilities for the Gas Flow Day which is equal to:

$$ECWC_d = \sum SEPLIF_p$$

where:

$\Sigma$  means the sum of all System Entry Points comprised in all LNG Importation Facilities;

$SEPLIF_p$  means the 95<sup>th</sup> percentile of the Entry Point Daily Quantity Delivered at each System Entry Point comprised in each LNG Importation Facility within the period commencing at 05:00 on 1 October and ending at 05:00 on 1 April in the previous three Gas Years; and

$US_d$  means the aggregate of the usable stock at each LNG Importation Facility for the Gas Flow Day which is equal to:

$$US_d = SL_d - MSTL_d$$

where:

$SL_d$  means the aggregate volume of gas in stock in the tanks of each LNG Importation Facility for the relevant Gas Flow Day as it is notified to National Gas Transmission by the facility's Delivery Facility Operator; and

$MSTL_d$  means National Gas Transmission's determination of the aggregate of an amount of gas in respect of each LNG Importation Facility which is equal to the lowest volume of gas which has been held in stock at that facility at any time up to and including 15 September in the current Gas Year and in each of the whole of the previous two Gas Years, provided that (i) such lowest volume of gas shall be increased by the amount which National Gas Transmission reasonably believes would have boiled off over the following 18 days at that facility;

and (ii) where the value determined for that facility for the purposes of this MSTL<sub>d</sub> calculation exceeds the value so determined for the period commencing at 05:00 on 1 October 2019 and ending at 05:00 on 1 April 2020, the value so determined for the period commencing at 05:00 on 1 October 2019 and ending at 05:00 on 1 April 2020 shall apply; and

- (iii) the qualifying Storage Deliverability from relevant Storage Facilities over two (2) full Days at maximum withdrawal rates;
- (b) **“Two Day Ahead Minimum Storage Deliverability Amount”** means, a quantity of gas from the Safety Monitor for all Storage Facility Types that could be withdrawn from all relevant Storage Facility Types in two (2) Days at their respective maximum withdrawal rates; and
- (c) **“GBN Withdrawal Notice”** means a notice from National Gas Transmission issued where National Gas Transmission determines (in its reasonable opinion) that:
  - (i) there is no longer an actual or imminent risk to system safety; or
  - (ii) circumstances in which the quantities of gas on the Total System will be insufficient for the purpose of meeting the Forecast Total System Demand have ceased to exist.

For the purposes of this paragraph a Storage Facility will be a **“relevant”** Storage Facility if (i) it is a Storage Facility whose deliverability and/or storage space National Gas Transmission has used in the calculation of the Safety Monitor and (ii) the quantity of gas stored in that Storage Facility and available for withdrawal is greater than or equal to the quantity of gas that could be withdrawn from that Storage Facility in two (2) Days at its maximum withdrawal rate.

## 5.10 System Operator Commodity Charge Information

5.10.1 National Gas Transmission shall arrange for the information referred to in Annex V-2 (**“SO Commodity Charge Information”**) to be published in the manner and frequency specified in Annex V-2.

5.10.2 Where National Gas Transmission is not reasonably able to publish SO Commodity Charge Information in the manner and frequency set out in Annex V-2, the requirements of paragraph V5.10.1 shall not apply, and National Gas Transmission shall publish the SO Commodity Charge Information as soon as is reasonably practicable.

## 5.11 Transportation Revenue Information

In each calendar month the NTS Operator shall (subject to any confidentiality obligations to which it may from time to time be subject) arrange for the relevant information referred to in Annex V-3 (for the purposes of this paragraph 5.11 and

Annex V-3, "**transportation revenue information**") to be published on such website as may be notified by the NTS Operator to Users from time to time, within 15 Business Days following the end of the immediately preceding calendar month (for the purposes of this paragraph 5.11 and Annex V-3, the "**immediately preceding month**").

## 5.12 DN Operator Cost Information

5.12.1 For the purposes of this paragraph 5.12 and Annex V4.

- (a) "**Quarter**" shall mean a three month period ending on November, February, May and August (inclusive) in any year;
- (b) "**Forecast Collected Revenue**" shall mean the DN Operator's reasonable estimate of the revenue to be recovered in respect of the relevant Formula Year referred to using such criteria as the DN Operator shall consider reasonably appropriate and having regard to the provisions of the DN Operator's Transportation Statement and any revenue or price control restrictions to which it may be subject from time to time (it being acknowledged that such estimate may be subject to revision from time to time);
- (c) "**Final Allowed Revenue**" shall mean an amount reasonably determined by the DN Operator on an accruals basis (based on such information as is reasonably available to it at the relevant time) of revenue recovered or to be recovered in respect of a relevant Formula Year (it being acknowledged that such amount may be subject to a re-determination from time to time);
- (d) The terms "**Z, F and K**" shall have the meanings attributed to them in the relevant DN Operator's Gas Transporters' Licence in respect of the relevant Formula Year;
- (e) references to incentives, payments and adjustments are to be construed in aggregate in the context of a Distribution Network;
- (f) "**Cost Information**" shall mean the information in respect of the relevant Formula Year set out in Annex V4 in the format prescribed from time to time, including any commentary as appropriate;
- (g) "**Required Date**" shall mean by the 10<sup>th</sup> Business Day following the end of the Quarter for which the information prescribed in Annex V4 is being provided.

5.12.2 A DN Operator shall arrange for the publication each Quarter of the Cost Information by the Required Date on the website of the Joint Office of Gas Transporters.

5.12.3 Cost Information beyond the expiry of the DN Operator price control period ending 31 March 2013 will be based on assumptions to be subject to further agreement between the DN Operators and Shippers.

## 5.13 Incident Communications

5.13.1 The Transporter shall, as soon as reasonably practicable after the occurrence of any of the incidents referred to in paragraph 5.13.2 below (subject always to any obligations of confidentiality and to any obligations (whether pursuant to any Legal Requirement or otherwise) which the Transporter may reasonably determine have a higher priority in

the event of an incident) provide to relevant Users such information regarding the incident as is set out in the document entitled ‘Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/ Explosions and Local Gas Supply Emergency’ as such document may from time to time be amended by the Transporters upon notice to Users (the “**Shipper Incident Communication Procedure**”).

5.13.2 The incidents referred to in paragraph 5.13.1 above are:

- (a) explosions or fires due to an escape of gas;
- (b) incidents involving death or major injury due to carbon monoxide poisoning from gas; and
- (c) incidents resulting in a failure to supply more than 250 System Exit Points at any one time,

in each case as more particularly described and defined in the Shipper Incident Communication Procedure.

5.13.3 The Shipper Incident Communication Procedure shall contain the methods by which a User may obtain the information set out therein.

## **6 USER AGENTS**

### **6.1 User Agents general**

- 6.1.1 A User may, subject to and in accordance with this paragraph 6, appoint another person to be the agent of the User for the purposes of making and receiving Code Communications or particular Code Communications on behalf of the User.
- 6.1.2 For the purposes of the Code, a "**User Agent**" is a person who has been appointed as agent of a User in accordance with paragraph 6.1.1.
- 6.1.3 Subject to paragraph 6.4.3, a User may appoint more than one person as User Agent.
- 6.1.4 A person may be appointed as User Agent by more than one User.
- 6.1.5 In paragraph 6 references to Users, except in paragraph 6.5, include Trader Users and DNO Users.
- 6.1.6 The appointment of a User Agent by a Shipper User shall be effective for the purposes of the DSC as well as the Code.
- 6.1.7 This paragraph 6 shall be a CDSP-Related Provision for the purposes of GT Section D1.7.2.

### **6.2 User Agent for UK Link Communications**

- 6.2.1 A person who is a User or another UK Link User may be appointed as User Agent (a "**UK Link User Agent**") for the purposes of making and receiving Code Communications as UK Link Communications.
- 6.2.2 A UK Link User Agent may be appointed for the purposes of making and receiving on

behalf of the appointing User Code Communications within all or any of the categories specified (for the purposes of this paragraph 6.2) in the UK Link Manual.

- 6.2.3 The scope of a UK Link User Agent's authority may not be limited other than by reference to the categories referred to in paragraph 6.2.2; and a UK Link User Agent will at all times be authorised to make and receive any Code Communication on behalf of the appointing User within the category(ies) for which they are appointed.
- 6.2.4 The appointing User may change the categories of Code Communication for which a UK Link User Agent is appointed by giving notice to the Transporters and the CDSP to that effect specifying the changed categories in accordance with paragraph 6.2.2 and the date in accordance with paragraph 6.3.4 with effect from which such change is to take effect.
- 6.2.5 A User shall terminate (in accordance with paragraph 6.3.3) the appointment of a UK Link User Agent if the agent ceases to be a UK Link User.

### **6.3 User Agent appointment**

- 6.3.1 A User wishing to appoint a User Agent shall give notice to the Transporters and the CDSP:
- (a) specifying the identity of the appointing User and the proposed User Agent;
  - (b) specifying the categories of Code Communication (in the case of UK Link Communications, in accordance with paragraph 6.2.2) for which the User Agent is to be appointed, or specifying that the User Agent is appointed for all such categories; and
  - (c) specifying the Day in accordance with paragraph 6.3.4 with effect from which the appointment is to take effect.
- 6.3.2 The appointment of the User Agent shall be effective from the Day specified in accordance with paragraph 6.3.1(c), and shall continue, subject to any change under paragraph 6.2.4, until terminated in accordance with paragraph 6.3.3.
- 6.3.3 The appointing User may terminate the appointment of a User Agent by giving notice to the Transporters and the CDSP to that effect specifying the date in accordance with paragraph 6.3.4 with effect from which such termination is to take effect.
- 6.3.4 The date with effect from which a User Agent is appointed, or the categories of Code Communication for which a UK Link User Agent is appointed may be changed, or the appointment of a User Agent may be terminated, shall be not less than 5 Business Days after the User's notice to the Transporters and the CDSP thereof; provided that upon the User's request in exceptional circumstances the Transporters will endeavour to accommodate notice (of any such matter) of a lesser period.

### **6.4 User Agent effect of appointment**

- 6.4.1 A Code Communication given by a User Agent shall identify the appointing User on whose behalf the Code Communication is given, and (subject to paragraph 6.4.2) shall not be effective unless it does so.

- 6.4.2 Where a User Agent who is itself a User gives any Code Communication which does not state that it is given on behalf of an appointing User and identify that User, such Code Communication shall be treated as given by the User Agent on its own account in its capacity as User.
- 6.4.3 Any Code Communication given by a User Agent within the categories for which such agent is appointed shall be deemed to have been given by and shall be binding on the appointing User, and the Transporters and the CDSP shall be entitled without enquiry as to the agent's authority to rely on such Code Communication for all purposes of the Code.
- 6.4.4 A User who has appointed a User Agent may continue itself to give Code Communications.
- 6.4.5 Where a User has appointed one or more User Agents:
- (a) the User shall be responsible for ensuring that the actions of the User and each such agent are not in conflict;
  - (b) where any Code Communication is given by the User or any such agent:
    - (i) to the extent any further Code Communication is subsequently given by any of them which (in accordance with the Code) is effective to modify or revoke the earlier Code Communication, the earlier Code Communication shall be so modified or revoked;
    - (ii) except as provided in paragraph (i), any Code Communication subsequently given by any of them which conflicts with the earlier Code Communication will be disregarded.
- 6.4.6 No Transporter shall be responsible, and the CDSP shall not be responsible, for any unauthorised use or disclosure by a User Agent of information relating to the appointing User (whether or not obtained, in the case of a UK Link User Agent, in its capacity as UK Link User).

## 7 TRANSPORTER AS USER

### 7.1 User Capacities

7.1.1 This paragraph 7 applies where:

- (a) under any provision of the Code a Transporter (the "**relevant Transporter**") is referred to as a User;
- (b) the Transporter who owns or operates the System(s) in respect of which the relevant Transporter is such User, is the same person as that Transporter.

7.1.2 The provisions referred to in paragraph (a), and the capacities ("**Transporter User Capacities**") in which the Transporter is referred to as User thereunder, are:

- (a) in relation to the NTS, as follows:
  - (i) the provisions of Section B and J under which the Transporter is the holder of NTS Offtake Capacity and in connection with the offtake of

gas at NTS/LDZ Offtakes;

- (ii) the provisions of Section K under which the Transporter for Operating Margins Purposes is a User in respect of relevant System and Storage Facilities;
  - (iii) the provisions of Section N under which the Transporter as NTS Shrinkage Provider and as LDZ Shrinkage Provider is a User of the NTS;
  - (iv) the provisions of Section R under which National Gas Transmission LNG Storage may be a User in respect of the NTS;
- (b) in relation to an LDZ, under the provisions of Section J under which the DNO User is a User of the relevant System in connection with the offtake of gas at LDZ/LDZ Offtakes;
  - (c) in relation to any System, the provisions of paragraph 1.2.2.

7.1.3 Where a User becomes a Discontinuing User following a Termination Notice under paragraph 4.3, the Transporter shall not be taken to be acting as User by reason of the fact that it may, for administrative or other purposes (including any purposes in connection with such an undertaking as is referred to in Section F4.5.6) establish particular arrangements (including any arrangements within UK Link) to account for gas offtaken at Supply Meter Points of which the User was Registered User.

## **7.2 Effect of relevant provisions**

7.2.1 For the purposes of giving effect to the provisions referred to in paragraph 7.1, the Transporter will:

- (a) account for payments to be made to and by it pursuant to the Code in each Transporter User Capacity;
- (b) account (in particular in applying the provisions of Section E as to the determination of quantities delivered to and offtaken from the Total System) for the quantities of gas delivered and offtaken from the Total System by it in each Transporter User Capacity;
- (c) in particular, in determining the amounts of Market Balancing Action Charges, other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements, Balancing Charges payable and quantities of gas delivered to the Total System by National Gas Transmission in each Transporter User Capacity;
- (d) secure that accounting records are maintained sufficient to allow separate identification of the payments referred to in paragraph (a) and the calculation of the amounts of such payments;
- (e) nominate personnel in respect of each relevant Transporter User Capacity, each of which shall be treated as the Authorised Representative(s) of a separate UK Link User for the purposes of the UK Link Terms and Conditions, and conduct operations under the Code in accordance with that Section separately in respect

of each such capacity.

- 7.2.2 Nothing in the Code shall require the Transporter to establish separate subsidiaries, or (other than as provided in paragraph 7.2.1) to prepare separate accounts, or to maintain separate bank accounts, in respect of the Transporter User Capacities; nor to give any Code Communication (other than under Contingency Procedures) which is not to be given as a UK Link Communication.
- 7.2.3 The Code shall, to the extent of any reference to the Transporter (including National Gas Transmission LNG Storage) as User, be construed in accordance with this paragraph 7.

## 8 LIABILITY AND RELATED ISSUES

### 8.1 Limitation of liability

- 8.1.1 Subject to the further provisions of this paragraph 8, each Party agrees and acknowledges that:
- (a) no Party shall be liable to any other Party for loss arising from any breach of the Code, a Framework Agreement or an Ancillary Agreement, other than (but without prejudice to any other provision of the Code or an Ancillary Agreement which excludes or limits liability in respect of any breach) for loss directly resulting from such breach and which at the relevant date was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach in respect of:
    - (i) physical damage to the property of any other Party; and/or
    - (ii) the liability (in law) of any other such Party to any other person for loss in respect of physical damage to the property of such person;
  - (b) no Party shall in any circumstances be liable in respect of any breach of the Code, a Framework Agreement or any Ancillary Agreement to any other Party for:
    - (i) any loss of profit, loss of revenue, loss of use, loss of contract, loss of goodwill, or increased cost of working; or
    - (ii) any indirect or consequential loss; or
    - (iii) except as provided in paragraphs 8.1.1(a)(ii) and 8.1.5, loss resulting from the liability of any other Party to any other person howsoever and whensoever arising.
- 8.1.2 For the purposes of paragraph 8.1.1(a) the "**relevant date**" is the date of the relevant Framework Agreement or as the case may be of an Ancillary Agreement, except that where the breach in question would not have been a breach of the Code but for a modification (pursuant to the Modification Rules or the Transporter's Licence) of the Code, the relevant date shall be the date of such modification.
- 8.1.3 The amount or amounts for which a Party may be liable to any other Party or Parties pursuant to paragraph 8.1.1(a) in respect of any one event or circumstance constituting

or resulting in the first Party's breach of a provision of the Code, a Framework Agreement and/or any Ancillary Agreement shall not exceed:

- (a) as respects the liability of the Transporter to any one User or of any one User to the Transporter, £1,000,000;
- (b) as respects the liability in aggregate of the Transporter to Users collectively or of Users collectively to the Transporter, £10,000,000.

8.1.4 Paragraph 8.1.1 is without prejudice to any provision of the Code or any Ancillary Agreement which provides for an indemnity, or which provides for any Party to make a payment to another.

8.1.5 Nothing in the Code or any Ancillary Agreement shall exclude or limit the liability of any Party for death or personal injury resulting from the negligence of such Party.

8.1.6 In this paragraph 8 references to Users include DNO Users.

8.1.7 Liability as between a User or Users and the CDSP is addressed in the DSC.

## **8.2 Exclusion of certain rights and remedies**

8.2.1 The rights and remedies of the Parties pursuant to the Code, a Framework Agreement and any Ancillary Agreement exclude and are in place of any rights or remedies of any Party in tort (including negligence and nuisance) or misrepresentation in respect of the subject matter of the Code, a Framework Agreement or such Ancillary Agreement; and accordingly, but without prejudice to paragraphs 8.1.5 and 8.2.4, each Party (to the fullest extent permitted by law):

- (a) waives any rights or remedies; and
- (b) releases each other Party from any duties or liabilities

arising in tort or misrepresentation in respect of the subject matter of the Code, a Framework Agreement or such Ancillary Agreement.

8.2.2 Without prejudice to paragraph 8.2.1, where any provision of the Code or any Ancillary Agreement provides for any amount to be payable by a Party upon or in respect of that Party's breach of any provision of the Code, a Framework Agreement or any Ancillary Agreement, each Party agrees and acknowledges that the remedy conferred by such provision is exclusive of and is in substitution for any remedy in damages in respect of such breach or the event or circumstance giving rise thereto.

8.2.3 For the avoidance of doubt, nothing in this paragraph 8 shall prevent any Party from or restrict it in enforcing any obligation (including suing for a debt) owed to it under or pursuant to the Code, a Framework Agreement or any Ancillary Agreement.

8.2.4 Nothing in this paragraph 8 shall constitute a waiver by any Party of any right or remedy it may have (other than pursuant to the Code) in respect of a breach by any other Party of any Legal Requirement.

8.2.5 Subject to any provision of the Code pursuant to which the Transporters collectively assume any obligation or liability:

- (a) only the relevant Transporter owes any obligation pursuant to the Code to any Shipper User; and
- (b) each Shipper User:
  - (i) waives any rights or remedies against any Transporter other than the relevant Transporter; and
  - (ii) releases each other Transporter from any duties or liabilities arising in tort (including negligence and nuisance) or misrepresentation in respect of the subject matter of the Code, a Framework Agreement or any Ancillary Agreement

in relation to a System Point on a particular System.

8.2.6 GT Section B6.4.1 shall not apply in relation to the terms in paragraph 8.2.5(b) which may accordingly be enforced by a Transporter other than the relevant Transporter, but without prejudice to GT Section B6.4.2.

### **8.3 Effect of this paragraph**

- 8.3.1 Each provision of this paragraph 8 shall be construed as a separate and severable contract term, and shall as respects any Discontinuing User survive that User's ceasing to be a User.
- 8.3.2 Each Party acknowledges and agrees that the provisions of this paragraph 8 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date of the Framework Agreement.

### **8.4 Liquidated damages**

Where any provision of the Code provides for any amount to be payable by a Party upon or in respect of that Party's breach of any provision of the Code, each Party agrees and acknowledges that such provision has been the subject of discussion and negotiation, and that the amount provided to be payable represents no more than a genuine pre-estimate of the loss of the Party to which such amount is payable.

### **8.5 Indemnities**

The amount or amounts for which a Party may be liable to any other Party or Parties pursuant to any indemnity provided for in the Code in respect of any one event or circumstance giving rise to liability under such indemnity shall not exceed:

- (a) as respects the liability of the Transporter to any one User or of any one User to the Transporter, £1,000,000;
- (b) as respects the liability in aggregate of the Transporter to Users collectively or of Users collectively to the Transporter, £20,000,000.

## **9 NEUTRALITY AND AGGREGATE NDM RECONCILIATION AUDITOR; OPERATIONS REPORTING**

### **9.1 Neutrality Auditor**

- 9.1.1 National Gas Transmission will, subject to paragraphs 9.1.3 and 9.1.4, appoint in accordance with paragraph 9.2.1 a person eligible for appointment as a company auditor (within the meaning of Part II of the Companies Act 1989) to conduct a review (after the relevant period) of whether, in the opinion of such person, in each relevant period, in calculating Neutrality Charges and Relevant Incentive Charges, National Gas Transmission has complied in material respects with applicable provisions of the Code.
- 9.1.2 For the purposes of paragraphs 9.1 to 9.3:
- (a) "**Neutrality Charges**" means Balancing Neutrality Charges and Reconciliation Neutrality Charges;
  - (b) "**Relevant Incentive Charges**" are Capacity Neutrality Charges (under Section B2.12.9(a)) and User Daily Incentive Amounts (under Section D3.4.2(b));
  - (c) "**relevant period**" means each Gas Year or any other period (whether shorter or longer than a Gas Year) proposed by National Gas Transmission after consultation with the Uniform Network Code Committee or any relevant Sub-committee where the Authority (upon National Gas Transmission's application) gives Condition A11(18) Approval to National Gas Transmission's implementing this paragraph 9.1 on the basis of such other period;
  - (d) the person appointed under paragraph 9.1.1 in respect of a relevant period is the "**Neutrality Auditor**".
- 9.1.3 A Neutrality Auditor may not be appointed for a relevant period:
- (a) where National Gas Transmission proposes after consultation with the Uniform Network Code Committee or any relevant Sub-committee and where the Authority (upon National Gas Transmission's application) gives Condition A11(18) Approval that such Neutrality Auditor not be appointed; or
  - (b) where:
    - (i) pursuant to this paragraph 9.1.3 a Neutrality Auditor was not appointed for the immediately prior relevant period; and
    - (ii) National Gas Transmission reasonably determines that such Neutrality Auditor should not be appointed after consultation with the Uniform Network Code Committee or any relevant Sub-committee, unless (upon the application of National Gas Transmission or any User made within 10 Business Days after National Gas Transmission notified to Users the decision of the Uniform Network Code Committee or Sub-committee) the Authority in any case shall give Condition A11(18) Disapproval.
- 9.1.4 In the event that a Neutrality Auditor is appointed for a relevant period following relevant period(s) where (pursuant to paragraph 9.1.3) the Neutrality Auditor was not appointed, they may not review any prior relevant period unless expressly instructed by the Uniform Network Code Committee in accordance with paragraph 9.2.1.
- 9.1.5 In this paragraph 9 references to Users include Trader Users, except in relation to paragraphs 9.5, 9.6 and 9.7, and exclude DNO Users.

## **9.2 Basis and terms of appointment**

- 9.2.1 The person appointed as Neutrality Auditor for each relevant period, and the period and (subject to the further provisions of this paragraph 9.2) the terms of their appointment, including the scope and objectives of the review under paragraph 9.1.1, shall be the person, period and terms from time to time agreed by the Uniform Network Code Committee or any relevant Sub-committee, unless (upon the application of National Gas Transmission or any User made within 10 Business Days after National Gas Transmission notified to Users the decision of the Uniform Network Committee or Sub-committee) the Authority in any case shall give Condition A11(18) Disapproval to National Gas Transmission's making an appointment of the Neutrality Auditor on such basis (in which case National Gas Transmission will arrange for an alternative proposal to be considered by the Uniform Network Code Committee or any relevant Sub-committee).
- 9.2.2 The terms of appointment will require that:
- (a) the Neutrality Auditor shall present to and discuss with National Gas Transmission its draft findings before reporting under paragraph (b);
  - (b) the Neutrality Auditor shall report their findings to National Gas Transmission and the Uniform Network Code Committee or any relevant Sub-committee;
  - (c) without prejudice to paragraph (b), the Neutrality Auditor shall agree to permit a representative of each User to attend a meeting of the Uniform Network Code Committee or any relevant Sub-committee at which the Neutrality Auditor's report is presented;
  - (d) the Neutrality Auditor shall undertake, in reasonable terms, to keep confidential the information disclosed to the Neutrality Auditor in the course of its review.
- 9.2.3 A copy of the Neutrality Auditor's full report will be provided by National Gas Transmission to each User and to the Authority.
- 9.2.4 The fees and costs of the Neutrality Auditor will be paid by National Gas Transmission and recovered from Users as follows:
- (a) before each relevant period the fees and costs of the Neutrality Auditor will be estimated by National Gas Transmission and the amount of such estimate, divided by the number of months in the relevant period will be an additional Monthly Adjustment Neutrality Cost under Section F4.5.3(a)(v) for each month in the relevant period;
  - (b) when the Neutrality Auditor's final account for the relevant period is rendered, the amount of the difference between the amount thereof and the estimate under paragraph (a) will be an additional Monthly Adjustment Neutrality Cost under Section F4.5.3(a)(v) or (as the case may be) an additional Monthly Adjustment Neutrality Revenue under Section F4.5.3(b)(iv) for the month following that in which it is rendered.

## **9.3 Effect of Neutrality Auditor's report**

- 9.3.1 Where the report of the Neutrality Auditor contains a recommendation to the effect that

the provisions of the Code as to the calculation of Neutrality Charges and Relevant Incentive Charges would be materially better implemented by a change in the procedures and controls adopted by National Gas Transmission for such calculation, National Gas Transmission will take all reasonable steps to comply with such recommendations, unless the Authority shall upon the application of National Gas Transmission give Condition A11(18) Approval to its not doing so.

- 9.3.2 Nothing in the report of the Neutrality Auditor shall entitle any User or National Gas Transmission to require any recalculation of, or to any adjustment in respect of, or to withhold payment or require repayment of, any Neutrality Charges and Relevant Incentive Charges, nor give rise to any liability of National Gas Transmission to any User in respect thereof.

#### **9.4 Operations reporting**

- 9.4.1 National Gas Transmission will, in accordance with the Uniform Network Code Operations Reporting Manual, and subject to paragraph 9.4.3, publish each month and at such other intervals as may be specified in such manual, information relating to:

- (a) the implementation by National Gas Transmission of certain provisions of the Code, including the Operational Balancing Steps taken by National Gas Transmission;
- (b) the operations of Users pursuant to certain provisions of the Code.

- 9.4.2 For the purposes of the Code the "**Uniform Network Code Operations Reporting Manual**" is the document so entitled prepared and (subject to paragraph 9.4.5) governed in accordance with [Section V12 of the UNC TPD].

- 9.4.3 In accordance with the Uniform Network Code Operations Reporting Manual, the form in which information under paragraph 9.4.1(b) is provided:

- (a) to a User, will identify that User in the context of the information which relates to that User, but will not identify any other User in the context of the information which relates to such other User;
- (b) to the Authority, will identify each User in the context of the information which relates to such User;
- (c) to any other person, will not identify any User in the context of the information which relates to such User.

- 9.4.4 Each User hereby authorises National Gas Transmission to publish in accordance with paragraph 9.4.1 such information relating to such User, in such form, as is provided for in the Uniform Network Code Operations Reporting Manual.

- 9.4.5 If National Gas Transmission proposes to revise the Uniform Network Code Operations Reporting Manual, it shall obtain prior approval by Panel Majority of the Uniform Network Code Committee, and if such revision materially increases the extent of the information relating to Users to be published pursuant thereto:

- (a) National Gas Transmission will notify Users of its proposal not less than one month before implementing such proposal;

- (b) any User may, within 14 Days after National Gas Transmission's notification under paragraph (a), notify National Gas Transmission that the User objects to such revision, providing reasonable details of the grounds for the User's objection;
- (c) if a User so notifies an objection to National Gas Transmission, National Gas Transmission will not implement the revision unless the Authority shall (upon National Gas Transmission's application) give Condition A11(18) Approval to its doing so.

## 10 COMPENSATION

### 10.1 Introduction

10.1.1 For the purposes of this paragraph 10:

- (a) "**Compensation Rule**" means a rule pursuant to the Code, identified as such and providing for the Transporter or Transporters to pay an amount by way of compensation to Users;
- (b) "**Compensation Year**" means a period of 12 months expiring 31 March in any year;
- (c) "**Compensation Provisions**" means the provisions of the Code which establish a Compensation Rule;
- (d) "**Compensation Group**" means a group of Compensation Rules, such groups being designated as Groups A to L inclusive, and the Compensation Group to which each Compensation Rule belongs being specified in the relevant Compensation Provisions;
- (e) the "**Group Limit**" in respect of each Compensation Group is as follows:
  - (i) for each of Groups A, B, C and D: £5,000,000;
  - (ii) for Group G: £4,000,000 in respect of Larger Supply Points and £1,000,000 in respect of Smaller Supply Points;
  - (iii) for Group H: £1,000,000 in respect of Larger Supply Points and £1,000,000 in respect of Smaller Supply Points;
  - (iv) for Group J: £2,500,000 in respect of Larger Supply Points;
- (f) an amount is "**adjusted**" where it has been adjusted pursuant to paragraph 10.2.2 and/or 10.2.3, and otherwise is "**unadjusted**".

10.1.2 In this paragraph 10 references to Users exclude Trader Users and DNO Users.

### 10.2 Aggregate payment caps

10.2.1 The aggregate amount payable pursuant to all of the Compensation Rules in any Compensation Group (excluding amounts in respect of interest) by the Transporters to all Users in respect of any month (month 'n', where n is 1 for the first month in the

Compensation Year, 2 for the second such month, and so on) in any Compensation Year shall not exceed an amount (the "**Monthly Available Compensation Amount**") determined as the lesser of:

$$(CML - PP) * SF$$

or

$$GLI * SF$$

where:

CML is the cumulative monthly limit for that Group calculated as:

$$GL * n / 12$$

where GL is the amount of the Group Limit;

PP is zero (0) in relation to month 1, and otherwise is the aggregate amount (adjusted pursuant to paragraphs 10.2.2 and 10.2.3) payable pursuant to all of the Compensation Rules in the relevant Compensation Group in respect of months 1 to n-1 inclusive;

GLI the aggregate unadjusted amount payable pursuant to all of the Compensating Rules in the Compensation Group in respect of month n;

SF is a scaling factor which shall be the lesser of one (1) and a factor determined as:

$$\frac{(50,000,000 * n) / 12 - APP}{AMC}$$

where:

APP is the sum, for all Compensation Groups, of the amounts PP in relation to months 1 to n-1;

AMC is the sum, for all Compensation Groups, of the lesser of:

(1) GLI;

or

(2) the cumulative monthly limit CML for the Compensation Group in relation to month n less PP.

10.2.2 Where in respect of any month the aggregate unadjusted amount payable by the Transporters pursuant to all of the Compensation Rules in any Compensation Group would exceed the applicable Monthly Available Compensation Amount, determined in accordance with paragraph 10.2.1 but on the basis of a scaling factor SF equal to one, the amounts payable by the Transporters to Users pursuant to each Compensation Rule in respect of that month shall be reduced pro rata so that the aggregate of such reduced amounts is equal to the Monthly Available Compensation Amount.

10.2.3 The amounts, adjusted in accordance with paragraph 10.2.2, payable by the

Transporters to Users pursuant to each Compensation Rule in respect of that month shall be further adjusted by the scaling factor SF.

### **10.3 Invoicing and payment**

- 10.3.1 Subject to paragraphs 10.3.2 and 10.3.3, amounts payable by the Transporters pursuant to each Compensation Rule will be invoiced and are payable in accordance with Section S.
- 10.3.2 Any amount payable by the Transporters pursuant to a Compensation Rule will be payable not later than the 15th Day of the payment month (which date will be the Invoice issue date in respect of an Invoice Document in respect of any such amounts).
- 10.3.3 Where (whether or not by reason of the Invoice Document being submitted after such date) the Transporters make payment after the date referred to in paragraph 10.3.2, the Transporters will pay interest on the amount payable with effect from such date, provided that until the last Day of the payment month the Applicable Interest Rate shall be the rate under Section S3.6.4(b).
- 10.3.4 The Transporters will provide by way of supporting data with each relevant Invoice Document reasonable details of the basis on which the Invoice Amounts (pursuant to a Compensation Rule) are calculated (not for the avoidance of doubt including details of the calculations of any Compensation Relevant Value).
- 10.3.5 For the purposes of this paragraph 10.3 (as it applies for the purposes of any Compensation Rule), the "**payment month**" is the month specified in the relevant Compensation Provisions.
- 10.3.6 Where pursuant to any Compensation Rule any amount is payable by the Transporters (rather than by a Transporter individually):
- (a) the Transporters will notify each User of the amount payable by each Transporter to the User for a month (which amounts shall in aggregate be equal to the amount determined as payable to the User under the Compensation Rule);
  - (b) each Transporter shall pay such User the amount so notified.

### **10.4 Force Majeure**

Where by reason of Force Majeure a Transporter is unable to comply in any case with any requirement by reference to which a Compensation Rule applies, the Transporter(s) shall not be treated as having failed to comply with such requirement in such case for the purposes of the Compensation Provision (and for the purposes of any relevant aggregate requirement) including whether the Transporter(s) have complied with the requirement in a given percentage of cases.

### **10.5 Audit**

For the purposes of paragraphs 10.7 to 10.9 (providing for the review by the Compensation Value Auditor of the determination of Compensation Relevant Values):

- (a) in relation to each Compensation Group, the maximum aggregate amount payable in a month pursuant to paragraph 10.2 is a Compensation Relevant

Value;

- (b) in relation to each Compensation Rule referred to in paragraph 10.1, the relevant percentage is a Compensation Relevant Value.

## 10.6 Disapplication

10.6.1 If at any time the Transporters shall have delivered a dis-application request pursuant to Special Condition 9.6 of the Transporter's Licence, or the equivalent provision in any condition of that licence which may apply following any modification of that licence, then if the Transporters shall give notice to the Authority not less (except with the consent of the Authority) than 9 months before the dis-application date (as defined in that condition), all Compensation Rules and the related Compensation Provisions shall cease to have effect with effect from the dis-application date.

10.6.2 If the Transporters give notice under paragraph 10.6.1 they will so inform Users as soon as reasonably practicable after doing so.

## 10.7 Compensation Value Auditor

10.7.1 The Transporters will, subject to paragraphs 10.7.3 and 10.7.4, appoint a person eligible for appointment as a company auditor (within the meaning of Part II of the Companies Act 1989) to conduct a review (after the relevant period) of whether, in the opinion of such person, in each relevant period, in determining the values of Compensation Relevant Values, each Transporter has complied in material respects with applicable provisions of the Code.

10.7.2 For the purposes of this paragraph 10:

- (a) a "**Compensation Relevant Value**" is the value of any amount or percentage, by reference to which (pursuant to particular provisions of the Code) the amount or maximum amount payable by the Transporters by way of compensation to Users is determined, specified as being such in any provision of the Code;
- (b) "relevant period" means:
  - (i) the period from the UNC Implementation Date until 30 September 2005; and
  - (ii) thereafter, each Gas Year or any other period (whether shorter or longer than a Gas Year, but not shorter than 3 months) proposed by the Transporters after consultation with the Uniform Network Code Committee or any relevant Sub-committee where the Authority (upon the Transporters' application) gives Condition A11(18) Approval to the Transporters implementing this paragraph 10 on the basis of such other period;
- (c) the person appointed under paragraph 10.7.1 in respect of a relevant period is the "**Compensation Value Auditor**".

10.7.3 A Compensation Value Auditor may not be appointed for a relevant period:

- (a) where the Transporters propose after consultation with the Uniform Network

Code Committee or any relevant Sub-committee and where the Authority (upon the Transporters application) gives Condition A11(18) Approval that such Compensation Value Auditor not be appointed; or

- (b) where:
- (i) pursuant to this paragraph 10.7.3 a Compensation Value Auditor was not appointed for the immediately prior relevant period; and
  - (ii) the Transporters reasonably determine that such Compensation Value Auditor should not be appointed after consultation with the Uniform Network Code Committee or any relevant Sub-committee, unless (upon the application of the Transporters or any User made within 10 Business Days after the Transporters notified to Users the decision of the Uniform Network Code Committee or Sub-committee) the Authority in any case shall give Condition A11(18) Disapproval.

10.7.4 In the event that a Compensation Value Auditor is appointed for a relevant period following relevant period(s) where (pursuant to paragraph 9.1.3) the Compensation Value Auditor was not appointed, they may not review any prior relevant period unless expressly instructed by the Uniform Network Code Committee in accordance with paragraph 10.8.1.

## **10.8 Basis and terms of appointment**

10.8.1 The person appointed as Compensation Value Auditor for each relevant period, and the period and (subject to the further provisions of this paragraph 10.8) the terms of their appointment, including the scope and objectives of the review under paragraph 10.7.1, shall be the person, period and terms agreed by the Uniform Network Code Committee or any relevant Sub-committee, unless (upon the application of the Transporters or any User made within 10 Business Days after the Transporters notify to Users the decision of the Uniform Network Code Committee or Sub-committee) the Authority in any case shall give Condition A11(18) Disapproval to the Transporters making an appointment on such basis (in which case the Transporters will arrange for an alternative proposal to be considered by the Network Code Committee of any relevant sub-committee).

10.8.2 The terms of appointment will require that:

- (a) the Compensation Value Auditor shall present to and discuss with the Transporters its draft findings before reporting under paragraph (b);
- (b) the Compensation Value Auditor shall report their findings to the Transporters and the Uniform Network Code Committee or any relevant Sub-committee;
- (c) without prejudice to paragraph (b), the Compensation Value Auditor shall agree to permit a representative of each User to attend a meeting of the Uniform Network Code Committee or any relevant Sub-committee at which the Compensation Value Auditor's report is presented;
- (d) the Compensation Value Auditor shall undertake, in reasonable terms, to keep confidential the information disclosed to the Compensation Value Auditor in the course of its review.

- 10.8.3 A copy of the Compensation Value Auditor's full report will be provided by the Transporters to each User and to the Authority.
- 10.8.4 The fees and costs of the Compensation Value Auditor will be paid by the Transporters and (subject to paragraph 10.8.5) recovered from Users as follows:
- (a) before each relevant period the fees and costs of the Compensation Value Auditor will be estimated by the Transporters and the amount of such estimate, divided by the number of months in the relevant period will be an additional Monthly Adjustment Neutrality Cost under Section F4.5.3(a)(v) for each month in the relevant period;
  - (b) when the Compensation Value Auditor's final account for the relevant period is rendered, the amount of the difference between the amount thereof and the estimate under paragraph (a) will be an additional Monthly Adjustment Neutrality Cost under Section F4.5.3(a)(v) or (as the case may be) an additional Monthly Adjustment Neutrality Revenue under Section F4.5.3(b)(iv) for the month following that in which it is rendered.
- 10.8.5 Where a report of the Compensation Value Auditor contains a finding that the Transporter (or the Transporters) failed in a material respect to determine a Compensation Relevant Value in accordance with the applicable provisions of the Code, that part of the fees and costs of the Compensation Value Auditor certified by the auditor as relating to the review (under paragraph 10.7.1) in respect of that Compensation Relevant Value shall be borne by the Transporters and not recovered from Users pursuant to paragraph 10.8.4.

## **10.9 Effect of Compensation Value Auditor's report**

Where the report of the Compensation Value Auditor contains a recommendation to the effect that the provisions of the Code as to the determination of Compensation Relevant Values would be materially better implemented by a change in the procedures adopted by the Transporters for such determination, the Transporters will take all reasonable steps to comply with such recommendation, unless the Authority shall upon the application of the Transporters give Condition A11(18) Approval to its not doing so.

## **11 GENERAL**

### **11.1 Suppliers and Consumers**

#### **11.1.1 Where:**

- (a) the Code provides for the Transporter to do anything at or affecting any Supply Point Premises or the offtake of gas from the Total System at any Supply Point;
- (b) in doing that thing the Transporter complies with the requirements of the Code and any other agreement with the User, supplier or consumer in relation thereto, does not act unlawfully, and is not negligent; and
- (c) by reason of the Transporter doing that thing the consumer or supplier suffers loss or damage or claims to have done so or otherwise makes any claim or complaint or brings any action or proceeding against the Transporter (other than pursuant to a contract between the Transporter and such consumer or supplier)

the User or each User which is (at the time at which the Transporter does such thing) the Registered User in respect of the relevant Supply Point shall indemnify the Transporter and hold it harmless against any liability to such consumer or supplier in respect of any such loss damage, claim, complaint, action or proceeding, and all costs and expenses incurred in connection therewith.

- 11.1.2 Nothing in the Code or a Framework Agreement or (except as may be expressly provided therein) an Ancillary Agreement shall be construed as imposing upon the Transporter any obligation or duty to or enforceable by a consumer or a supplier; and no User shall make any commitment to any supplier or consumer binding on or purporting to bind the Transporter.
- 11.1.3 Nothing in the Code, a Framework Agreement or any Ancillary Agreement shall prevent the Transporter from exercising any right or remedy which it may have against a consumer or supplier at law or pursuant to the Act or otherwise.
- 11.1.4 In this paragraph 11.1 references to a Supply Points include CSEP Supply Points.
- 11.1.5 For the purposes of this paragraph 11.1, in relation to a CSEP Supply Point:
- (a) a reference to the offtake of gas from the Total System is to the offtake of gas from the IGTS System at the IGTS Supply Point;
  - (b) a reference to a consumer, supplier or premises is to the consumer, supplier or premises at the IGTS Supply Point;
  - (c) a reference to a User is to an IGTS User; and
  - (d) a reference to the Registered User, is to the User (as IGTS User) which is the Registered IGTS User of the corresponding IGTS Supply Point in accordance with IGTAD Section A2.1.
- 11.1.6 Where a User receives a distributed payment for consumer compensation it will relay the distributed payment to the Supplier, or in the absence of any Supplier direct to the end consumer, within 10 Business Days of receipt of the distributed payment.

## **11.2 Transporter performance**

- 11.2.1 In relation to exercising its discretions and performing obligations under the Code the Transporter shall at all times:
- (a) act in a reasonable and prudent manner in relation to the management and operation of each of its Systems; and
  - (b) act reasonably and in good faith in its dealings with Users;
- save that the foregoing shall not apply to the extent that:
- (i) there is any standard of performance already provided for by any statute, regulation or licence condition to which the Transporter is subject; or
  - (ii) the Transporter would thereby be required to act in a manner which would conflict with any Legal Requirement.

11.2.2 For the avoidance of doubt the operation of this paragraph 11.3 shall not prevent the Transporter from performing any obligation under the Code.

### **11.3 Trader User Requirements**

A Trader User shall not knowingly or recklessly pursue any course of conduct (either alone or with some other person) which is likely to prejudice:

- (a) the safe and efficient operation by National Gas Transmission of the NTS;
- (b) the safe, economic, and efficient Operational Balancing of the Total System;
- (c) the due functioning of the arrangements set out in National Gas Transmission’s Network Code.

## **12 GENERAL PROVISIONS RELATING TO UNC RELATED DOCUMENTS**

### **12.1 Purpose**

The purpose of this Section is to establish generic governance arrangements in respect of the following UNC Related Documents (each a **“Document”** and collectively the **“Documents”**):

- (a) Network Code Operations Reporting Manual as referenced in Section V9.4;
- (b) Network Code Validation Rules referenced in Section M5.3.3;
- (c) ECQ Methodology as referenced in Section Q6.1.1(c);
- (d) Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations as referenced in OAD Section D3.1.5.
- (e) the Distribution Network Operator Designated Class 1 Guidance Document referred to in Section B4.7 and the Customer Settlement Error Claims Process Guidance Document referenced in Section E1.3.10; and
- (f) the Derogation Guidance Document referred to in GT Section B7.

### **12.2 Publication Requirements**

Each Document shall be kept up to date and published by the Transporters on the Joint Office of Gas Transporters website.

### **12.3 Modifications**

Should a User or Transporter wish to propose modifications to any of the Documents, such proposed modifications shall be submitted to the Uniform Network Code Committee and considered by the Uniform Network Committee or any relevant sub-committee where the Uniform Network Committee so decide by majority vote.

### **12.4 Approved Modifications**

12.4.1 If the event that the a proposed modification is approved by a majority vote of the

Uniform Network Code Committee, the modification shall be implemented. Where the Uniform Network Code Committee fails to achieve majority approval the proposed modification shall be considered in accordance with the provisions set out in Section 7 of the Uniform Network Code Modification Rules unless the Uniform Network Code Committee determines otherwise.

- 12.4.2 Each revised version of a Document shall be version controlled and retained by the Transporters. It shall be made available on the Joint Office of Gas Transporters website.

## **13 NTS CONNECTIONS**

### **13.1 Connection Applications**

- 13.1.1 If a User or any other person (the **“Connection Applicant”**) wishes to request:

- (a) a connection to the NTS at a new (as yet unbuilt) NTS System Point; or
- (b) the modification of an existing NTS System Point;

then the Connection Applicant shall complete and submit to National Gas Transmission an application (in the form prescribed by National Gas Transmission from time to time) (the **“Connection Application”**) and comply with the terms thereof. In addition, and at the same time, the Connection Applicant shall pay the relevant fee (the **“Connection Application Fee”**).

- 13.1.2 A Connection Application shall be a **“Competent Connection Application”** where:

- (a) the application form has been correctly and fully completed;
- (b) the requested technical data has been fully provided and the applicant has indicated whether or not the application relates to a Standard Design Connection; and
- (c) the relevant Connection Application Fee has been paid in full and is available to National Gas Transmission in cleared funds.

- 13.1.3 National Gas Transmission shall:

- (a) as soon as reasonably practicable, and in any case no more than two (2) Business Days from the date of receipt of the Connection Application, acknowledge receipt of such Connection Application;
- (b) as soon as reasonably practicable;
  - (i) confirm that it is a Competent Connection Application (no more than five (5) Business Days after the date that the Connection Application is deemed to be a Competent Connection Application); or
  - (ii) advise the Connection Applicant that the offer is not a Competent Connection Application and specify the reasons that the Connection Application is not a Competent Connection Application; and
- (c) where it considers that further information or data is required in order for it to

consider or progress the Connection Application, request such further information or data from the Connection Applicant. The Connection Applicant shall provide the requested information or data as soon as reasonably practicable and in any case no more than five (5) Business Days after the date of receipt of the request from National Gas Transmission.

13.1.4 Where a submitted Connection Application is not a Competent Connection Application, the Connection Applicant may resubmit, amend or supplement the Connection Application and the provisions of paragraph 13.1.3 shall apply in relation to such resubmitted, amended or supplemented Connection Application.

13.1.5 The Connection Applicant may withdraw, by written notification to National Gas Transmission, a Connection Application at any time before a Connection Offer is made. In relation to the withdrawal of a Full Connection Application only, the Connection Application Fee shall be refunded to the Connection Applicant less a deduction for actual costs (including reasonable overheads) reasonably incurred by National Gas Transmission in progressing the Connection Application up to the date of withdrawal.

13.1.6 For the purposes of the Code a “**Standard Design Connection**” means:

- (a) a standard design connection in accordance with the document named ‘National Gas Transmission T/PM/G/19 – Management Procedure for Application of Model Design Appraisals for Entry and Exit Connections up to 300mm Minimum Offtake Connections’; and
- (b) in respect of which, unless National Gas Transmission otherwise agrees in writing, the maximum rate at which gas can be delivered to or offtaken from the NTS does not exceed 57.3 GWh/Day at a design pressure of 38barg;

and any other connection is a “**Non-Standard Design Connection**”.

## 13.2 Connection Application Fees

13.2.1 The Connection Application Fee in relation to:

- (a) an Initial Connection Application shall be:
  - (i) the same monetary value for all categories of NTS connections; and
  - (ii) a fixed, full and final amount that shall not be subject to any adjustment by National Gas Transmission once paid by the Connection Applicant (nor shall the Connection Applicant be entitled to any refund of part of the Connection Application Fee);
- (b) an Initial Connection Application and a Full Connection Application in respect of a Standard Design Connection shall be a fixed amount.

13.2.2 Following the issue of a Full Connection Offer or the withdrawal of a Full Connection Application by the Connection Applicant, or where National Gas Transmission has not provided a Full Connection Offer as set out in paragraph 13.4.3; National Gas Transmission shall calculate the total actual costs (including a reasonable overhead) reasonably incurred by National Gas Transmission in progressing the Full Connection Application and preparing and issuing the Full Connection Offer, including undertaking

all necessary design and engineering studies and preparing the relevant agreement for undertaking the detailed design of the connection and the associated physical construction works (“**Construction Agreement**”). Where these costs are less than the Connection Application Fee paid by the Connection Applicant, National Gas Transmission shall refund such difference to the Connection Applicant. Where these costs are greater than the Connection Application Fee paid by the Connection Applicant, National Gas Transmission shall invoice the Connection Applicant for the difference.

- 13.2.3 For the avoidance of doubt, no reconciliation under paragraph 13.2.2 shall be undertaken in relation to an Initial Connection Offer or an Initial Connection Application or, in relation to a Standard Design Connection, a Full Connection Offer or a Full Connection Application.
- 13.2.4 The Connection Application Fees will be reviewed, updated and published in accordance with Uniform Network Code Transportation Principal Document - Section Y, Connection Charging Methodology, Section 2, paragraphs 25A and 25B.

### 13.3 Types of Connection Offers

13.3.1 A “**Connection Offer**” shall be either an Initial Connection Offer or a Full Connection Offer, and the Connection Application shall identify the type of Connection Offer being applied for. For the purposes of the Code:

- (a) an “**Initial Connection Offer**” is an early estimate of the physical construction costs, programme of works and layout of the proposed Connection based only on a desktop exercise by National Gas Transmission and will provide the Connection Applicant with the information as described at paragraph 13.4.1 and a draft Construction Agreement (unless waived by the Applicant at the point of Application). An Initial Connection Offer may only be applied for in relation to a single point of connection to the NTS, and not for the purposes of exploring multiple options or locations to connect to the NTS;
- (b) a “**Full Connection Offer**” is a detailed estimate of the physical construction costs, programme of works and layout of the proposed Connection based on design and engineering studies and will provide the Connection Applicant with the information as described at paragraph 13.4.2 and a draft Construction Agreement. For the avoidance of doubt, there will still be a detailed design and build stage after the Full Connection Offer is provided;
- (c) an “**Initial Connection Application**” is a Connection Application in relation to an Initial Connection Offer; and
- (d) a “**Full Connection Application**” is a Connection Application in relation to a Full Connection Offer.

### 13.4 Content of Connection Offers

13.4.1 An Initial Connection Offer shall comprise, as a minimum:

- (a) an estimate of the Connection Applicant’s financial liabilities in relation to construction works costs that would be incurred in providing the requested connection to the NTS, together with details of the indicative timing of

payments in respect of such costs, including provision for reconciliation of actual costs post-construction, where reasonably incurred by National Gas Transmission;

- (b) an indicative programme of the proposed construction works, including an indication of whether NTS reinforcement may be required, the indicative completion date and the key milestones;
- (c) the proposed indicative location of the proposed Connection and a draft connection layout drawing;
- (d) a draft Construction Agreement, unless the Connection Applicant has advised National Gas Transmission that it does not require a draft Construction Agreement to be provided as part of the Initial Connection Offer;
- (e) an indication of the works required by National Gas Transmission to produce a Full Connection Offer (should the Connection Applicant submit a Full Connection Application based on the Initial Connection Offer); and
- (f) details of the Connection Application Fee that would be payable by the Connection Applicant in relation to a Full Connection Application (should the Connection Applicant submit a Full Connection Application based on the Initial Connection Offer), which fee would be subject to reconciliation as set out in paragraph 13.2.2.

13.4.2 A Full Connection Offer shall comprise, as a minimum:

- (a) a copy of any relevant design or engineering study report, as required by National Gas Transmission to make the Full Connection Offer and paid for by the Applicant as part of the Application Fee;
- (b) a draft Construction Agreement in relation to the proposed construction works;
- (c) an indicative programme of the proposed construction works, including as a minimum:
  - (i) the anticipated dates on which the connection will be available to the Connection Applicant for testing and commissioning and commercial operation, with details as to how such dates are contingent on any relevant planning or other consents being obtained;
  - (ii) details of the location of the proposed Connection, including Ordnance Survey (or equivalent) map with grid references and a site layout drawing;
  - (iii) an indicative project plan containing:
    - (1) an indicative milestone date when National Gas Transmission would expect to apply to the Authority (where applicable) for funding in accordance with Part C of Special Condition 3.13 of its Gas Transporter's Licence;
    - (2) an indicative earliest milestone date at which System Capacity could be applied for by a User in order for the Connection Applicant to align its capacity needs with the indicative

- connection completion date;
- (3) an indicative milestone date by when the relevant Network Exit Agreement, Network Entry Agreement, Storage Connection Agreement or Supplemental Agreement has to be signed (as appropriate and where applicable); and
- (4) an indicative programme of works to deliver the requested connection or modification including:
  - (aa) an overall project timeline and key milestone dates;
  - (bb) details of payment milestones;
  - (cc) any credit requirements;
  - (dd) indicative dates for purchase of long-lead items; and
  - (ee) details of any additional activities or studies required if the Connection Offer is accepted, including the indicative cost of such activities or studies.

For the avoidance of doubt, the indicative project plan is intended to be used as guidance only to assist the Connection Applicant with general project planning and in no way does it oblige National Gas Transmission to make System Capacity available at the NTS System Point.

- (iv) any foreseeable planning and other consent milestone dates;
  - (v) where National Gas Transmission is requested by the Connection Applicant to construct the connecting pipeline, an indication of the potential size and route corridor of any connecting pipeline to be constructed by National Gas Transmission subject to the outcome of any planning application National Gas Transmission may have to submit in relation to such pipeline; and
  - (vi) an indicative draft of any relevant Network Exit Agreement, Network Entry Agreement, Storage Connection Agreement or Supplemental Agreement (or amendment thereto) (as appropriate and where applicable) that has to be signed in relation to the relevant NTS System Point, which shall include the relevant technical parameters;
- (d) the Full Connection Offer shall contain an estimate of the construction works costs to be paid by the Connection Applicant pursuant to the draft Construction Agreement, together with dates on which payments in respect of such amounts would be due to be made, if the Full Connection Offer is accepted.

13.4.3 Where a physical connection (as requested pursuant to the Full Connection Application) to the NTS is not deemed by National Gas Transmission (acting reasonably) to be feasible for technical or engineering reasons, National Gas Transmission shall not be required to produce the relevant Full Connection Offer and shall provide written notification to the Connection Applicant and the Authority, with an explanation why physical connection (and therefore provision of a Full Connection Offer) is not possible.

## **13.5 Connection Offers**

13.5.1 National Gas Transmission shall issue a Connection Offer to the Connection Applicant as soon as reasonably practicable and in any event within:

- (a) in the case of an Initial Connection Offer, within two (2) months of the date on

which National Gas Transmission notifies the Connection Applicant that the relevant Initial Connection Application is a Competent Connection Application; and

- (b) in the case of a Full Connection Offer, within:
- (i) in the case of a Standard Design Connection where National Gas Transmission determines:
    - (1) no feasibility study is required, three (3) months;
    - (2) a feasibility study is required, six (6) months;
  - (ii) in the case of a Non-Standard Design Connection;
    - (1) six (6) months (where the connection point requested by the Connection Applicant is in a greenfield location (being a location that has not previously been the subject of development) and the Full Connection Offer is in respect of a minimum offtake connection to the NTS with a ramp rate of less than 50MW/minute); or
    - (2) where paragraph (1) does not apply nine (9) months

(or such longer time as the Authority may agree, or be deemed to have agreed, pursuant to paragraph 13.5.2) of the date on which National Gas Transmission has confirmed to the Connection Applicant that the Connection Application is a Competent Connection Application (the “**Connection Offer Deadline**”).

- 13.5.2 Where National Gas Transmission reasonably believes that it will be unable to issue a Connection Offer to the Connection Applicant by the Connection Offer Deadline, National Gas Transmission may apply to the Authority for an extension to the Connection Offer Deadline. The Connection Offer Deadline shall be extended as directed by the Authority in response to such application. Pending any decision by the Authority in response to such application, the Connection Offer Deadline shall remain as determined pursuant to paragraph 13.5.1.
- 13.5.3 To accept a Full Connection Offer, the Connection Applicant must sign and return the Construction Agreement contained within such Full Connection Offer, which will then be countersigned by National Gas Transmission and a copy returned to the Connection Applicant.
- 13.5.4 An Initial Connection Offer is not an offer capable of acceptance and is not binding on National Gas Transmission or the Connection Applicant and in order to proceed further, the Connection Applicant must submit a Full Connection Application.
- 13.5.5 A Connection Offer will be open for acceptance by the Connection Applicant for a period of three (3) months from the date of the Connection Offer. Failure by the Connection Applicant to accept the Connection Offer within such three (3) month period will cause the Connection Offer to lapse and any subsequent purported acceptance of the Connection Offer by the Connection Applicant may be treated as null and void by National Gas Transmission.
- 13.5.6 A feasibility study may be required in order to be able to provide a Full Connection

Offer to the Connection Applicant except where the connection point requested by the Connection Applicant is in a greenfield location (being a location that has not previously been the subject of development) and the Full Connection Offer is in respect of a minimum offtake connection to the NTS with a ramp rate of less than 50MW/minute. Where a feasibility study is required in order to be able to provide a Full Connection Offer:

- (a) National Gas Transmission shall undertake such feasibility study and shall provide the Connection Applicant with a copy of the resulting feasibility study report within three (3) months of the date on which National Gas Transmission notifies the Connection Applicant that the Full Connection Application is a Competent Connection Application;
- (b) no later than three (3) months after receipt of the feasibility study report, the Connection Applicant may notify National Gas Transmission that it wishes National Gas Transmission to provide a Full Connection Offer based on the feasibility study report (provided that, where the feasibility study report contains specific questions for the Connection Applicant to answer, the Connection Applicant has provided sufficiently detailed answers to such questions within such three (3) month period;
- (c) the time between (i) National Gas Transmission providing the feasibility study report to the Connection Applicant and (ii) the Connection Applicant notifying National Gas Transmission that it wishes National Gas Transmission to provide a Full Connection Offer based on the feasibility study report (and, where applicable, providing sufficiently detailed answers to any specific questions set out in the feasibility study report) shall be discounted when determining whether National Gas Transmission has complied with its obligation under paragraph 13.5.1; and
- (d) if, by the date falling three (3) months after receipt of the feasibility study report, the Connection Applicant has not notified National Gas Transmission that it wishes National Gas Transmission to provide a Full Connection Offer based on the feasibility study report, then the Connection Applicant shall be deemed to have given notice to National Gas Transmission to terminate work on the Full Connection Application.

### **13.6 Modification of a Full Connection Offer**

13.6.1 Where, after a Full Connection Offer has been made and accepted, the Connection Applicant wishes to request an amendment to the whole or part of the Full Connection Offer, a “**Connection Offer Modification Application**” (in the form prescribed by National Gas Transmission) must be submitted by the Connection Applicant to National Gas Transmission.

13.6.2 A Connection Offer Modification Application shall be deemed to be a Full Connection Application and the provisions of this paragraph 13 shall apply accordingly, provided that:

- (a) the Connection Application Fee in relation to a Connection Offer Modification Application shall be either:
  - (i) an amount as may be mutually agreed by the Applicant and National

Gas Transmission; or

- (ii) in the absence of such agreement, 75% of the Connection Offer Application Fee which was paid by the Connection Applicant for the relevant Full Connection Offer;
- (b) the Full Connection Offer shall be based on the original Full Connection Application as modified by the Connection Offer Modification Application (and so paragraph 13.4.2 shall be deemed to be amended accordingly); and
- (c) references in this paragraph 13 to the Construction Agreement shall be references to an agreement to amend the Construction Agreement signed by the Connection Applicant in accepting the original Full Connection Offer.

### **13.7 Information Publication Requirements**

13.7.1 For the purposes of the Connections Offer process, National Gas Transmission shall publish the following information on its public website:

- (a) a draft standard form of Construction Agreement for different connection types;
- (b) a draft generic Advance Reservation of Capacity Agreement, Network Exit Agreement, Network Entry Agreement and Storage Connection Agreement;
- (c) generic technical specifications and standards associated with the Connection Offer processes which are not site-specific;
- (d) a generic Connection Offer template; and
- (e) Connection Application templates.

13.7.2 National Gas Transmission shall publish the following information on a quarterly basis:

- (a) the number of Competent Connection Applications for Connection Offers (received in the previous quarter and the cumulative total for the calendar year in question);
- (b) the cumulative total for the calendar year in question of Full Connection Offers made in accordance with the timescales set out in paragraph 13.5.1; and
- (c) the cumulative total for the calendar year in question of Initial Connection Offers made in accordance with the timescales set out in paragraph 13.5.1.

### **13.8 Applicant Requested Pre-Connection Studies**

13.8.1 Where a potential Connection Applicant wishes to explore options for connecting to the NTS, a “**Pre-Connection Study**” may be requested. Such a Pre-Connection Study request shall not, for the avoidance of doubt, be a Connection Application for the purposes of the Code. Following receipt of such a request, National Gas Transmission shall seek to agree the terms on which it will undertake any such study with the person submitting the request.

13.8.2 If such a Pre-Connection Study is undertaken by National Gas Transmission pursuant to

such a request and produces data or information which can be re-used for the purposes of a subsequent Connection Offer to the potential Connection Applicant, then the Application Fee and timescales for such a subsequent Connection Offer may, at National Gas Transmission’s discretion, be reduced accordingly.

- 13.8.3 For the avoidance of doubt, the carrying out of a Pre-Connection Study is not a pre-requisite for submitting either an Initial Connection Application or a Full Connection Application.

## 14 THEFT OF GAS

### 14.1 Reporting

14.1.1 For the purposes of the Code:

- (a) **“Confirmed Energy Theft”** shall have the meaning given to that term in the Retail Energy Code;
- (b) **“Confirmed Energy Theft Claim”** means a communication relating to an individual Supply Meter Point issued to the CDSP by RECCo under which a claim that a Confirmed Energy Theft has taken place is made, which shall include such information as set out in the Retail Energy Code *Unbilled Energy Code of Practice* section 15;
- (c) **“Confirmed Energy Theft Notification”** means either a Confirmed Energy Theft Claim or a Confirmed Energy Theft Withdrawal, as may be issued by RECCo in either case;
- (d) **“Confirmed Energy Theft Objection”** shall have the meaning given to that term in paragraph 14.1.6 and relate to an individual Supply Meter Point;
- (e) **“Confirmed Energy Theft Withdrawal”** means a communication relating to an individual Supply Meter Point issued to the CDSP by RECCo which, unless a valid Confirmed Energy Theft Objection is raised in relation to it, shall have the effect of withdrawing the Confirmed Energy Theft Claim it relates to in its entirety and requiring the CDSP to reverse any Offtake Reconciliations or other similar or associated activities previously undertaken by it in the discharge of paragraphs 14.1.5 to 14.1.12 (including those discharged pursuant to Section E). The Users envisage that in cases where a Confirmed Energy Theft Withdrawal is not the subject of a valid Confirmed Energy Theft Objection, the entity initiating it under the REC will, if appropriate, initiate a new Confirmed Energy Theft Claim to ensure that accurate information in relation to the underlying Confirmed Energy Theft is reflected within the Code;
- (f) **“CET Registered User”** means in respect of a Confirmed Energy Theft Claim, a Shipper User that is or has been during the period covered by the Confirmed Energy Theft Claim a Registered User in respect of the Supply Meter Point referred to therein
- (g) **“RECCo”** means the Retail Energy Code Company Ltd, being the legal entity responsible for the administration of the Retail Energy Code, or such other entity as may discharge that function from time to time; and

- (h) **“Theft Energy Value”** means the energy volume associated with a Confirmed Energy Theft Claim which, for the avoidance of doubt, may have a zero value.
- 14.1.2 The DNOs shall publish a report (at the end of each reporting month) on theft of gas detection performance for DNOs containing the information in Annex V-5 in respect of each DNO (on an attributable basis) (**“DNO TOG Report”**).
- 14.1.3 For the purposes of this paragraph 14, **“reporting month”** shall mean each calendar month for which the report pursuant to paragraph 14.1.1 shall be published.
- 14.1.4 The CDSP shall receive Confirmed Energy Theft Notifications and pass the relevant information to the relevant CET Registered User(s) for consideration.
- 14.1.5 Within fifteen (15) Supply Point Systems Business Days of receiving a Confirmed Energy Theft Notification from the CDSP a relevant CET Registered User may object, in respect of the Supply Meter Point referred to therein, where that CET Registered User wishes to claim a Confirmed Energy Theft Claim contains a manifest error or that it would be inappropriate to permit a Confirmed Energy Theft Withdrawal to progress (a **“Confirmed Energy Theft Objection”**). Notification of such Confirmed Energy Theft Objections, together with reasons for the same, shall be made to the CDSP.
- 14.1.6 When the CDSP receives a notification of Confirmed Energy Theft Objection compliant with the requirements of paragraph 14.1.6 the CDSP shall:
- (a) make reference to the Confirmed Energy Theft Notification having been rejected by the CET Registered User(s), along with the reason(s) for such rejection, in the CDSP’s reporting on the same to each of RECCo and PAC;
  - (b) retain such information relating to the rejected Confirmed Energy Theft Notification as necessary to properly prepare its report to PAC; and
  - (c) take no further action with respect to the Confirmed Energy Theft Notification subject to the Confirmed Energy Theft Objection.
- 14.1.7 Providing the CDSP does not receive a Confirmed Energy Theft Objection that is compliant with the requirements of paragraph 14.1.6, and subject to no Confirmed Energy Theft Withdrawal existing in relation to a Confirmed Energy Theft Claim, the CDSP shall utilize the Theft Energy Value contained within the Confirmed Energy Theft Claim to perform an Offtake Reconciliation. The CDSP may, as it determines necessary, apply the Theft Energy Value to an existing Offtake Reconciliation in accordance with Section E1.3.1 (c)(iv) or insert a nil incrementing Meter Reading in order to generate an initial Offtake Reconciliation.
- 14.1.8 For the avoidance of doubt with respect to paragraphs 14.1.6 to 14.1.8:
- (a) any reference in the Code to whether the CDSP has received a Confirmed Energy Theft Objection that is compliant with the requirements of paragraph 14.1.6 shall be determined by the CDSP solely by reference to whether the CDSP received the relevant Confirmed Energy Theft Objection not later than the fifteenth (15th) Supply Point Systems Business Day of receipt by the relevant CET Registered User of the Confirmed Energy Theft Notification to which it relates;

- (b) the CDSP shall have no power or responsibility to
  - (i) verify whether a CET Registered User’s claim that a Confirmed Energy Theft Claim contains a manifest error is correct; or
  - (ii) review a CET Registered User's claim that it would be inappropriate to permit a Confirmed Energy Theft Withdrawal to progress,
 and shall, in all cases, accept the CET Registered User’s claim; and
- (c) in cases where a Confirmed Energy Theft Objection is raised but it is not compliant with the requirements of paragraph 14.1.6 the CDSP shall inform the relevant CET Registered User that its Confirmed Energy Theft Objection has been rejected, together with reasoning, and thereafter take no further steps with regard to it.

14.1.9 When the CDSP receives a Confirmed Energy Theft Withdrawal then, subject to a Confirmed Energy Theft Objection being raised in relation to it, the CDSP shall take no further action with respect to the relevant Confirmed Energy Theft Claim other than to implement the withdrawal of that Confirmed Energy Theft Claim as foreseen by this paragraph 14.

14.1.10 If a Confirmed Energy Theft Claim covers a period during which more than one Shipper User was a CET Registered User in respect of the Supply Meter Point to which it relates:

- (a) the Offtake Reconciliation activities undertaken by the CDSP pursuant to paragraph 14.1.8 shall apportion the Theft Energy Value between such CET Registered Users in proportion to the period covered by the Confirmed Energy Theft Claim in respect of which each was the Registered User of such Supply Point; and
- (b) where the CDSP receives either a valid Confirmed Energy Theft Objection, or a Confirmed Energy Theft Withdrawal (which itself is not the subject of a valid Confirmed Energy Theft Objection), relating to such Confirmed Energy Theft Claim:
  - (i) such Confirmed Energy Theft Objection or Confirmed Energy Theft Withdrawal shall apply to the Confirmed Energy Theft Claim in its entirety; and
  - (ii) the CDSP shall inform the CET Registered Users of the Confirmed Energy Theft Objection or Confirmed Energy Theft Withdrawal having been made; and
  - (iii) in the case of a Confirmed Energy Theft Objection, paragraph 14.1.7 shall apply; or
  - (iv) in the case of a Confirmed Energy Theft Withdrawal, paragraph 14.1.10 shall apply.

14.1.11 Shipper Users shall use reasonable endeavours to ensure entities holding a licence to supply gas issued pursuant to section 7A of the Act and to which they provide or have provided services as a Shipper User are made aware of any suspected thefts of gas the

Shipper User is informed of by an entity other than the licensed gas supply entity, and which relate Supply Meter Point associated with such licensed supply entity. Shipper Users shall retain evidence of such notification and acknowledge they may be asked to provide such evidence upon request.

## 15 GAS SAFETY VISITS

15.1.1 Notwithstanding any other provision, throughout this paragraph 15 the following meanings shall apply:

- (a) The **“Gas Safety Reports”** are:
  - (i) a report detailing the information referred to in Annex V-6 (**“Industry Gas Safety Report”**); and
  - (ii) a report detailing the information referred to in Annex V-7 (**“Shipper User Gas Safety Report”**), together **“the Gas Safety Reports”** in respect of a Primary Meter;
- (b) **“Primary Meter”** has the meaning given in the Regulations from time to time;
- (c) the **“Regulations”** means the Gas Safety (Installation and Use) Regulations 1998.

15.1.2 Where, following the removal of a Primary Meter, the Transporter performs a Supplier’s obligations under Regulation 16(3)(b) of Regulations 1998, the Transporter shall publish Gas Safety Reports in accordance with paragraph 15.1.3 below.

15.1.3 After a period of eighteen months from the removal of the relevant Primary Meter, the Transporter shall publish the Gas Safety Reports in respect of each calendar month.

## 16 PERFORMANCE ASSURANCE

### 16.1 Performance Assurance Objective

16.1.1 For the purposes of this paragraph 16:

- (a) **“Performance Assurance Party”** means each Party, the CDSP and each Relevant Third Party;
- (b) the **“Performance Assurance Objective”** means the objective of achieving accurate and timely Settlement for each Day in accordance with the provisions of the Code, and the **“Performance Assurance Framework”** is the framework described in this paragraph 16 for the purposes of facilitating achievement of the Performance Assurance Objective;
- (c) **“Relevant Third Party”** means in relation to a Party to the Code, a person (other than another Party to the Code or the CDSP):
  - (i) undertaking an activity as agent or contractor of a Party for the purposes of Settlement (**“relevant activity”**); and
  - (ii) in respect of which the Performance Assurance Committee has determined the standard of performance of the relevant activity is likely

to have a material impact, either positively or negatively, on the achievement of the Performance Assurance Objective;

- (d) “**Settlement**” means in relation to a Day the determination and settlement of amounts payable in respect of Energy Balancing Charges in accordance with the Code.

16.1.2 Each Party:

- (a) acknowledges the manner in which it conducts its business (pursuant to the Code and in respect of any business ancillary to Code ("**relevant business**")) can have a material impact, positively or negatively, on the achievement of the Performance Assurance Objective;
- (b) acknowledges the standard of performance of a Relevant Third Party in undertaking a relevant activity can have a material impact, positively or negatively, on the achievement of the Performance Assurance Objective;
- (c) agrees to conduct its relevant business at all times in a manner which facilitates the achievement of the Performance Assurance Objective;
- (d) agrees to take all reasonable steps available to it to ensure a Relevant Third Party undertakes the relevant activity so as to facilitate achievement of the Performance Assurance Objective and complies with any Performance Assurance Technique applied to it;
- (e) acknowledges the acts and omissions of each other Party to the Code in relation to the Performance Assurance Objective are not relevant for the purposes of such Party complying with the requirements of this paragraph 16.1.2;
- (f) acknowledges it is for the Performance Assurance Committee to determine whether or not a Party's conduct or performance under the Code is (or is likely to be) prejudicial to the achievement of the Performance Assurance Objective;
- (g) acknowledges it may be required to comply with such Performance Assurance Techniques as the Performance Assurance Committee may determine in accordance with the Performance Assurance Framework Document; and
- (h) agrees to make available to the Performance Assurance Committee such records, data and other information as the Performance Assurance Committee may reasonably require for the performance of PAC Functions and further acknowledges that such records, data and information (and the processes for making such available) shall not be limited to the records, data and information (and processes) specified in the Performance Assurance Framework Document.

16.1.3 Each Party and the CDSP shall co-operate with each other to facilitate achievement of the Performance Assurance Objective.

16.1.4 The standard of performance of a Party and the CDSP in facilitating the achievement of the Performance Assurance Objective shall be determined by the Performance Assurance Committee in accordance with (and in the manner described in) the Performance Assurance Framework Document to the extent applicable to such Party and the CDSP.

- 16.1.5 Each Party and the CDSP shall provide the Performance Assurance Committee with information relating to its own business and affairs as may be reasonably required by the Performance Assurance Committee to enable it to determine:
- (a) the standard of performance by such Party or the CDSP in relation to facilitating the achievement of the Performance Assurance Objective;
  - (b) the impact of such performance, whether positive or negative, on the achievement of the Performance Assurance Objective;
  - (c) where required, the appropriate Performance Assurance Technique to be applied in accordance with the Performance Assurance Framework Document.

**16.2 Performance Assurance Committee**

- 16.2.1 There is hereby established for the purposes of this paragraph 16 a Network Code Sub-Committee ("**Performance Assurance Committee**").
- 16.2.2 The Performance Assurance Committee shall perform the functions and have the powers and duties provided in this paragraph 16.
- 16.2.3 The Performance Assurance Committee may establish a sub-committee for such purposes (within the scope of its functions, powers and duties) and comprising such members and on such terms as it decides; and references to the Performance Assurance Committee shall include any such committee.
- 16.2.4 The Performance Assurance Committee is autonomous and the UNC Committee has no power to overrule a decision of the Performance Assurance Committee or reduce or qualify the scope of its functions and powers.
- 16.2.5 No decision of the Performance Assurance Committee may be made or (if made) shall be effective if the decision would cause any Party or the CDSP to be in breach of the Code or the DSC.

**16.3 Constitution of the Performance Assurance Committee**

- 16.3.1 The Performance Assurance Committee shall comprise representatives ("**PAC Representatives**") as follows:
- (a) nine (9) individuals appointed as representatives of Shipper Users ("**Shipper User Representatives**");
  - (b) three (3) individuals appointed as representatives of DN Operators and IGTs, of which:
    - (i) two (2) shall be appointed by DN Operators ("**DNO Representatives**");
    - (ii) one (1) shall be appointed by the Independent Gas Transporters ("**IGT Representative**")

(together the "**Transporter Representatives**").
- 16.3.2 The basis for the appointment (and from time to time the removal and/or replacement) of:

- (a) Shipper User Representatives shall be in accordance with the procedures set out in the document entitled 'Uniform Network Code Panel, Uniform Network Code Committee, Sub-Committees and DSC Committees – Guidelines for the User Representative Appointment Process';
- (b) the Transporter Representatives shall be as agreed by the DN Operators and the Independent Gas Transporters.

16.3.3 Each meeting of the Performance Assurance Committee shall be chaired by a person (not being a PAC Representative) nominated by the Code Administrator ("**PAC Chairperson**").

16.3.4 The Code Administrator shall nominate and may from time to time remove and replace a person (not being a PAC Representative) as secretary ("**PAC Secretary**") to the Performance Assurance Committee.

#### **16.4 Functions of the Performance Assurance Committee**

16.4.1 The functions of the Performance Assurance Committee ("**PAC Functions**") are:

- (a) to establish, maintain and publish a document ("**Performance Assurance Framework Document**") in accordance with paragraph 16.7;
- (b) to investigate whether or not a Performance Assurance Party is acting in a manner which facilitates the achievement of the Performance Assurance Objective;
- (c) to monitor the performance of a Performance Assurance Party in facilitating the achievement of the Performance Assurance Objective;
- (d) to determine whether or not the acts or omissions of a Performance Assurance Party are having a material impact, whether positively or negatively, on the achievement of the Performance Assurance Objective;
- (e) in respect of Performance Assurance Techniques;
  - (i) to administer the application and administration of the Performance Assurance Techniques regime;
  - (ii) to determine which Performance Assurance Techniques should be applied (and from when and for how long they should be applied) in relation to a Performance Assurance Party where the Performance Assurance Committee has determined the Performance Assurance Party is conducting its business in a manner which negatively impacts on the achievement of the Performance Assurance Objective;
  - (iii) to determine when further escalated Performance Assurance Techniques should be applied in relation to a Performance Assurance Party;
  - (iv) to determine when a Performance Assurance Technique should cease to apply to a Performance Assurance Party; and
  - (v) to assess the effectiveness of the Performance Assurance Techniques in

improving a Performance Assurance Party's performance in respect of facilitating the achievement of the Performance Assurance Objective;

- (f) to determine the scope and content of the services required from PAFA and to approve the terms on which the CDSP proposes for the PAFA Contract;
- (g) to prepare and publish the Performance Assurance Reports Register;
- (h) to determine the form of (and revise from time to time) the statements and undertaking referred to in paragraph 16.6.7;
- (i) to undertake such other activities as are specified in the Performance Assurance Framework Document; and
- (j) to undertake the Annual PAF Review and publish the Annual PAF Report and Delivery Plan.

16.4.2 Each year the Performance Assurance Committee shall conduct a review ("**Annual PAF Review**") of the operation of, and the effectiveness of, the Performance Assurance Framework for the purposes of reporting on:

- (a) the activities of the Performance Assurance Committee and the performance of the Performance Assurance Committee's responsibilities;
- (b) the activities of the Performance Assurance Framework Administrator and the performance of the Performance Assurance Framework Administrator's responsibilities;
- (c) the achievement of the Performance Assurance Objective;
- (d) the implementation and effectiveness of the procedures and processes provided for in the Performance Assurance Framework Document including in relation to Performance Assurance Techniques;
- (e) the operation of the provisions of this paragraph 16; and
- (f) any proposed modifications to the Performance Assurance Framework,

and the Performance Assurance Committee shall consult with Parties when undertaking the Annual PAF Review.

16.4.3 The Performance Assurance Committee shall undertake and complete the Annual PAF Review in July and August each year and shall prepare and publish its findings and proposals in relation to the Gas Year commencing on the following 1 October ("**Annual PAF Report and Delivery Plan**") by no later than the preceding 31 August.

16.4.4 The Performance Assurance Committee may (at any time and on such terms as the Performance Assurance Committee may determine) delegate all or any part of the PAC Functions (except for those under paragraph 16.4.1.(e)(ii), (iii) and (iv), (f) and (h)) to the PAFA.

16.4.5 The Performance Assurance Committee shall not be entitled to recover any cost or expense incurred by the Performance Assurance Committee in connection with this paragraph 16 from any Party.

**16.5 Voting arrangements of the Performance Assurance Committee**

16.5.1 The discharge of all of the functions of the Performance Assurance Committee which require or allow for a determination of the Performance Assurance Committee shall be determined by a vote conducted on a show of hands or other such demonstration of affirmation or consent as may be appropriate; and each PAC Representative (whether in person or by its alternate) present at the meeting shall be entitled to exercise one (1) vote.

16.5.2 A decision of the Performance Assurance Committee shall require a simple majority of the votes of both:

- (a) the Shipper User Representatives; and
- (b) the Transporter Representatives

who in each case are present at the relevant meeting and who vote in respect of the matter to be decided; and in the event a simple majority is not obtained amongst the Shipper User Representatives or the Transporter Representatives the Performance Assurance Committee shall be treated as having made a decision against the relevant matter.

16.5.3 Where a vote is conducted and there is an equal number of votes in favour and against the matter to be decided amongst the Shipper User Representatives or the Transporter Representatives no person shall have a casting vote (including for the purposes of paragraph 16.8 in respect of an appeal of a decision of the Performance Assurance Committee) and the Shipper User Representatives or the Transporter Representatives shall be treated as having made a decision against the relevant matter.

**16.6 Proceedings of the Performance Assurance Committee**

16.6.1 Unless in conflict with any provision of this paragraph 16, the provisions of MR Sections 4.5 and 5 (excluding MR Sections 5.1, 5.2, 5.5, 5.6, 5.7.1, 5.8 and 5.10) shall apply (mutatis mutandis, and disregarding references to other sections in the Modification Rules) in relation to the Performance Assurance Committee and for which purpose:

- (a) references to the 'Member', 'Modification Panel', 'Panel Chairperson' and 'Secretary' shall be deemed to be references to respectively a PAC Representative, the Performance Assurance Committee, the PAC Chairperson and the PAC Secretary;
- (b) a PAC Representative shall not be required to appoint an alternate (and where appointing an alternate shall not be required to appoint two (2) alternates);
- (c) the same individual may not act as an alternate for more than one (1) PAC Representative;
- (d) in respect of MR Section 5.9 any such written resolution that is determined by the Performance Assurance Committee to be confidential and shall not be circulated to all Parties to the Code.

16.6.2 Where six (6) PAC Representatives (of whom at least four (4) shall be Shipper User Representatives and two (2) of whom shall be Transporter Representatives) are present

at a meeting of the Performance Assurance Committee the meeting shall be quorate.

16.6.3 If required by the Performance Assurance Committee the CDSP will attend (by one (1) or more representatives) a meeting of the Performance Assurance Committee.

16.6.4 Subject to paragraphs 16.6.5 and 16.6.6, only PAC Representatives, PAFA representatives, the PAC Chairperson, the PAC Secretary (and, where invited by PAC, representatives of CDSP and any Party), may attend a meeting of the Performance Assurance Committee.

16.6.5 Matters for discussion at a meeting of the Performance Assurance Committee may be:

- (a) designated “**Confidential**” and only:
  - (i) those persons referred to in paragraph 16.6.4; and
  - (ii) those individuals (not being an individual appointed to the Performance Assurance Committee) which a PAC Representative chooses to invite and the PAC Chairperson agrees may attend (subject to such individual signing a confidentiality agreement if required by the PAC Chairperson)

may attend the meeting while Confidential matters are discussed;

- (b) designated “**Non-Confidential**” and those individuals (not be an individual appointed to the Performance Assurance Committee) which either:
  - (i) the Performance Assurance Committee chooses to invite;
  - (ii) the PAC Chairperson agrees may attend (provided the attendee has given notice of attendance to the PAC Chairperson no later than one (1) Business Day prior to the meeting or as the PAC Chairperson may otherwise agree),

may also attend the meeting while Non-Confidential matters are discussed.

16.6.6 Up to three (3) representatives of the Authority may attend a meeting of the Performance Assurance Committee as observers.

16.6.7 A PAC Representative shall not be entitled to receive any papers or working papers, opinions, reports or other documentation relating to the proceedings of the Performance Assurance Committee or attend a meeting of the Performance Assurance Committee until such time as:

- (a) the PAC Representative's employer has signed a statement of release;
- (b) the PAC Representative has signed:
  - (i) a statement of impartiality;
  - (ii) a confidentiality undertaking; and
  - (iii) a statement of confirmation of no conflict of interest

in each case on such terms as the Performance Assurance Committee may require and provided such to the PAC Secretary (and where a PAC Representative fails to return a signed copy of any such document within thirty (30) Business Days of being provided with such document by the PAC Secretary the PAC Representative shall cease to be PAC Representative with immediate effect (and the PAC Secretary shall so notify the PAC Chairperson and other PAC Representatives).

16.6.8 For the purposes of paragraph 16.6.9 the following are "**relevant matters**" in relation to a PAC Representative:

- (a) the performance of the member's employer of any Affiliate of the member's employer;
- (b) the application of any Performance Assurance Technique to the member's employer of any Affiliate of the member's employer.

16.6.9 A member of the Performance Assurance Committee shall not:

- (a) participate as a member of the Performance Assurance Committee in the consideration of any relevant matter (including for the avoidance of doubt, participating in any relevant matter to be voted on); or
- (b) be counted in ascertaining whether a quorum is present at a meeting of the Performance Assurance Committee convened to consider any relevant matter.

16.6.10 A PAC Representative shall not disclose to its employer or any Affiliate of its employer confidential information which it has received in its capacity as a member of the Performance Assurance Committee unless required to do so:

- (a) by any Legal Requirement;
- (b) in order for its employer or any such Affiliate to comply with the conditions of any licence with which its employer or any such Affiliate, as the case may be, is required to comply;
- (c) by any stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or
- (d) pursuant to any judicial or other arbitral process or tribunal having jurisdiction in relation to it or its employer or any such Affiliate, as the case may be,

in any of which events the member of the Performance Assurance Committee shall first be required to give written notice of the required disclosure to the Performance Assurance Committee.

16.6.11 All minutes, working papers, opinions, reports or other documentation relating to the proceedings of the Performance Assurance Committee in relation to Confidential matters (and the related proceedings themselves) shall be treated as confidential by all persons participating in any such proceedings.

## **16.7 Performance Assurance Framework Document**

16.7.1 The Performance Assurance Framework Document shall specify:

- (a) performance assurance procedures and the basis on which a Party will be required to participate in such procedures;
- (b) the records, data and other information (whether described in general or specific terms) which a Party is required to give the Performance Assurance Committee and the Performance Assurance Framework Administrator access to for the purposes of performance assurance;
- (c) the process by which, and the time by which, a Party is to respond to a request for records, data and other information from the Performance Assurance Committee and the Performance Assurance Framework Administrator;
- (d) the scope and contents of the registers to be maintained by, and the reports to be prepared and published by, the Performance Assurance Committee relating to the performance of each Party in relation to the requirement in paragraph 16.1.3 ("**Performance Assurance Reports Register**");
- (e) the Performance Assurance Techniques available to the Performance Assurance Committee and:
  - (i) the procedures whereby a Performance Assurance Party will be required to implement, follow and report on a Performance Assurance Technique;
  - (ii) the procedures by which the Performance Assurance Committee and the Performance Assurance Framework Administrator will administer and monitor a Performance Assurance Party's implementation of a Performance Assurance Technique;
- (f) the procedure for the appointment of the Performance Assurance Framework Administrator, and the terms of any such appointment;
- (g) the functions of the Performance Assurance Framework Administrator; and
- (h) the form of templates for each of the statements and undertaking referred to in paragraph 16.6.7.

16.7.2 The Performance Assurance Framework Document may be modified, for which purpose:

- (a) the Performance Assurance Committee, PAC Representatives, and each Performance Assurance Party may propose a modification;
- (b) the Performance Assurance Committee shall report to Performance Assurance Parties on the nature of any modification it proposes to make to the Performance Assurance Framework Document;
- (c) any proposed modification to the Performance Assurance Framework Document shall be a Non-Confidential matter (for the purposes of paragraph 16.6.5) and to which all Performance Assurance Parties shall be invited;
- (d) any such modification to the Performance Assurance Framework Document shall be at the sole discretion of the Performance Assurance Committee and shall be effective from a date no earlier than three (3) months following notice

to Performance Assurance Parties of the modification; and

- (e) the Code Administrator will ensure all Performance Assurance Parties are given notice of any such modification and shall arrange for publication of the Performance Assurance Framework Document as modified.

16.7.3 The Performance Assurance Committee shall:

- (a) develop and keep under review the techniques and processes ("**Performance Assurance Techniques**") which the Performance Assurance Committee may require a Performance Assurance Party to follow to facilitate the better achievement of the Performance Assurance Objective (and the Performance Assurance Committee may modify and/or develop new Performance Assurance Techniques as it may determine from time to time);
- (b) make any determination to apply a Performance Assurance Technique:
  - (i) on the basis only of the evidence available to it and following prior discussion (and the sharing of such evidence) with the Performance Assurance Party;
  - (ii) which is proportionate to the impact of the Performance Assurance Party's failure on achievement of the Performance Assurance Objective.

16.7.4 Each Party shall comply with the requirements of the Performance Assurance Framework Document to the extent applicable to such Party.

16.7.5 Each Party shall be responsible for all costs and expenses incurred by the Party in complying with the requirements of this paragraph 16 (including for the avoidance of doubt those incurred by the Party in connection with the implementation of Performance Assurance Techniques).

## **16.8 Appeal**

16.8.1 A Party may, subject to and in accordance with this paragraph 16.8, appeal a decision of the Performance Assurance Committee to apply any Performance Assurance Technique which involves:

- (a) referring the Party to the Authority; or
- (b) requiring the Party to submit to a performance audit (as such audit is more particularly described in the Performance Assurance Framework Document).

16.8.2 The only grounds on which such an appeal may be made are:

- (a) the information available to the Performance Assurance Committee when it made the decision was in the opinion of the Appellant Party:
  - (i) incomplete, inaccurate or misleading;
  - (ii) misinterpreted by the Performance Assurance Committee

and the Appellant Party believes the Performance Assurance Committee would not have referred it to the Authority if complete, accurate and explicit

information had been available or that the Performance Assurance Committee has not misinterpreted the information used by it in reaching a decision; or

- (b) the Performance Assurance Committee did not follow the procedures set out in the Performance Assurance Framework Document.

16.8.3 A Party appealing a decision of the Performance Assurance Committee ("**Appellant Party**") must give notice to the PAC Secretary of the appeal within one (1) month of notification of the decision, specifying the decision in question and the grounds (as provided in paragraph 16.8.2) on which the appeal is made.

16.8.4 Where notice of appeal of a decision of the Performance Assurance Committee is given in accordance with paragraph 16.8.3:

- (a) the PAC Secretary shall send the notice to the Performance Assurance Committee and the PAFA;
- (b) the application of any Performance Assurance Techniques in respect of the Appellant Party shall be suspended until the outcome of the appeal is decided;
- (c) the Performance Assurance Committee and the PAFA may request further information from the Appellant Party or the CDSP in connection with the appeal;
- (d) prior to the meeting of the Performance Assurance Committee at which the appeal is considered:
  - (i) the PAFA will report to the Performance Assurance Committee on the PAFA's views of the validity of the appeal;
  - (ii) the Appellant Party may submit to the Performance Assurance Committee and PAFA further information in support of the appeal;
  - (iii) the Appellant Party may be invited by the Performance Assurance Committee (on not less than fourteen (14) Business Days' notice) to attend a meeting of the Performance Assurance Committee to make representations in support of the appeal (but shall not be entitled to attend);
- (e) the Performance Assurance Committee shall not be required, nor entitled, to publish any reports, materials or representations submitted to it pursuant to paragraph (d); such information will remain confidential to the Performance Assurance Committee and subject to each PAC Representatives' non-disclosure agreements;
- (f) the Performance Assurance Committee shall decide the matter, by reference to the grounds of appeal in paragraph 16.8.2 (and consistent with the provisions of the Performance Assurance Framework Document in respect of the decision in question), in one of the following ways:
  - (i) by upholding the Performance Assurance Committee's initial decision; or
  - (ii) by making a different decision in substitution for the Performance

Assurance Committee's initial decision

- (g) the Performance Assurance Committee will notify the Appellant Party of its decision (and the reasons for its decision) under paragraph (f) within five (5) Business Days of the meeting at which is considered the appeal.
- 16.8.5 Subject to paragraphs 16.8.6, 16.8.7 and 16.8.8 the decision of the Performance Assurance Committee in respect of the appeal is final and binding.
- 16.8.6 Where, following the decision of the Performance Assurance Committee in respect of an appeal the Appellant Party considers that the grounds of appeal in paragraph 16.8.2 continue to be satisfied the Appellant Party may, within five (5) Business Days after the publication of the Performance Assurance Committee's appeal decision, appeal to the UNC Committee, by notice given to the PAC Secretary setting out the basis on which it considers the grounds of appeal in paragraph 16.8.2 are met.
- 16.8.7 Where an Appellant Party gives notice of appeal to the UNC Committee of the Performance Assurance Committee's appeal decision, the matter shall be referred to the UNC Committee as follows:
- (a) the PAC Secretary shall send to the UNC Committee a statement of the decision subject to appeal together with relevant papers which were considered by the Performance Assurance Committee in reaching its appeal decision;
  - (b) a single PAC Representative will present the Performance Assurance Committee findings and the basis for its decision to refer the Appellant Party to the Authority;
  - (c) the Appellant Party will be invited, but is not obliged (or entitled), to attend this UNC Committee hearing, and may, but is not obliged to, present a short summary of its case (and shall otherwise not be entitled to be present at the hearing while the UNC Committee deliberates);
  - (d) the UNC Committee shall be requested to consider the matter and thereafter to notify the Performance Assurance Committee whether the UNC Committee:
    - (i) agrees with the appeal decision of the Performance Assurance Committee to refer the Appellant Party to the Authority;
    - (ii) dis-agrees with the appeal decision of the Performance Assurance Committee, and in which case it will give notice of the basis on which the Performance Assurance Committee may wish to reconsider its decision.
- 16.8.8 Any decision of UNC Committee under paragraph 16.8.7(d)(ii) shall not be binding on the Performance Assurance Committee.
- 16.8.9 The Performance Assurance Committee will detail its final and binding decision in writing to the Appellant, copied to the UNC Committee chairperson, within fifteen (15) Business Days of the UNC Committee's decision in accordance with paragraph 16.8.7(d).
- 16.8.10 All communications to be sent to an Appellant Party concerning an appeal shall be sent to both the company secretary and the PA Representative of the Appellant Party.

**16.9 Appointment of the Performance Assurance Framework Administrator**

- 16.9.1 The "**Performance Assurance Framework Administrator**" or "**PAFA**" means the person from time to time appointed and engaged to act as such pursuant to this paragraph 16.9.
- 16.9.2 A person shall be appointed by the CDSP, in accordance with this paragraph 16.9, for the purposes of conducting the functions ascribed to the PAFA by the Performance Assurance Framework Document (as it applies at the time of such appointment).
- 16.9.3 The CDSP shall, subject to and in accordance with the Performance Assurance Framework Document and (where consistent with the provisions of this paragraph 16.9) the requirements of the Performance Assurance Committee, as soon as reasonably practicable:
- (a) prepare arrangements and documentation for a competitive tender for the appointment of a person as PAFA in accordance with relevant Legal Requirements;
  - (b) conduct such tender on the basis of such arrangements and documentation, including with respect to any such pre-qualification, selection criteria and participation by the Performance Assurance Committee as may be determined by the Performance Assurance Committee;
  - (c) review and assess the proposals made by persons tendering for appointment as the PAFA pursuant to the tender;
  - (d) where appropriate for the purposes of determining which of such persons to appoint as PAFA, enter into discussions with one or more of them;
  - (e) use reasonable endeavours to enter into a contract ("**PAFA Contract**") with the person selected as the PAFA on the basis of the competitive tender process, such contract to commence as soon as reasonably practicable and to provide for the PAFA to act with all due skill, care and diligence and impartiality when performing of its functions thereunder and in so far as reasonably practicable to act equitably as between Shipper Users and Transporters when monitoring and reporting on material risks in connection with Settlement;
  - (f) notify all Parties to the Code of the appointment of the PAFA; and
  - (g) commence performance of the CDSP's obligations and exercise the CDSP's rights under the PAFA Contract for the benefit, and in accordance with the lawful instructions (including for the avoidance of doubt entering into bone fide discussions with the PAFA for such variations to the PAFA Contract as may be required to comply with PAC instructions) of the Performance Assurance Committee.
- 16.9.4 Without prejudice to the requirements of the Performance Assurance Framework Document, the CDSP:
- (a) shall only enter into a PAFA Contract on terms approved by the Performance Assurance Committee;
  - (b) may seek guidance from the Performance Assurance Committee in relation to

anything they propose to do or any other matter arising in connection with their activities under paragraph 16.9.2, and may act in accordance with such guidance.

16.9.5 Nothing in this paragraph 16 shall require the CDSP to enter into a PAFA Contract where in the CDSP's reasonable opinion:

- (a) it would be unlawful to do so; or
- (b) the contract could give rise to the CDSP incurring any liability, other than in respect of their own wilful misconduct, gross negligence or fraud.

16.9.6 This paragraph 16.9 shall apply where the PAC requires the PAFA to be appointed by the DNOs or, on expiry or termination of a PAFA Contract, replaced.

#### **16.10 Terms of engagement of PAFA**

16.10.1 The CDSP may enter into a PAFA Contract on terms which limit or exclude the liability (as to such matters as may be provided in such contract) of the PAFA.

16.10.2 For the avoidance of doubt, the CDSP shall not be the agent or trustee of any Party for the purposes of the PAFA Contract, and the CDSP shall owe no duties or responsibilities to any Party in respect of the PAFA Contract other than as provided in this paragraph 16.

16.10.3 The CDSP shall provide the PAFA with such un-anonymised information (and such other assistance) as the Performance Assurance Committee reasonably requires to enable the PAFA to comply with the PAFA Contract.

16.10.4 The CDSP shall ensure the PAFA Contract will permit the disclosure to the PAFA of such un-anonymised information as the Performance Assurance Committee may reasonably require for the purposes of PAFA performing its functions.

#### **16.11 Appointment of PA Representative**

16.11.1 Each Party shall nominate (and may from time to time remove and replace) a representative ("**PA Representative**") of appropriate seniority and with suitable knowledge and authority, to act as an initial point of contact and represent the Party in relation to performance assurance matters, to attend meetings of the Performance Assurance Committee where requested to do so.

16.11.2 Each Party shall in addition to the requirement in paragraph 16.11.1 identify more senior representatives (including up to board director level) to whom performance assurance matters may be escalated if required by the Performance Assurance Committee.

16.11.3 Each Party shall ensure a suitable alternate to the PA Representative is available to discuss performance assurance matters with the Performance Assurance Committee at all times should the PA Representative be unavailable.

16.11.4 The Performance Assurance Committee is entitled to assume that each PA Representative and alternate is suitably knowledgeable and authorised to take any decision (on matters relating to performance assurance) on behalf of the Party unless such representative gives advance notice to the contrary.

16.11.5 Where the Performance Assurance Committee or the Performance Assurance Framework Administrator wish to raise or discuss any matter with a Party relating to that Party's performance in relation to performance assurance the Performance Assurance Committee or the Performance Assurance Framework Administrator shall in the first instance contact the Party's PA Representative and provide the PA Representative with appropriate details of the matter(s) to be raised or discussed.

16.11.6 Where requested to attend a meeting of the Performance Assurance Committee each Party shall ensure its PA Representative or alternate is suitably prepared for the purposes of answering the Performance Assurance Committee's questions in respect of the Party's performance in relation to Performance Assurance.

## **16.12 Miscellaneous**

16.12.1 No member of the Performance Assurance Committee shall be liable (whether in contract or tort including negligence or otherwise) to any Party for anything done when acting properly in or in connection with such persons office under the Code, or anything done in what such member in good faith believes to be the proper exercise and discharge of the powers and functions and discretions of that office in accordance with the Code; and each Party waives any such liability that any such member may have and any claim in respect thereof.

16.12.2 The provisions of this paragraph 16 are without prejudice to a Party's rights to assert that a purported decision of the Performance Assurance Committee is outside its scope of authority pursuant to this paragraph 16 and so is without effect.

## **16.13 Performance Assurance Reports**

16.13.1 The CDSP shall publish such reports as are in accordance with the requirements (including as regards content, timing, frequency, format and medium) of the Performance Assurance Report Registers.

16.13.2 The CDSP shall ensure it makes available such data and information in such manner as the Performance Assurance Committee may reasonably require for the purposes of it performing its functions in accordance with this paragraph 16.

## **16.14 Disclosure for the purposes of Performance Assurance**

16.14.1 Each Party agrees that, subject to paragraph 16.14.2, each other Party and the CDSP may disclose to the Performance Assurance Committee and the PAFA, Protected Information on an un-anonymised basis to the extent such disclosure is required by the Performance Assurance Committee or the PAFA for the purposes of the Performance Assurance Committee undertaking its functions under this paragraph 16 or by the PAFA for the purposes of performing the PAFA Contract.

16.14.2 No Party shall be required to disclose any Protected Information under paragraph 16.14.1 in the absence of all members of the Performance Assurance Committee, the PAC Chairperson and the PAC Secretary and all employees and representatives of the PAFA engaged at any time on the PAF Contract being party to a confidentiality undertaking on the terms provided for in the Performance Assurance Framework Document.

16.14.3 The Performance Assurance Committee shall be entitled to have disclosed to it such un-

anonymised information as it may reasonably require for the purposes of the Performance Assurance Committee undertaking its functions under this paragraph 16.



**Annex V-1**

**Operational and Market Data**

<b>Column</b>	<b>Name</b>	<b>Description</b>			
1	Data	data definition and indication of the time period to which the data corresponds			
2	Timing	initial publication timing and where appropriate, timing of updates if the data is subject to any change			
3	Format	tabular, graphical, other			
4	Presentation	downloadable, viewable or both			
5	Disclosure	public or restricted (and if restricted, list of entities to whom the data can be released)			
<b>Data</b>	<b>Timing</b>	<b>Format</b>	<b>Presentation</b>	<b>Disclosure</b>	
The rate of flow of gas (in MSCM per Day) over a 2 minute period into the NTS at each Individual System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System.	Every 12 minutes, in respect of the six 2 minute periods commencing 24 minutes before the time of publication and ending 12 minutes before the time of publication.	Tabular	Viewable	Public	
The rate of flow of gas (in MSCM per Day) over a 2 minute period into the NTS at each Aggregate System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System.	Every 12 minutes, in respect of the six 2 minute periods commencing 24 minutes before the time of publication and ending 12 minutes before the time of publication.	Tabular	Viewable	Public	
The aggregate physical quantity of gas offtaken from the System in the Preceding Gas Flow Day at the Connected System Exit Point in respect of each pipeline interconnector by which gas is transported to another country	By 11:00 hours on each Day	Tabular	Viewable	Public	
The aggregate physical quantity of gas offtaken from the System in the preceding Gas Flow	By 12:00 hours on each Day	Tabular	Viewable	Public	

Day at each NTS Exit Point, (not including the quantity of NTS own use gas).				
The aggregate physical LNG in store (in kWh) at LNG Importation Facilities at 04:59 hours on the Preceding Gas Flow Day: provided that, where not all LNG Importation Facilities have provided such data to National Gas Transmission by the time specified in the next column as being the time for publication, then National Gas Transmission shall publish that such aggregate is unknown (and shall not be required to publish the information received from any LNG Importation Facility).	By 16:00 hours on each Day	Tabular	Viewable	Public
For each Aggregate System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System which does not have an associated System Exit Point, the aggregate prevailing Input Nominations for such Aggregate System Entry Point in respect of the following Day.	By 18:00 hours on each Day	Tabular	Viewable	Public
For each Aggregate System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System which has one or more associated System Exit Points, the sum	By 18:00 hours on each Day	Tabular	Viewable	Public

<p>(including where negative) of aggregate prevailing Input Nominations for such Aggregate System Entry Point less aggregate prevailing Output Nominations for such associated System Exit Point(s), in each case in respect of the following Day.</p>				
<p>For each Day:                  (i) the total Trade Nomination Quantities (in TWh);                  (ii) the aggregate quantity (in TWh) of all Input Nominations for all Users prevailing at the end of the Gas Flow Day;                  (iii) the total number of Disposing Trade Nominations and corresponding Acquired Trade Nominations; and                  (iv) the total number of Users that have submitted a Trade Nomination.</p>	<p>On D+2 by 1300 hours each Day</p>	<p>Tabular and graphical</p>	<p>Viewable and downloadable</p>	<p>public</p>



**Annex V-2**

**SO Commodity Charge Information**

<b>Annex V-2</b>	<b>SO Commodity Charge Information</b>			
<b>SO Commodity Charge Information description</b>	<b>Licence definition</b>	<b>period</b>	<b>reporting deadline</b>	<b>location</b>
forecast of annual System throughput for Formula Year t	N/A	Formula Year	On 1 April or as soon as reasonably practicable thereafter in Formula Year t-1	www.nationalgrid.com/uk/gas
forecast of monthly System throughput for Formula Year t	N/A	Formula Year	On 1 April or as soon as reasonably practicable thereafter in Formula Year t-1	www.nationalgrid.com/uk/gas
actual weekly System throughput	N/A	Formula Year to date	9 Days after week end	www.nationalgrid.com/uk/gas
annual target cost for each of the Relevant SO Incentive Schemes for Formula Year t	NTS SO exit capacity incentive targets (ExCITt) & (ExITt), system reserve incentive target (SRITt), cost incentive target (GCITt), internal cost incentive target (ICITt).	Formula Year	On 1 April or as soon as reasonably practicable thereafter in Formula Year t-1	www.nationalgrid.com/uk/gas
forecast monthly target cost for each of the Relevant SO Incentive Schemes for Formula Year t	N/A	Formula Year	On 1 April or as soon as reasonably practicable thereafter in Formula Year t-1	www.nationalgrid.com/uk/gas
sum of weekly outturn costs	The exit performance measure (ExCPt), The NTS SO system balancing costs (SBICt), The	Formula Year to date	62 Days after week end	www.nationalgrid.com/uk/gas

<b>Annex V-2</b>	<b>SO Commodity Charge Information</b>			
for the Relevant SO Incentive Schemes	internal cost performance measure (ICCPt)			
quarterly outturn costs for each of the Relevant SO Incentive Schemes	The exit performance measure (ExCPt), The NTS SO system balancing costs (SBICt), The internal cost performance measure (ICCPt)	Formula Year to date	62 Days after quarter end	<a href="https://www.nationalgas.com/">https://www.nationalgas.com/</a>

Where:

t	means the relevant Formula Year;
t-1	means the Formula Year prior to the relevant Formula Year;
week	means the seven day period from 05:00 hours on a Monday until 05:00 hours on the following Monday;
throughput	means (actual inputs to the System + sum of UDQOs) / 2
Relevant SO Incentive Schemes	means exit capacity investment incentive, system balancing incentive and internal cost incentive schemes as defined by the Licence;
Licence	means the Transporter's Licence;
Formula Year	means a period of twelve months commencing on 1 April at 05:00 hours.



### Annex V-3

#### Transportation Revenue Information

1. For the purposes of paragraph 5.12 the transportation revenue information is forecast revenue and actual revenue, for the immediately preceding month and each calendar month prior thereto in the relevant Formula Year, in each case in respect of each of the categories of charges referred to in Table 1 below.
2. For the purposes of this Annex V-3:
  - (a) save as provided below, each of the categories of charges referred to in Table 1 below shall be consistent with those set out in the Transporter's Transportation Statement and shall include any charges subsequently introduced in substitution for any of the same;
  - (b) "**forecast revenue**" shall mean the NTS Operator's estimate of the revenue to be recovered in respect of each relevant calendar month, using such criteria as the NTS Operator shall reasonably consider appropriate and having regard to the provisions of the Transporter's Transportation Statement and any revenue or price control restrictions to which it may be subject from time to time (it being acknowledged that such estimate may be subject to revision from time to time);
  - (c) "**actual revenue**" shall mean such amount reasonably determined by the NTS Operator on an accruals basis (based on such information as is reasonably available to it at the relevant time) of revenue recovered or to be recovered in respect of each relevant calendar month (it being acknowledged that such amount may be subject to re-determination from time to time); and
  - (d) "**relevant Formula Year**" shall mean the Formula Year in which the immediately preceding month falls.

Table 1 – Categories of Charges

- NTS Entry Capacity charges
- NTS (TO) Exit Capacity Charges
- NTS (TO) Commodity Charges
- NTS (SO) Commodity Charges

Transportation activity charges in respect of each distribution network (being all LDZ related charges referred to in the Transportation Statement in so far as such charges are relevant to that distribution network).



**Annex V-4**

**Table of required information**

Revenue element	Annual target (projected forward for 5 years)*	Quarterly reforecast of annual outturn (difference)
Core allowed (Z) <sup>\$</sup>		Not applicable
Cost pass through (F) <sup>\$</sup>		
Incentive payments and adjustments, shrinkage, exit cap, IAE, MRA etc. <sup>\$</sup>		
Inflation rate assumed		Update with latest RPI data
Over/under recovery (K) <sup>\$</sup>	Not applicable	
Supplemental information derived from the above		
Final allowed revenue (MOD)	Not applicable	
Final allowed revenue forecast (MOD)	Not applicable	
Forecast collected revenue	Not applicable	
Arithmetical Price change required at next Charging year	Not applicable	
Commentary, definitions and assumptions <sup>#</sup>	To assist in the understanding of the data presented	To assist in the understanding of the data presented



**Annex V-5**

**DNO TOG Report Data**

<b>Column</b>	<b>Data</b>
<b>Shipper Short Code / DNO Name</b>	The unique code which identifies each Shipper Licence or the DNO Name.
<b>Total number of suspected / reported incidences of theft of gas received</b>	The total number of theft of gas cases received during the reporting month by the DNO.
<b>Total number of suspected / reported incidences of theft of gas that the DNO is responsible for investigating</b>	The number of suspected / reported incidences of theft of gas, from the total number received in the reporting month that it is the responsibility of the DNO to investigate.
<b>Total number of cases of theft of gas resolved</b>	The number of cases of theft of gas resolved by the DNO in the reporting month that it is that DNO's responsibility to investigate.
<b>Estimate of the volume of theft of gas in kWh</b>	Estimate of the volume of gas illegally taken in kWh in the reporting month found by DNO's.
<b>Money recovered</b>	The amount of money recovered in the reporting month by DNO's following confirmation that gas has been illegally taken pursuant to DNO Licence Condition 7(2).



**Annex V-6**

**Industry Gas Safety Report**

16.2.6 The report is to include the following data items amalgamated by Network and LDZ with total Annual Quantity per data item	
16.2.7	
16.2.8	
16.2.9 Report data items	16.2.10 Explanation
16.2.11 Same meter	16.2.12 Supply Meter identified with the same Meter Serial Number previously recorded on the Supply Point Register
16.2.13 Different meter	16.2.14 Supply Meter identified with a different Meter Serial Number previously recorded on the Supply Point Register
16.2.15 Service cut off	16.2.16 Service pipe physically disconnected, MPRN status of DE (dead)
16.2.17 Service registered	16.2.18 Relevant Supply Point pertinent to MPRN where an appropriate Supply Point Registration has been recorded
16.2.19 Gas Safe	16.2.20 MPRN status of CL (clamped), CA (capped) or LI (live) – assumed to be GS(I&U)R compliant
16.2.21 Report Total	16.2.22 New MPRN count for monthly report



**Annex V-7**

**Shipper User Gas Safety Report**

<p>16.2.23 The detailed report is to include the following data items, at Supply Meter Point Reference Number (MPRN) level, with Annual Quantity and provided only to the currently registered or previous Shipper User</p> <p>16.2.24</p> <p>16.2.25</p>	
16.2.26 Report data items	16.2.27 Explanation
16.2.28 Same meter	16.2.29 Supply Meter identified with the same Meter Serial Number previously recorded on the Supply Point Register
16.2.30 Different meter	16.2.31 Supply Meter identified with a different Meter Serial Number previously recorded on the Supply Point Register
16.2.32 Service cut off	16.2.33 Service pipe physically disconnected, MPRN status of DE (dead)
16.2.34 Service registered	16.2.35 Relevant Supply Point pertinent to MPRN where an appropriate Supply Point Registration has been recorded
16.2.36 Gas Safe	16.2.37 MPRN status of CL (clamped), CA (capped) or LI (live) – assumed to be GS(I&U)R compliant
16.2.38 Report Total	16.2.39 New MPRN count for monthly report



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION X – ENERGY BALANCING CREDIT MANAGEMENT****1 GENERAL****1.1 Introductions**

- 1.1.1 The effect of the provisions of Section F4.5.3(a)(ii) is that, if a User fails to make payment of any Energy Balancing Charge when due, all other Users may become liable for (in aggregate) an equivalent amount (together with an amount in respect of the cost of financing such non-payment).
- 1.1.2 Users have agreed (inter se) to, and requested National Gas Transmission to implement, the provisions of this Section X with a view to limiting the extent to which they will incur the liability described in paragraph 1.1.1.
- 1.1.3 Nothing in this Section X shall modify the provisions referred to in paragraph 1.1.1.
- 1.1.4 This Section X is independent of and shall apply separately from the provisions of Section V3 (which relates to indebtedness of Users other than in respect of Energy Balancing Charges).
- 1.1.5 In this Section X "**Energy Balancing Invoice**" means an Invoice Document in respect of any Energy Balancing Charges or interest thereon.

**1.2 Energy Balancing Credit Committee**

- 1.2.1 Subject to paragraph 1.2.2 the "**Energy Balancing Credit Committee**" is the Uniform Network Code Committee or any relevant sub-committee.
- 1.2.2 Where this Section X provides for any decision by the Energy Balancing Credit Committee (including any approval or authorisation of anything proposed to be done by National Gas Transmission) such decision shall be taken by the affirmative vote of a simple majority of the members of the committee who are appointed to represent Users (and subject to such other procedures as the committee may establish); and the representatives of National Gas Transmission who are members of the Uniform Network Code Committee or any relevant sub-committee will not vote on any matter brought before the Energy Balancing Credit Committee pursuant to this Section X.
- 1.2.3 National Gas Transmission may consult with the Energy Balancing Credit Committee in relation to any aspect of its functions under this Section X, and may at any time convene a meeting of such committee on any reasonable period of notice.
- 1.2.4 Where National Gas Transmission has any reasonable grounds for wishing to consult with the Energy Balancing Credit Committee in relation to any step required to be taken under this Section X, National Gas Transmission may (where it has convened a meeting of such committee for the purposes for the earliest reasonable date) defer taking such step until it has consulted with such committee.
- 1.2.5 Where National Gas Transmission brings to the Energy Balancing Credit Committee any matter relating to a particular User, National Gas Transmission will not disclose the

identity of the User to the committee unless:

- (a) the User in question agrees to such disclosure; or
- (b) it is not practicable for the matter in question to be considered by the committee without the identity of the User being disclosed or becoming apparent; or
- (c) National Gas Transmission has given Termination Notice to the User (but this paragraph (c) shall not of itself require National Gas Transmission to inform the committee of the fact that it has given such notice to any User).

1.2.6 With the approval of the Energy Balancing Credit Committee, National Gas Transmission is authorised, in implementing the provisions of this Section X as respects Users or any particular User, to delay the implementation of any such provision or to implement any such provision on a modified basis which is (as respects the interests of Users or the User in question) less onerous than the provision in the absence of such modification.

1.2.7 No member of the Energy Balancing Credit Committee shall be liable (whether in contract or tort including negligence or otherwise) to National Gas Transmission or any of the Users for anything done when acting properly in or in connection with their office under the Code, or anything done in what such member in good faith believes to be the proper exercise and discharge of the powers, duties, functions and discretions of that office in accordance with the Code; and each User and National Gas Transmission waives any such liability that any such member may have and any claim in respect thereof.

1.2.8 Nothing contained in paragraph 1.2.7 shall exercise or limit the liability of a member of the Energy Balancing Credit Committee:

- (a) for death or personal injury resulting from the negligence of such member; or
- (b) in any case where such member has in the exercise and discharge of its powers, duties, functions and discretions acted in bad faith or fraudulently.

1.2.9 Where a member of the Energy Balancing Credit Committee is also a member of the Credit Committee (as defined in the DSC) (“**relevant member**”) the relevant member shall not, and shall not be required to, disclose to the Energy Balancing Credit Committee information known to the relevant member by reason only of the relevant member’s membership of the Credit Committee.

### **1.3 Liability of National Gas Transmission**

1.3.1 Users acknowledge that the calculation of Energy Balancing Charges and other matters to be calculated under this Section X involves the possibility of error; and agree (subject to paragraph 2.7) to make the payments required under this Section X, and that National Gas Transmission is to take the steps contemplated by this Section X, notwithstanding any such error (on the basis that any necessary repayments or additional payments will be made following resolution of any such error).

1.3.2 Notwithstanding paragraph 1.3.1 and the provisions of this Section X, where National Gas Transmission has reasonable grounds for believing that any calculation required to be made by it for the performance of its functions under this Section X has been or may

have been made erroneously, National Gas Transmission may (but shall not be required to) defer the taking of any step that would otherwise be required under this Section X until National Gas Transmission has had a reasonable opportunity of verifying such calculation.

- 1.3.3 Without prejudice to paragraph 1.3.4, nothing in this Section X shall require National Gas Transmission to take any step which National Gas Transmission believes on reasonable grounds may result in its becoming liable to any person in damages or otherwise, whether or not the amount of any such liability would be recoverable under paragraph 1.3.7, but the possibility of a claim being made against National Gas Transmission shall not of itself suffice for the purposes of this paragraph unless National Gas Transmission believes on reasonable grounds that such claim would be well founded.
- 1.3.4 Each User authorises National Gas Transmission to take any step contemplated by this Section X, and (without prejudice to Section V8, but subject to paragraph 1.3.8) agrees that National Gas Transmission shall have no liability (in contract or tort including negligence or otherwise) to such User for taking any such step, and waives any such liability that National Gas Transmission may have and any claim in respect thereof.
- 1.3.5 Nothing in this Section X shall require National Gas Transmission to take any step which conflicts with any Legal Requirement or any order of any court of competent jurisdiction.
- 1.3.6 National Gas Transmission will act in good faith in implementing the provisions of this Section X but (subject to paragraph 1.3.8) will not be liable (in contract or tort including negligence or otherwise) to any User for any failure or delay of National Gas Transmission in doing so or in taking any particular step contemplated by this Section X, and each User waives any such liability that National Gas Transmission may have and any claim in respect thereof.
- 1.3.7 Subject to paragraph 1.3.8, where any person makes any claim (in negligence or otherwise) against National Gas Transmission in consequence of National Gas Transmission's taking any step contemplated by this Section X:
- (a) National Gas Transmission will defend such claim and will (subject to any duties of confidence) consult with and keep informed the Energy Balancing Credit Committee in relation to such claim and the defence thereof;
  - (b) the fees, costs and expenses incurred by National Gas Transmission (other than its own internal costs and expenses) in defending such claim, and any amounts which National Gas Transmission may be found liable (or with the approval of the Energy Balancing Credit Committee may agree by way of settlement) to pay by way of damages or costs or otherwise in respect of such claim, shall be additional Monthly Neutrality Adjustment Costs in the months in which National Gas Transmission makes payment thereof.
- 1.3.8 Nothing in the Code shall exclude or limit National Gas Transmission's liability, or entitle National Gas Transmission to recover from Users any amount in respect of any liability of National Gas Transmission:
- (a) in respect of any death or personal injury resulting from National Gas Transmission's negligence;

- (b) in respect of a reckless or wilful breach by National Gas Transmission of this Section X; or
- (c) in any case where National Gas Transmission has in the exercise of its functions under this Section X acted in bad faith or fraudulently.

**1.4 Code Contingencies**

National Gas Transmission will not be required to implement this Section X in any case where and for so long as, by reason of any Code Contingency, it is not reasonably practicable for National Gas Transmission to perform with reasonable accuracy any calculation required for such implementation.

**1.5 DNO Users**

In this Section X references to Users exclude DNO Users.

**1.6 Trader User**

In this Section X references to Users include Trader Users.

**1.7 CDSP Functions**

1.7.1 Agency Functions of the CDSP to support implementation of this Section X are:

- (a) implementing the Energy Balancing Credit Rules and liaising with the Energy Balancing Credit Committee;
- (b) managing Users Energy Balancing accounts and Further Security Requests;
- (c) monitoring and revising Users Secured Credit Limits and submitting Cash Calls; and
- (d) calculating Relevant Balancing indebtedness and Outstanding Relevant Balancing Indebtedness.

**2 SECURITY, ENERGY BALANCING INDEBTEDNESS AND CASH CALL PRINCIPLES**

**2.1 Energy Balancing Credit Rules**

- 2.1.1 The "**Energy Balancing Credit Rules**" are the rules established by National Gas Transmission dated 1 March 1996 and so entitled, as from time to time amended in accordance with paragraphs 2.1.4 and 2.1.5.
- 2.1.2 Subject to paragraph 2.1.6, the Energy Balancing Credit Rules provide for the specified forms and the basis on which a User may provide a letter of credit or cash by way of security for the User's indebtedness in respect of Energy Balancing Charges.
- 2.1.3 Subject to paragraph 2.1.5, and without prejudice to any express requirement under this Section X to comply therewith, the Energy Balancing Credit Rules do not form part of and are not incorporated into the Code.
- 2.1.4 With the approval of the Energy Balancing Credit Committee, National Gas

Transmission may revise the Energy Balancing Credit Rules upon giving notice to all Users of not less than 2 months or such shorter period as may in any particular case be approved by the Committee.

- 2.1.5 For the purposes only of enabling National Gas Transmission or a User to propose a modification pursuant to the Modification Rules, the Energy Balancing Credit Rules shall be deemed to be incorporated into and to form part of the Code.
- 2.1.6 In relation to a Trading System Clearer which either:
- (a) is a Recognised Clearing House for the purposes of the Financial Services and Markets Act 2000; or
  - (b) has appointed a Recognised Clearing House for the purposes of the Financial Services and Markets Acts 2000 in order to discharge its obligations as a Trading System Clearer,

and without prejudice to applicable law and the Code, the Energy Balancing Credit Rules may apply to such Trading System Clearer as waived by or to the extent agreed with National Gas Transmission to implement a decision by the Energy Balancing Credit Committee.

## 2.2 Secured Credit Limit

- 2.2.1 Each User shall secure that its Cash Call Limit elected under paragraph 2.4 is not greater than 85% of its Secured Credit Limit.
- 2.2.2 For each User the "**Secured Credit Limit**" shall be the amount determined under paragraph 2.2.3.
- 2.2.3 The amount referred to in paragraph 2.2.2 is the amount for the time being of the Security the User has provided.
- 2.2.4 A User may apply to increase its Secured Credit Limit by giving notice to National Gas Transmission specifying the basis (in accordance with paragraph 2.2.3) for the increased limit and (if the User wishes) the increased limit sought and, where any new or revised Security forms or forms part of such basis, submitting such Security.
- 2.2.5 Where a User applies to increase its Secured Credit Limit:
- (a) National Gas Transmission will revise the User's Secured Credit Limit in accordance with the Energy Balancing Credit Rules and paragraph 2.2.2 as soon as reasonably practicable after the User's application;
  - (b) where the revised Secured Credit Limit determined under paragraph (a) is less than that specified by the User, National Gas Transmission will notify the User as soon as reasonably practicable after National Gas Transmission becomes aware thereof.
- 2.2.6
- (a) A User's Secured Credit Limit may also be revised, in accordance with the Energy Balancing Credit Rules, save where either paragraph 2.2.6(b) or (c) applies, on notice of not less than 30 Days (or any lesser period agreed by the

User) to the User:

- (i) at intervals of approximately 12 months;
- (ii) where any published credit rating of a provider of security is revised downwards;
- (iii) where (but without prejudice to any requirement of the Energy Balancing Credit Rules) any instrument of Security expires or is determined;
- (iv) where at any time National Gas Transmission has reasonable grounds to believe that the effect of the review will be to reduce the User's Secured Credit Limit;

provided that nothing in this Section X shall require National Gas Transmission to undertake a review under paragraph 2.2.6(a)(ii) or 2.2.6(a)(iii).

- (b) Where any published credit rating of a provider of security is revised downwards to the extent that the said credit rating following such revision is less than the minimum prescribed credit rating as set out in the Energy Balancing Credit Rules, a User's Secured Credit Limit may be immediately reviewed and revised by National Gas Transmission in accordance with the Energy Balancing Credit Rules, on notice to the User.
- (c) For the purposes of assisting National Gas Transmission in its credit rating assessment process as outlined in the Energy Balancing Credit Rules, National Gas Transmission will procure from third parties the provision of services which provide regular updates of company published credit ratings ("**Credit Rating Analytic Services**").

## 2.3 Securities

2.3.1 For the purposes of this Section X "**Security**" means letter of credit or cash by way of security for a User's indebtedness for Energy Balancing Charges, in the forms specified in, and provided and documented in accordance with any applicable requirements of, the Energy Balancing Credit Rules.

2.3.2 Where a User proposes that any Security be given not substantially in accordance with the requirements of the Energy Balancing Credit Rules, National Gas Transmission will table the User's proposal at the first meeting of the Energy Balancing Credit Committee convened not less than 10 Business Days following the User's proposal; but National Gas Transmission will not be required to accept the User's proposal unless and until such Committee shall have approved such proposal.

2.3.3 Any reference in this Section X to the amount of any Security shall be to such amount:

- (a) in the case of Security, as determined in accordance with the Energy Balancing Credit Rules; and
- (b) as reduced by the amount of any payment made pursuant to the application of such Security.

2.3.4 A User who has provided a Security may request National Gas Transmission to release

such Security (in whole or in part); and following such a request, provided that the requirement in paragraph 2.3.5 is met, National Gas Transmission will, as soon as reasonably practicable and in any event within 10 Business Days after such request, comply with such request.

2.3.5 The requirement is that at the date 2 Business Days before the date of such release or reduction the amount of the User's Outstanding Relevant Balancing Indebtedness does not exceed 90% of the lesser of:

- (a) the amount of the User's Cash Call Limit; and
- (b) the amount of the User's revised Secured Credit Limit established (in accordance with the Energy Balancing Credit Rules and paragraph 2.2.2) on the basis of the reduced or released Security.

2.3.6 An instrument of Security shall not be a part of the Code nor an Ancillary Agreement; and no provision of or modification of the Code, nor any inconsistency between the Code and any such instrument, and nothing done by National Gas Transmission pursuant to the Code, shall prejudice or invalidate any such instrument.

## 2.4 Cash Call Limit

2.4.1 For each User the "**Cash Call Limit**" is the amount, not exceeding 85% of the User's Secured Credit Limit, elected by or assigned to the User in accordance with this paragraph 2.4 as the limit on its Outstanding Relevant Balancing Indebtedness.

2.4.2 Each User shall, on or before the User Accession Date, notify National Gas Transmission of the initial amount of its Cash Call Limit.

2.4.3 A User may by giving notice to National Gas Transmission of not less than 7 Business Days revise its Cash Call Limit provided that its revised Cash Call Limit is not greater than 85% of its Secured Credit Limit.

2.4.4 Where a User notifies National Gas Transmission of a revised Cash Call Limit, or a User's Secured Credit Limit is reduced, and as a result its Cash Call Limit is or would be greater than 85% of its Secured Credit Limit, it shall be assigned a Cash Call Limit which is equal to 85% of its Secured Credit Limit.

## 2.5 Calculation of Outstanding Relevant Balancing Indebtedness

2.5.1 In relation to each Gas Flow Day (the "**relevant Day**"), as soon as reasonably practicable after the Day on which (pursuant to Section E2.1.2) initial Entry Allocation Statements are required to be submitted to National Gas Transmission, or in accordance with paragraph 2.5.6 or 2.7.6, National Gas Transmission will calculate for each User:

- (a) the amount of the Relevant Balancing Charges for the relevant Day; and
- (b) the amount of the Outstanding Relevant Balancing Indebtedness.

2.5.2 For the purposes of this Section X:

- (a) "**Relevant Balancing Charges**" means the Daily Imbalance Charges, Scheduling Charges, Basic Balancing Neutrality Charges and Physical Renomination Incentive Charges which would (on the basis set out in paragraph

2.5.3) be payable, and the Market Balancing Action Charges and other charges in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements which are payable, by or to each User in respect of the relevant Day;

- (b) **"Basic Balancing Neutrality Charges"** are the amounts that would be determined as Balancing Neutrality Charges in accordance with Section F4 on the basis that the Unit Daily Neutrality Amount (under Section F4.3) is calculated on the basis of the Basic Net Neutrality Amount only, and disregarding the Adjustment Neutrality Amount;
- (c) **"Anticipated Balancing Indebtedness"** for each User (other than the Trading System Clearer) is an amount calculated, in respect of all Days in the relevant period (each such day ('i')), in accordance with the following formula:

$$ABI = \sum_{i=d-n}^{d-1} \left( ADSAP_i * \sum_{j=i-n-9}^{i-n} \frac{DI_j}{10} \right)$$

where:

ABI is the Anticipated Balancing Indebtedness;

ADSAP<sub>i</sub> is the Adjusted System Average Price for a Day, 'i', being any Day falling during the relevant period, which shall be the System Average Price for that Day 'i'; except where either:

- (i) the SAP the Day 'i', is greater than the mean of the SAPs for the previous 10 days plus 1.96 times the standard deviation of the SAPs for the previous 10 days ("**the Upper Limit**"), in which case the ADSAP shall be equal to the Upper Limit; or
- (ii) SAP the Day 'i', is less than the mean of the SAPs for the previous 10 days minus 1.96 times the standard deviation of the SAPs for the previous 10 days ("**the Lower Limit**"), in which case the ADSAP shall be equal to the Lower Limit.

D<sub>j</sub> is the User's Daily Imbalance for the Day 'j' falling during the Imbalance Period (being a positive or (as the case may be) negative amount in accordance with Section E5.1.2);

d is the relevant Day;

n is the number of days in the relevant period;

**"relevant period"** is the period from (and including) the 7th Business Day preceding the relevant Day, d, until (and including) the Day preceding the relevant Day ('d-1');

**"Imbalance Period"** is the period from and including nine Days preceding the day 'i-n' until (and including) the day 'i-n';

- (d) **"Outstanding Relevant Balancing Indebtedness"** for each User (other than

the Trading System Clearer) means (subject to paragraph (g)) the sum of:

- (i) the net aggregate amount (payable by or to the User) of the Relevant Balancing Charges for each Day of the Uninvoiced Period;
  - (ii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is on or after the calculation Day;
  - (iii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is before the calculation Day and which have not been paid by the User; and
  - (iv) the User's Anticipated Balancing Indebtedness less the amount (excluding any interest earned thereon) of any Cash Call which has been paid by the User and not for the time being applied in or towards payment of any Invoice Amount under paragraph 2.8;
- (e) the "**calculation Day**" is the Day on which National Gas Transmission makes the calculation under paragraph 2.5.1;
- (f) for the purposes of paragraph (d)(i) the "**Uninvoiced Period**" is the period from the first Day of the earliest Billing Period in respect of which no Energy Balancing Invoice has been submitted to the User up to and including the relevant Day;
- (g) subject to paragraph 2.5.7 in determining the amount of a User's Outstanding Relevant Balancing Indebtedness, National Gas Transmission will make an appropriate allowance for any material unpaid amount which may be payable to the User pursuant to Section F1.4;
- (h) in determining Outstanding Relevant Balancing Indebtedness, amounts payable by the User shall be positive, and amounts payable to the User shall be negative; and where Outstanding Relevant Balancing Indebtedness would otherwise be negative it shall be deemed (for the purposes of this Section X only) to be zero;
- (i) "**Outstanding Relevant Balancing Indebtedness**" for the Trading System Clearer means the sum of:
- (i) the net aggregate amount (payable by or to the User) of the Relevant Balancing Charges for each Day of the Uninvoiced Period;
  - (ii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is on or after the Calculation Day; and
  - (iii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is before the Calculation Day and which have not been paid by the User;

less

- (iv) the amount (excluding any interest earned thereon) of any Cash Call which has been paid by the Trading System Clearer and not for the time being applied in or towards payment of any Invoice Amount under paragraph 2.8.
- 2.5.3 The Relevant Balancing Charges and a User's Anticipated Balancing Indebtedness will be calculated in respect of each Gas Flow Day on the basis of the amounts determined as the User's UDQIs on the basis of initial Entry Allocation Statements, applying (where relevant) the provisions of Section E2.1.8 or E2.1.9, and on the basis of the User's UDQOs determined in accordance with Section E3.
- 2.5.4 Users acknowledge that:
- (a) subject to paragraphs 2.5.6, 2.7.6 and 2.5.7, the calculation of Relevant Balancing Charges and a User's Anticipated Balancing Indebtedness will disregard any revision of initial Entry Allocation Statements pursuant to Section E2.1.3;
  - (b) the calculation of Outstanding Relevant Balancing Indebtedness takes no account of Energy Balancing Charges which either may become payable by National Gas Transmission to a User, or may become payable by a User to National Gas Transmission, in respect of Days after the relevant Day and up to the calculation Day.
- 2.5.5 For the avoidance of doubt paragraph 2.5.4 is without prejudice to the subsequent determination of Energy Balancing Charges for the purposes of submission of an Energy Balancing Invoice.
- 2.5.6 Subject to paragraph 2.5.7, where:
- (a) any Entry Allocation Statement submitted in respect of any Day in the Uninvoiced Period has been revised (in compliance with the requirements of Section E2.1.3) so as to reduce the UDQI of any User; and
  - (b) any User so requests National Gas Transmission by notice given not less than 5 Days before the Entry Close-out Date; and
  - (c) the amount by which such UDQI was so reduced exceeds whichever is the greater of:
    - (i) 2,000,000 kWh (68,260 therms); and
    - (ii) an amount determined as 10% of the aggregate of the User's UDQIs (determined as at the time of such request) for all System Entry Points for the relevant Day,
- National Gas Transmission will as soon as reasonably practicable recalculate the amount of all Users' Outstanding Relevant Balancing Indebtedness on the basis of the revised UDQIs under all of the revised Entry Allocation Statements for the relevant Day.
- 2.5.7 Paragraphs 2.5.2(b), 2.5.2(c), 2.5.2(d), 2.5.2(g), 2.5.3, 2.5.4(a) and 2.5.6 shall not apply to the Trading System Clearer.

## 2.6 Cash Calling

- 2.6.1 Where the amount of a User's Outstanding Relevant Balancing Indebtedness exceeds the amount of its Cash Call Limit, National Gas Transmission will as soon as reasonably practicable on or after the calculation Day submit to the User a Cash Call.
- 2.6.2 The Cash Call shall be for an amount calculated as the sum (rounded up to the nearest £1,000) of:
- (a) the amount by which the User's Outstanding Relevant Balancing Indebtedness exceeds the amount of its Cash Call Limit; and
  - (b) an amount equal to 10% of the User's Cash Call Limit.
- 2.6.3 For the purposes of this Section X:
- (a) a "**Cash Call**" is a notice, in the form set out in the Energy Balancing Credit Rules, requiring the User to make payment to National Gas Transmission of the amount stated in the notice;
  - (b) where the context requires, a reference to a Cash Call includes the amount required to be paid and the requirement to pay such amount.
- 2.6.4 Paragraph 2.10 shall apply where within 28 days of the submission of a Cash Call to a User National Gas Transmission submits a further Cash Call (including a revised Cash Call pursuant to paragraph 2.7.3) to the same User.
- 2.6.5 Subject to paragraph 2.6.6, where a Cash Call or Further Security Request is submitted on a Day which is not a Business Day, or after 15:00 hours on a Business Day, it shall be treated as having been made on the next following Business Day.
- 2.6.6 Paragraph 2.6.5 shall not apply to a revised Cash Call made pursuant to paragraph 2.7.3.

## 2.7 Cash Call Appeals

- 2.7.1 Where:
- (a) a Cash Call (the "**relevant**" Cash Call) has been submitted to a User;
  - (b) the amount of the relevant Cash Call, alone or in aggregate with any other Cash Calls made to the User in the same calendar month, exceeds whichever is the lesser of £1,000,000 and 20% of the User's Cash Call Limit; and
  - (c) the User considers that the amount of the relevant Cash Call has been calculated erroneously,

the User may, not later than 12:00 hours on the Business Day on which the relevant Cash Call is (in accordance with paragraph 2.8.1, disregarding paragraph 2.7.8(a)) due for payment, so notify National Gas Transmission, specifying in as much detail as is possible the User's reasons for so considering.

- 2.7.2 Where a User gives a notification under paragraph 2.7.1:
- (a) the relevant Cash Call (and the obligation of the User to make payment thereof)

will be suspended, subject to paragraph 2.7.3;

- (b) National Gas Transmission will review the details provided by the User and will review the calculations made of the User's Outstanding Relevant Balancing Indebtedness;
- (c) if requested by National Gas Transmission the User shall provide by telephone or facsimile any further details or explanation of its view.

2.7.3 Following its review under paragraph 2.7.2(a) National Gas Transmission will as soon as reasonably practicable (and wherever possible within 24 hours after the User's notification under paragraph 2.7.1):

- (a) where it is reasonably satisfied that there has been or may have been such an error, withdraw the relevant Cash Call or revise the relevant Cash Call accordingly and submit the revised Cash Call to the User;
- (b) otherwise, notify the User that the original Cash Call remains valid (and is no longer suspended);

and any such revised Cash Call or notification shall be substantially in the form set out in the Energy Balancing Credit Rules, and if given on a Day which is not a Business Day or after 17:00 hours on a Business Day shall be treated as having been given on the next following Business Day.

2.7.4 A User may not give a further notification under paragraph 2.7.1 to National Gas Transmission in respect of the relevant Cash Call (whether or not revised under paragraph 2.7.3).

2.7.5 Where:

- (a) a Cash Call (the "**relevant**" Cash Call) has been submitted to a User;
- (b) the amount of the relevant Cash Call, alone or in aggregate with any other Cash Calls made to the User in the same calendar month, exceeds whichever is the lesser of £1,000,000 and 20 % of the User's Cash Call Limit;
- (c) any Entry Allocation Statement submitted by or on behalf of the User in respect of any Day in the Uninvoiced Period has been revised (in compliance with the requirements of Section E2.1.3) so as to increase the User's UDQI;
- (d) the amount by which such UDQI was so increased exceeds whichever is the greater of:
  - (i) 500,000 kWh (*17,060 therms*); and
  - (ii) an amount determined as 5% of the aggregate of the User's UDQIs (determined at the relevant time) for all System Entry Points for the Day referred to in paragraph (c),

the User may, not later than 12:00 hours on the Day on which the Cash Call is (in accordance with paragraph 2.8.1, disregarding paragraph 2.7.8(a)) due for payment, by notice to National Gas Transmission request National Gas Transmission to recalculate the amount of the User's Outstanding Relevant Balancing Indebtedness on the basis of

such revised UDQI.

- 2.7.6 Where a User makes a request under paragraph 2.7.5 National Gas Transmission will as soon as reasonably practicable (and wherever possible within 24 hours after such request) withdraw the relevant Cash Call or revise (on the basis of the recalculated Outstanding Relevant Balancing Indebtedness) the relevant Cash Call and submit the revised Cash Call to the User.
- 2.7.7 Without prejudice to paragraph 2.5.6, National Gas Transmission will not be required to recalculate the Outstanding Relevant Balancing Indebtedness of any other User by reason of a request under paragraph 2.7.5.
- 2.7.8 Where a User gives a notification under paragraph 2.7.1 or request under paragraph 2.7.5, further references in this Section X:
  - (a) to the date of a Cash Call are to the Day of National Gas Transmission's revised Cash Call under paragraph 2.7.3(a) or 2.7.6 or notification to the User under paragraph 2.7.3(b); and
  - (b) to the amount of a Cash Call are to any revised amount under paragraph 2.7.3(a) or 2.7.6.
- 2.7.9 A notification under paragraph 2.7.1 or notice under 2.7.5 shall be given:
  - (a) by facsimile; or
  - (b) by telephone confirmed by facsimile given not later than 17:00 hours on the same Day.

**2.8 Payment of Cash Calls**

- 2.8.1 A User shall, subject to paragraph 2.7, make payment of the full amount of a Cash Call on the Business Day following the Day on which the Cash Call was made.
- 2.8.2 Sections S3.2.1 and S3.3 shall apply in respect of the payment of a Cash Call.
- 2.8.3 Where a User pays an amount ("**Cash Call Payment**") in respect of a Cash Call:
  - (a) where there is any amount (in respect of Energy Balancing Charges) unpaid by the User under an Energy Balancing Invoice for which the Invoice Due Date was before the date on which the Cash Call was paid, National Gas Transmission will apply the Cash Call Payment in or towards payment of such unpaid amount;
  - (b) except as provided in paragraph (a) National Gas Transmission will (unless it required payment by the User to be made to such account) as soon as reasonably practicable after receipt thereof pay the Cash Call Payment (or the balance thereof after application under paragraph (a)) into a Cash Call Account.
- 2.8.4 In relation to each User a Cash Call Account is a separately designated sub-account of a general interest bearing account in the name of National Gas Transmission at any branch in the United Kingdom of a bank at which National Gas Transmission maintains accounts other than pursuant to this paragraph 2.8 (which account may be the account to which the User is to make payment pursuant to and in accordance with Section S3.2.1).

- 2.8.5 The moneys (including interest) for the time being standing to the credit of a Cash Call Account shall belong beneficially and absolutely to National Gas Transmission and (without prejudice to paragraph 2.8.6) there shall be no implied or constructive trust in respect thereof in favour of the User, and National Gas Transmission shall be under no obligation to repay any of such moneys to the User.
- 2.8.6 Subject to paragraph 2.8.7, where at any time:
- (a) there is any amount standing to the credit of a User's Cash Call Account;
  - (b) the User's Outstanding Relevant Balancing Indebtedness is less than 90% of the User's Cash Call Limit; and
  - (c) the User is not a Defaulting User,

National Gas Transmission will if requested by the User pay to the User an amount equal to the amount standing to the credit of the Cash Call Account or (if less) to such part thereof as will, after repayment to the User, result in the User's Outstanding Relevant Balancing Indebtedness being approximately equal to 90% of the User's Cash Call Limit.

- 2.8.7 A User may not make a request pursuant to paragraph 2.8.6 less than 5 Days before the Invoice Due Date in respect of any Energy Balancing Invoice, and National Gas Transmission shall be entitled to disregard any such request purportedly so made.
- 2.8.8 The amount standing to the credit of a User's Cash Call Account together with interest accrued thereon (after deducting an amount equal to any payment to the User under paragraph 2.8.6) will be applied by National Gas Transmission in or (pro rata) towards payment of the Invoice Amounts in respect of Energy Balancing Charges under the Energy Balancing Invoice(s) for which the Invoice Due Date(s) next follows the date of payment of the relevant Cash Call Amount.

## **2.9 Failure to pay Cash Call**

- 2.9.1 Where a User has not paid the whole of a Cash Call by the Business Day following the Day on which the Cash Call was made, and irrespective of the amount of the User's Outstanding Relevant Balancing Indebtedness as at any Day after the calculation of the Cash Call, National Gas Transmission shall be entitled to, and as soon as reasonably practicable after such Business Day will, submit to the User a notice substantially in the form set out the Energy Balancing Credit Rules, notifying the User that National Gas Transmission may give Termination Notice to the User if the User does not pay the amount of the Cash Call in full by the Business Day following the date of such notice.
- 2.9.2 Where National Gas Transmission has given notice to a User under paragraph 2.9.1, and until the Cash Call is paid in full, National Gas Transmission will not pay, and (irrespective of the Invoice Due Date) shall be entitled to withhold payment pursuant to any Energy Balancing Invoice in respect of, any amounts payable to the User in respect of Energy Balancing Charges, (and no interest shall accrue and be payable on any such amounts from the Invoice Due Date until the day on which the payment is made) and National Gas Transmission shall instead pay the relevant amounts into the User's Cash Call Account.
- 2.9.3 Where National Gas Transmission has given notice to a User under paragraph 2.9.1 and

the User has not paid the amount referred to in the notice in full after one Business Day following the date of such notice, National Gas Transmission shall be entitled to and after such Business Day subject to paragraph 2.9.7 may give Termination Notice (for the purposes of Section V4.3.3) to the User to the effect that the User shall cease to be a User with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice.

- 2.9.4 National Gas Transmission will send a copy of any notice given under paragraph 2.9.1 or 2.9.3 to the Authority and without prejudice to paragraph 1.2.5, shall notify the Energy Balancing Credit Committee that such notice has been issued.
- 2.9.5 For the avoidance of doubt, National Gas Transmission will not realise and apply any Security in respect of any Cash Call (the basis on which a Security realised and applied being set out in paragraph 3.2.4(b)).
- 2.9.6 Where National Gas Transmission has given a Trading Participant a Termination Notice pursuant to this paragraph 2.9 it shall promptly inform the Trading System Operator.
- 2.9.7 Before National Gas Transmission shall take the action envisaged by paragraph 2.9.3, National Gas Transmission shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable on or after one Business Day following the date of the notice given to the User pursuant to paragraph 2.9.1 and shall consult with the Energy Balancing Credit Committee to determine whether National Gas Transmission should be obliged to issue the Termination Notice, pursuant to paragraph 2.9.3, or whether National Gas Transmission should defer taking such step.

## 2.10 Further Security Request

- 2.10.1 Where this paragraph 2.10 applies National Gas Transmission will as soon as reasonably practicable on or after the date on which the further Cash Call (referred to in paragraph 2.6.4) is submitted submit to the User a Further Security Request.
- 2.10.2 For the purposes of this Section X a "**Further Security Request**" is a notice, in a form set out in the Energy Balancing Credit Rules, requiring the User to provide a further, additional or revised Security in such amount and for such period as determined in accordance with the Energy Balancing Credit Rules.
- 2.10.3 Where:
  - (a) a Further Security Request (the "**relevant**" Further Security Request) has been submitted to a User; and
  - (b) the User considers it inappropriate that it should be required to provide a further, additional or revised Security

the User may, not later than 12:00 hours on the 5th Business Day following the Day on which the Further Security Request was submitted, so notify National Gas Transmission, specifying in as much detail as possible the User's reasons for so considering.

- 2.10.4 Where a User gives a notification under paragraph 2.10.3:
  - (a) the relevant Further Security Request (and the obligation to provide further, additional or revised Security) will be suspended, subject to paragraph 2.10.5;

- (b) National Gas Transmission will review the details provided by the User and will review the calculations made of the User's Outstanding Relevant Code Indebtedness;
  - (c) if requested by National Gas Transmission the User shall provide by telephone or facsimile any further details or explanation of its view.
- 2.10.5 Following its review under paragraph 2.10.4, National Gas Transmission will as soon as reasonably practicable (and wherever possible within 24 hours after the User's notification under paragraph 2.10.3):
- (a) where it is reasonably satisfied that it is inappropriate that the User provide further, additional or revised Security in accordance with the Further Security Request, withdraw the Further Security Request or revise the further, additional or revised Security requested accordingly and submit the revised Further Security Request to the User;
  - (b) otherwise, notify the User that the Further Security Request remains valid (and is no longer suspended),
- and such revised Further Security Request or notification shall be substantially in the form set out in the Energy Balancing Credit Rules, and if given on a Day which is not a Business Day or after 17:00 hours on a Business Day shall be treated as having been given on the next following Business Day.
- 2.10.6 A User may not give a further notification under paragraph 2.10.3 to National Gas Transmission in respect of a relevant Further Security Request (whether or not revised under paragraph 2.10.5).
- 2.10.7 Where National Gas Transmission has submitted a Further Security Request to a User, the User shall, subject to paragraph 2.10.4, provide further, additional or revised Security in such amount and for such period as determined in accordance with the Energy Balancing Credit Rules.
- 2.10.8 Where National Gas Transmission has submitted a revised Further Security Request or notified a User that a Further Security Request remains valid pursuant to paragraph 2.10.5 until the further additional or revised Security is provided in accordance with the Further Security Request a User may not make a request pursuant to paragraph 2.8.6 and National Gas Transmission shall:
- (a) be entitled to disregard a request purportedly so made pursuant to paragraph 2.8.6; and
  - (b) be entitled to withhold payment pursuant to any Energy Balancing Invoice in respect of any amounts payable to the User in respect of Energy Balancing Charges.
- 2.10.9 Where a User has not provided the further, additional or revised Security in accordance with the Further Security Request by 12:00 hours on the 8th Business Day following:
- (a) the date the Further Security Request was submitted; or
  - (b) where the User has given a notification under paragraph 2.10.4, the date the revised Further Security Request was submitted or the date the User was

notified that the Further Security Request remains valid pursuant to paragraph 2.10.5,

National Gas Transmission shall submit to the User a Failure to Supply Further Security Notice in a form set out in the Energy Balancing Credit Rules. Without prejudice to paragraph 1.2.5, National Gas Transmission shall notify the Energy Balancing Credit Committee that such a notice has been issued.

2.10.10 Subject to paragraph 2.10.12, where the User has not provided the further, additional or revised Security in accordance with the Further Security Request by 12:00 hours on the Business Day following the date the Failure to Supply Further Security Notice was submitted and irrespective of the User's Outstanding Relevant Code Indebtedness as at any Day after the submission of the Further Security Request, National Gas Transmission shall be entitled to, and as soon as reasonably practicable thereafter may, give Termination Notice to the User (for the purposes of Section V4.3.3) to the effect that the User shall cease to be a User with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice and National Gas Transmission shall send a copy of any notice given under this paragraph 2.10.10 to the Authority.

2.10.11 It shall not be a condition to National Gas Transmission's giving Termination Notice under paragraph 2.10.10 that National Gas Transmission shall first have made any call upon or taken any steps to enforce or realise any Security.

2.10.12 Before National Gas Transmission shall take the action envisaged by paragraph 2.10.10, National Gas Transmission shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable on or after the Business Day following the date the Failure to Supply Further Security Notice was submitted and shall consult with the Energy Balancing Credit Committee to determine whether National Gas Transmission should be obliged to issue the Termination Notice, pursuant to paragraph 2.10.10, or whether National Gas Transmission should defer taking such step.

## **2.11 Trading System Operator and/or Trading System Clearer**

2.11.1 Without prejudice to the implementation of the other provisions of this Section X in relation to the Trading System Operator and/or Trading System Clearer, paragraph 2.11.2 shall also apply in relation to the Trading System Clearer (and not in relation to any other User).

2.11.2 Where the amount of the Trading System Clearer Outstanding Relevant Balancing Indebtedness exceeds 60% of its Secured Credit Limit:

- (a) National Gas Transmission shall convene a meeting of the Energy Balancing Credit Committee, to be held as soon as is reasonable;
- (b) the Energy Balancing Credit Committee shall consider the delayed or modified implementation of the provisions of this Section X in relation to the Trading System Clearer; and
- (c) where the Energy Balancing Credit Committee approves the delayed or modified implementation of the provisions of this Section X in relation to the Trading System Clearer, National Gas Transmission shall implement the provisions of this Section X in the manner and for such period as the Energy

Balancing Credit Committee has approved.

2.11.3 For the purposes of paragraph 2.11.2(b), the Energy Balancing Credit Committee may:

- (a) delay the application of paragraph 2.6 until such time as the Trading System Clearer's Outstanding Relevant Balancing Indebtedness exceeds such other amount as the Energy Balancing Credit Committee approves (which such amount may exceed 100% of the Trading System Clearer's Secured Credit Limit);
- (b) authorise National Gas Transmission to withhold amounts payable to the Trading System Clearer by National Gas Transmission pursuant to any Energy Balancing Invoice until such time as the Trading System Clearer's Outstanding Relevant Balancing Indebtedness no longer exceeds such amount as the Energy Balancing Credit Committee has approved;
- (c) authorise National Gas Transmission to withhold the payment of interest payable to the Trading System Clearer pursuant to Section S (and where National Gas Transmission is so authorised National Gas Transmission shall be relieved from its obligation to pay interest under Section S);
- (d) authorise National Gas Transmission to take other such steps in respect of the implementation of the provisions of this Section X as it considers to be reasonable; and
- (e) require the Trading System Clearer to take such steps as it considers, in the context of this Section X, to be reasonable.

2.11.4 For the purposes of this paragraph 2.11, the Energy Balancing Credit Committee may, for such period as the Energy Balancing Credit Committee determines, request:

- (a) National Gas Transmission provide details of any steps taken by National Gas Transmission in implementing the provisions of this Section X in relation to the Trading System Clearer;
- (b) the Trading System Clearer provide details of:
  - (i) the levels of security cover and other credit facility and security arrangements in place with Users and third parties for the purposes of the Trading System Arrangements ("**other credit arrangements**");
  - (ii) historic and current levels of utilisation of credit facilities by Users under the other credit arrangements;
  - (iii) current projections of its future cash flows;
  - (iv) any steps taken by the Trading System Clearer in relation to Users pursuant to the other credit arrangements; and
  - (v) a trend analysis of the Trading System Clearer's trading activities and data on the movement of the Trading System Clearer's Outstanding Relevant Balancing Indebtedness,

and where requested National Gas Transmission and the Trading System

Clearer shall provide such information as soon as is reasonably practicable.

- 2.11.5 Nothing in paragraph 2.11.4 shall require National Gas Transmission or the Trading System Clearer to disclose information which it is otherwise prohibited from disclosing pursuant to this Section V5 or the Trading System Arrangements.

### **3 PAYMENT OF ENERGY BALANCING INVOICES**

#### **3.1 Resolution of queries after payment in full**

It is agreed that, notwithstanding Section S4.2.2, Users shall pay the Net Invoice Amount under each Energy Balancing Invoice in full on the Invoice Due Date, notwithstanding any Invoice Query (and accordingly that Section S4.3 will apply in respect of any such Invoice Query).

#### **3.2 Failure to make payment**

- 3.2.1 Where a User does not pay the Net Invoice Amount under an Energy Balancing Invoice in full on the Invoice Due Date, notwithstanding Section V4.3.1(a) National Gas Transmission shall be entitled to, and as soon as reasonably practicable after the Invoice Due Date will, submit to the User a notice, substantially in the form set out in the Energy Balancing Credit Rules, notifying the User that National Gas Transmission will give Termination Notice to the User if the User does not pay the outstanding amount of the Net Invoice Amount in full by the Business Day after the date of such notice.

- 3.2.2 Where National Gas Transmission has given notice to a User under paragraph 3.2.1 and the User has not paid the outstanding amount of the Net Invoice Amount in full by the Business Day following the date of such notice, National Gas Transmission shall be entitled to and, subject to paragraph 3.2.5, as soon as reasonably practicable after such Business Day may, give Termination Notice (for the purposes of Section V4.3.3) to the User to the effect that the User shall cease to be a User with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice.

- 3.2.3 National Gas Transmission will send a copy of any notice given under paragraph 3.2.1 or 3.2.2 to the Authority and without prejudice to paragraph 1.2.5, will notify the Energy Balancing Credit Committee that such a notice has been issued.

- 3.2.4 Where:

(a) National Gas Transmission has given notice to a User under paragraph 3.2.1, and until the Net Invoice Amount under the relevant Energy Balancing Invoice is paid in full; or

(b) a User is a Defaulting User

National Gas Transmission will not pay and (irrespective of the Invoice Due Date) shall be entitled to withhold payment pursuant to any Energy Balancing Invoice in respect of, any amounts payable to the User in respect of Energy Balancing Charges ("**relevant amounts**") (and no interest shall accrue and be payable on any such amounts from the Invoice Due Date until the day on which the payment is made) and National Gas Transmission shall instead pay the relevant amounts into the User's Cash Call Account.

- 3.2.5 Before National Gas Transmission shall take the action envisaged by paragraph 3.2.2,

National Gas Transmission shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable on or after the Business Day following the date of the notice given to the User pursuant to paragraph 3.2.1 and shall consult with the Energy Balancing Credit Committee to determine whether National Gas Transmission should be obliged to issue the Termination Notice pursuant to paragraph 3.2.2, or whether National Gas Transmission should defer taking such step.

### 3.3 Securities

3.3.1 National Gas Transmission may make or take any step to enforce and realise any Security at any time after National Gas Transmission has given notice to the User under paragraph 3.2.1 at which any part of the Net Invoice Amount under any Energy Balancing Invoice remains outstanding.

3.3.2 It shall not be a condition to National Gas Transmission's giving Termination Notice under paragraph 3.2.2 that National Gas Transmission shall first have taken any steps to enforce or realise any Security.

### 3.4 Enforcement and recovery steps

3.4.1 For the purposes of this paragraph:

- (a) "**Transportation Debt**" means unpaid indebtedness of a defaulting User in respect of any amount payable under the Code other than Energy Balancing Charges;
- (b) "**Energy Balancing Debt**" means unpaid indebtedness of a defaulting User in respect of Energy Balancing Charges;
- (c) "**Recovery Steps**" are any steps (including any proceedings in any court, and including the defence of any counterclaim or other claim, proceeding or application made or brought by the User or a provider of security in connection with any such step taken by National Gas Transmission) taken by National Gas Transmission to recover any Energy Balancing Debt or Transportation Debt from a defaulting User, or to enforce or realise any security (including Security) provided by a defaulting User, or to enforce any judgment against a defaulting User, or to make any claim in any insolvency proceedings relating to a defaulting User;
- (d) "**Recovered Amounts**" means amounts recovered (by way of payment of debt or damages or otherwise) by National Gas Transmission as a result of taking Recovery Steps;
- (e) "**Recovery Costs**" means all fees, costs and expenses (including any payments National Gas Transmission may be required to make by way of damages or costs or otherwise by any court) incurred by National Gas Transmission in taking Recovery Steps (but not including amounts in respect of National Gas Transmission's own internal costs and expenses);
- (f) Recovered Amounts or Recovery Costs are:
  - (i) "**energy balancing exclusive**" where such amounts or costs were recovered or incurred:

- (1) in respect of or pursuant to Recovery Steps relating wholly or substantially wholly to a Security; or
  - (2) after National Gas Transmission has informed the Energy Balancing Credit Committee that National Gas Transmission has decided not to take further Recovery Steps in respect of Transportation Debt;
- (ii) "**transportation exclusive**" where such amounts or costs were recovered or incurred:
- (1) in respect of or pursuant to Recovery Steps relating wholly or substantially wholly to an instrument which secures only Transportation Debt; or
  - (2) after National Gas Transmission has been requested by the Energy Balancing Credit Committee not to take further Recovery Steps in respect of the relevant Energy Balancing Debt;

and otherwise are "**shared**";

- (g) the "**energy balancing proportion**" and the "**transportation proportion**" are the aggregate amounts of a defaulting User's Energy Balancing Debt or (as the case may be) Transportation Debt outstanding at the User Discontinuance Date, and before the application of any Recovered Amounts in or towards satisfaction of such amounts, each as a proportion of the sum of such amounts;
- (h) particular Recovered Amounts and Recovery Costs are "**associated**" where such amounts are recovered pursuant to Recovery Steps in taking which such costs are incurred.

3.4.2 The Energy Balancing Credit Committee shall direct National Gas Transmission as to what Recovery Steps (if any) (the "**Directed Recovery Steps**") to take to recover Energy Balancing Debt from a defaulting User, and to enforce and realise the Security provided by a defaulting User; National Gas Transmission agrees that it will, subject to the further provisions of this paragraph 3.4, take the Directed Recovery Steps. To the extent that taking such Directed Recovery Steps exposes National Gas Transmission or any representative of National Gas Transmission to any liability against which National Gas Transmission is not adequately protected by virtue of paragraphs 3.4.4 and 3.4.6, any such liability shall (notwithstanding any other provisions of the Code) be deemed to be additional Monthly Neutrality Adjustment Amounts in the month in which National Gas Transmission makes payment in respect thereof.

3.4.3 National Gas Transmission will keep the Energy Balancing Credit Committee reasonably informed as to the Directed Recovery Steps it takes in relation to Energy Balancing Debt and will and shall be entitled to discontinue taking Directed Recovery Steps (other than any steps necessary for such discontinuance) where the Energy Balancing Credit Committee has authorised it to do so.

3.4.4 National Gas Transmission shall be entitled to apply any Recovered Amounts first in or towards payment of the associated Recovery Costs.

- 3.4.5 Subject to Section V4.4.2, the balance (after application in accordance with paragraph 3.4.4) of any Recovered Amounts will be applied as follows:
- (a) in the case of energy balancing exclusive Recovered Amounts, as to the whole of such balance, as an additional Monthly Neutrality Adjustment Revenue (by way of application towards the relevant Energy Balancing Debt) in accordance with Section F4 in the month in which National Gas Transmission receives payment in respect of the Recovery Amount;
  - (b) in the case of transportation exclusive Recovered Amounts, as to the whole of such balance, in or towards satisfaction of any Transportation Debt;
  - (c) in the case of shared Recovery Amounts, as to the energy balancing proportion thereof (but not exceeding the amount of unpaid Energy Balancing Debt), as an additional Monthly Neutrality Adjustment Revenue (by way of application towards the relevant Energy Balancing Debt) in accordance with Section F4 in the month in which National Gas Transmission receives payment in respect of the Recovery Amount, and as to the transportation proportion thereof, in or towards satisfaction of any Transportation Debt.
- 3.4.6 Where the amount of National Gas Transmission's Recovery Costs exceeds the amount (if any) of the associated Recovery Amounts:
- (a) in the case of energy balancing exclusive Recovery Costs, the whole of the excess will be an additional Monthly Neutrality Adjustment Cost in accordance with Section F4 in the month in which National Gas Transmission pays such amount;
  - (b) in the case of shared Recovery Costs, the energy balancing proportion of the excess will be an additional Monthly Neutrality Adjustment Cost in accordance with Section F4 in the month in which National Gas Transmission pays such amount.

#### **4 APPOINTMENT OF RECEIVER**

- 4.1 Subject to paragraph 4.2, where Section V4.3.4 applies, National Gas Transmission shall, as soon as reasonably practicable, give Termination Notice (for the purposes of Section V4.3.3) to the User to the effect that the User shall cease to be a User with effect from the date (which may be any date on or after the date on which the Termination Notice is given) specified in the Termination Notice.
- 4.2 Before National Gas Transmission shall take the action envisaged by paragraph 4.1, National Gas Transmission shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable following the failure of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate) to provide those assurances referred to in Section V4.3.5(b) and shall consult with the Energy Balancing Credit Committee to determine whether National Gas Transmission should be obliged to issue the Termination Notice, pursuant to paragraph 4.1, or whether National Gas Transmission should defer taking such step.
- 4.3 Subject to paragraph 1.3, National Gas Transmission shall be entitled to take such action as the Energy Balancing Credit Committee recommends pursuant to the meeting referred to in paragraph 4.2 as soon as reasonably practicable.



**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION Y – CHARGING METHODOLOGIES****PART A – NTS CHARGING METHODOLOGIES****PART A-I – NTS TRANSPORTATION CHARGING METHODOLOGY****1 GENERAL****1.1 Introduction**

- 1.1.1 This Part A-I sets out the charging methodology established by National Gas Transmission pursuant to Standard Special Condition A4(5) of National Gas Transmission’s Gas Transporter’s Licence for determining charges (as referred to in Standard Special Condition A4(1)(a)) and reserve prices (as referred to in Standard Special Condition A4(1)(b)).
- 1.1.2 Part A-II sets out the connection charging methodology established by National Gas Transmission pursuant to Standard Condition 4B of National Gas Transmission’s Gas Transporter’s Licence.
- 1.1.3 This Part A-I includes provisions which give effect to the requirements of the Tariff Regulation, so far as those requirements are to be given effect in the Code (and having regard to the decisions of the Authority reflected in the direction dated 8 March 2018 given pursuant to paragraph 7B of Standard Special Condition A11).

**1.2 Structure of charges**

- 1.2.1 Transportation Charges in relation to the NTS comprise:
- (a) charges in respect of transmission services (“**Transmission Services Charges**”), comprising:
    - (i) Capacity Charges determined by Auction or Allocation Process pursuant to the provisions of the Code referred to in the Capacity Allocation Table in paragraph 2.2.1;
    - (ii) NTS Entry Capacity Retention Charges as provided for in paragraph 2.10;
    - (iii) Transmission Services Revenue Recovery Charges as provided for in paragraph 3;
  - (b) other charges (“**Non-Transmission Services Charges**”) comprising:
    - (i) St Fergus Compression Charge;
    - (ii) NTS Meter Maintenance Charges;
    - (iii) DN Pensions Deficit Charges;

- (iv) Shared Supply Meter Point Administration Charge;
- (v) Interconnection Point Allocation Charge; and
- (vi) General Non-Transmission Services Charges.

1.2.2 Transmission Services Charges are determined separately for Entry Points and Exit Points.

### 1.3 Interpretation

1.3.1 In this Part A-I, the following terms have the meanings given to them in the Special Conditions:

- (a) Maximum NTS Transportation Owner Revenue equates to the “Allowed Revenue” in the Licence;
- (b) Maximum NTS System Operation Revenue equates to “SO Allowed Revenue” in the Licence;
- (c) NTS System Operation Revenue equates to “SO Recovered Revenue” in the Licence; and
- (d) NTS Transportation Owner Revenue equates to “TO Recovered Revenue” in the Licence.

1.3.2 For the purposes of this Part A-I:

- (a) **“Tariff Regulation”** means Commission Regulation EU No 2017/460 establishing a network code on harmonised transmission tariff structures for gas;
- (b) **“Entry Point”** means a NTS Aggregate System Entry Point;
- (c) **“Exit Point”** means a NTS Exit Point or where applicable an Aggregate NTS Exit Point;
- (d) **“NTS Point”** means an Entry Point or an Exit Point;
- (e) **“Storage Site Point”** means an Entry Point or Exit Point at which a ‘Storage Site’ (as specified in Appendix 1 and Appendix 2 in Special Condition 9.13.15) is connected to the NTS;
- (f) **“LNG Importation Terminal Point”** means an Entry Point at which an ‘LNG Importation Terminal’ (as specified in Appendix 1 in Special Condition 9.13.15) is connected to the NTS;
- (g) **“NTS Capacity”** means NTS Entry Capacity or NTS Exit (Flat) Capacity;
- (h) **“Intra-System”** in relation to a System Point means other than an Interconnection Point; and **“Intra-System Point”** means any Intra-System System Point;
- (i) **“Excluded Storage Quantities”** are quantities of gas delivered to or offtaken

from the NTS at a Storage Site Point, other than storage use gas offtaken by a storage gas use provider (as referred to in TPD Section R);

- (j) in relation to a Gas Year the “**Charges Publication Date**” is 1 August in the preceding Gas Year, or such other date as National Gas Transmission may, with Standard Special Condition A11(18) Approval of the Authority, decide;
- (k) “**Tariff Regulation Effective Date**” means 6 April 2017.

### 1.3.3 References in this Part A-I:

- (a) to Standard Conditions, Special Conditions, or Standard Special Conditions are to conditions of National Gas Transmission’s Gas Transporter’s Licence; and
- (b) to an Interconnection Point:
  - (i) as an Entry Point, are to an IP ASEP;
  - (ii) as an Exit Point are (where applicable, and except as otherwise provided in this Part A-I) to an Aggregate Network Exit Point.

1.3.4 For the purposes of this Part A-I, information or any document is “**published**” if it is provided or made available to Users, including posting on a website accessible to Users.

1.3.5 All calculations that are required in accordance with this Part A-I shall be performed by National Gas Transmission.

## 1.4 Classification of revenue

1.4.1 For the purposes of this Part A-I:

- (a) “**Transmission Services Revenue**” is revenue derived by National Gas Transmission from Transmission Services Charges, and corresponds to revenue included in NTS Transportation Owner Revenue (excluding revenue derived from NTS Meter Maintenance Charges and DN Pensions Deficit Charges) and TS-Related NTS System Operation Revenue;
- (b) “**Non-Transmission Services Revenue**” is revenue derived by National Gas Transmission from Non-Transmission Services Charges, and corresponds to revenue included in NTS System Operation Revenue (excluding TS-Related NTS System Operation Revenue) and revenue derived from NTS Meter Maintenance Charges and DN Pensions Deficit Charges;
- (c) “**TS-Related NTS System Operation Revenue**” is the net amount of NTS System Operation Revenue which is attributable (as determined by National Gas Transmission) to charges in respect of NTS Capacity (but not including Overrun Charges) or the surrender of NTS Capacity.

1.4.2 Transmission Services Revenue is divided into:

- (a) “**Transmission Services Entry Revenue**” (in £), being Transmission Services Revenue attributable to charges or payments made in respect of Entry Points; and

- (b) **“Transmission Services Exit Revenue”** (in £), being Transmission Services Revenue attributable to charges or payments made in respect of Exit Points,

and any question as to the basis of such attribution shall be decided by National Gas Transmission in its discretion.

## 1.5 Allowed Revenue – Formula Years

### 1.5.1 In relation to a Formula Year:

- (a) **“Base Maximum NTS Transportation Owner Revenue”** is Maximum NTS Transportation Owner Revenue calculated disregarding the correction term revenue adjustment  $K_t$  in the formula in Special Condition 2A.5.
- (b) **“Base Maximum NTS TO (Excluding Non-TS) Revenue”** is Base Maximum NTS Transportation Owner Revenue, less Forecast NTS Meter Maintenance Revenue and Forecast Pensions Deficit Revenue, for such Formula Year;
- (c) **“Allowed FY Non-Transmission Services Revenue”** is Maximum NTS System Operator Revenue, less Allowed TS-Related NTS System Operation Revenue, plus Forecast NTS Meter Maintenance Revenue and Forecast Pensions Deficit Revenue, for such Formula Year;
- (d) **“Allowed TS-Related NTS System Operation Revenue”** is that amount of the Maximum NTS System Operation Revenue which is attributable (as determined by National Gas Transmission) to charges in respect of NTS Capacity net of charges for the surrender of NTS Capacity;
- (e) **“Forecast NTS Meter Maintenance Revenue”** is the revenue which National Gas Transmission estimates will be derived from NTS Meter Maintenance Charges in that Formula Year;
- (f) **“Forecast Pensions Deficit Revenue”** is the revenue which National Gas Transmission estimates will be derived from DN Pensions Deficit Charges in that Formula Year;

### 1.5.2 Allowed TS-Related NTS System Operation Revenue is divided into:

- (a) **“Allowed TS-Related NTS System Operation Entry Revenue”** being Allowed TS-Related NTS System Operation Revenue attributable (as determined by National Gas Transmission) to Entry Points; and
- (b) **“Allowed TS-Related NTS System Operation Exit Revenue”** being Allowed TS-Related NTS System Operation Revenue attributable (as determined by National Gas Transmission) to Exit Points.

### 1.5.3 For the purposes of this Part A-I, in relation to a Formula Year (t):

- (a) **“Allowed FY Transmission Services Entry Revenue”** ( $AFTSEnR_t$ , in £) is determined as follows:

$$AFTSEnR_t = (0.5 * BMTOExcNTR_t) + ATSSOEnR_t \pm K_{En,t}$$

where for the Formula Year:

$BMTOExcNTR_t$  is Base Maximum NTS TO (Excluding Non-TS) Revenue;

$ATSSOEnR_t$  is Allowed TS-Related NTS System Operation Entry Revenue;

$K_{En,t}$  is the Entry Revenue Adjustment;

- (b) **“Allowed FY Transmission Services Exit Revenue”** ( $AFTSExR_t$ , in £) is determined as follows:

$$AFTSExR_t = (0.5 * BMTOExcNTR_t) + ATSSOExR_t \pm K_{Ex,t}$$

where for the Formula Year:

$BMTOExcNTR_t$  is Base Maximum NTS TO (Excluding Non-TS) Revenue;

$ATSSOExR_t$  is Allowed TS-Related NTS System Operation Exit Revenue;

$K_{Ex,t}$  is the Exit Revenue Adjustment;

and for the purposes of paragraphs 1.5.3(a) and 1.5.3(b), in relation to the Formula Year:

- (c) the **“Entry Revenue Adjustment”** ( $K_{En,t}$ , in £) is determined as the Entry Adjustment Proportion of the correction term revenue adjustment  $K_t$ ;
- (d) the **“Exit Revenue Adjustment”** ( $K_{Ex,t}$ , in £) is determined as the Exit Adjustment Proportion of the correction term revenue adjustment  $K_t$ ;

where:

- (e) the **“Entry Adjustment Proportion”** for Formula Year t is determined as:

$$K_{En,t}^{TS} / (K_{En,t}^{TS} + K_{Ex,t}^{TS})$$

- (f) the **“Exit Adjustment Proportion”** for Formula Year t is determined as:

$$K_{Ex,t}^{TS} / (K_{En,t}^{TS} + K_{Ex,t}^{TS})$$

where

$K_{En,t}^{TS}$  is determined by applying the formula in Special Condition 2.1.13 substituting:

- (A) Transmission Services Entry Revenue in respect of Formula Year t-1 for NTS Transportation Owner Revenue in respect of Formula Year t-1; and
- (B) Allowed FY Transmission Services Entry Revenue in respect of Formula Year t-1 for Maximum NTS Transportation Owner Revenue in respect of Formula Year t-1;

$K_{Ex,t}^{TS}$  is determined by applying the formula in Special Condition 2.1.13 substituting:

- (A) Transmission Services Exit Revenue in respect of Formula Year t-1 for NTS Transportation Owner Revenue in respect of Formula Year t-1; and
- (B) Allowed FY Transmission Services Exit Revenue in respect of Formula Year t-1 for Maximum NTS Transportation Owner Revenue in respect of Formula Year t-1.

## 1.6 Apportionment of allowed revenue to Gas Year

1.6.1 For the purposes of this Part A-I, in relation to a Gas Year (y):

- (a) **"Allowed Transmission Services Entry Revenue"** ( $ATSEnR_y$ ) and **"Allowed Transmission Services Exit Revenue"** ( $ATSExR_y$ ) shall be determined, on the basis of the Allowed FY Transmission Services Entry Revenue and the Allowed FY Transmission Services Exit Revenue respectively for the Formula Years which end and start in Gas Year y, as follows:

$$ATSEnR_y = (AFTSEnR_t - TSEnR_{pt}) + ((AFTSEnR_{t+1} * F_{TSEn})$$

$$ATSExR_y = (AFTSExR_t - TSExR_{pt}) + ((AFTSExR_{t+1} * F_{TSEx})$$

- (b) **"Allowed Non-Transmission Services Revenue"** ( $ANTSR_y$ ) shall be determined, on the basis of the Allowed FY Non-Transmission Services Revenue for the Formula Year which ends in Gas Year y, as follows:

$$ANTSR_y = (AFNTSR_t - NTSR_{pt}) * (1 / F_{NTS})$$

1.6.2 For the purposes of this paragraph 1.6:

- (a) Formula Years t and t+1 are respectively the Formula Years which end and start in Gas Year y;
- (b)  $AFTSEnR_t$ ,  $AFTSExR_t$ , and  $AFNTSR_t$  are respectively the Allowed FY Transmission Services Entry Revenue, Allowed FY Transmission Services Exit Revenue and Allowed FY Non-Transmission Services Revenue for Formula Year t;
- (c)  $TSEnR_{pt}$ ,  $TSExR_{pt}$  and  $NTSR_t$  are respectively the amounts of Transmission Services Entry Revenue, Transmission Services Exit Revenue and Non-Transmission Services Revenue which National Gas Transmission estimates will be earned in respect of the part of Formula Year t which falls prior to Gas Year y;
- (d)  $AFTSEnR_{t+1}$  and  $AFTSExR_{t+1}$  are respectively the amounts estimated (on the basis of estimated values of the terms  $K_{En,t}$  and  $K_{Ex,t}$ ) by National Gas Transmission as the Allowed FY Transmission Services Entry Revenue and Allowed FY Transmission Services Exit Revenue for Formula Year t+1;
- (e)  $F_{TSEn}$  and  $F_{TSEx}$  respectively are factors which represent National Gas Transmission's estimates, for Gas Year y, of the proportions of the

Transmission Services Entry Revenue and of the Transmission Services Exit Revenue which will be earned in respect of the part of Formula Year t+1 which falls within Gas Year y.

- (f)  $FN_{NTS}$  is a factor which represents National Gas Transmission's estimate, for Gas Year y, of the proportion of the Non-Transmission Services Revenue which will be earned in respect of the part of Formula Year t which falls within Gas Year y.

## 1.7 Publication/Transportation Statement

1.7.1 The Transportation Statement published by National Gas Transmission for each Gas Year will include (without limitation) the following information:

- (a) Transmission Services Charges relating to Capacity Charges:
  - (i) the Reference Price for each NTS Point;
  - (ii) the Duration Multipliers;
  - (iii) the Interruptible Discounts;
  - (iv) the Specific Point Discounts;
  - (v) for each NTS Point, the Reserve Price for each applicable Capacity Allocation Type;
  - (vi) for each Entry Point, the step prices;
- (b) the Transmission Services Revenue Recovery Charges;
- (c) Non-Transmission Services Charges:
  - (i) the values of each of the Specific Non-Transmission Services Charges;
  - (ii) the General Non-Transmission Services Charge.

1.7.2 In addition to what is published in the Transportation Statement, National Gas Transmission will, for each Gas Year, publish a summary of its determinations made for the purposes of determining:

- (a) Reference Prices under paragraph 2, including:
  - (i) the determination of Base Allowed Transmission Services Revenue, Allowed FY Transmission Services Entry Revenue, Allowed FY Transmission Services Exit Revenue, and Allowed FY Non-Transmission Services Revenue for each Related Formula Year, and Allowed Transmission Services Entry Revenue and Allowed Transmission Services Exit Revenue for the Gas Year; and
  - (ii) the calculations made (for each Entry Point and Exit Point) under paragraphs 2.4, 2.6 and 2.7;
- (b) Transmission Services Revenue Recovery Charges under paragraph 3, including

the determination of Forecast Entry Revenue Difference, Forecast Exit Revenue Difference, Forecast Aggregate Fully-Adjusted Entry Capacity and Forecast Aggregate Fully-Adjusted Exit Capacity; and

- (c) General Non-Transmission Services Charges under paragraph 4.7, including the determination of Allowed FY Non-Transmission Services Revenue for each Related Formula Year, Net Allowed Non-Transmission Services Revenue for the Gas Year and Forecast Aggregate NTS Quantity.

## 1.8 Estimates

- 1.8.1 Where any charge or other amount is determined under this Part A-I on the basis of any estimate or forecast made by National Gas Transmission, except as expressly provided in this Part A-I, no change shall be made in respect of such charge or amount by reason of any subsequent revision of such estimate or forecast or (without prejudice to the application of an error correction term in a subsequent period) the outturn value of the thing subject to such estimate or forecast.

## 1.9 Rounding

- 1.9.1 The prices determined under this Part A-I, in pence per kWh/Day or pence per kWh, shall be rounded (subject to paragraph 5.1.3) to:
- (a) 4 decimal places (that is, to the nearest 0.0001p) for Intra-System NTS Points; and
- (b) (consistent with EID Section B12.2.3), 8 decimal places (that is, to the nearest 0.00000001p) for Interconnection Points.

## 1.10 Subsequent revision of charges

- 1.10.1 This paragraph 1.10 applies where (under a provision of this Part A-I) National Gas Transmission is entitled, after determining a Relevant Charge for a Gas Year, to revise the rate of the Relevant Charge, on the basis of a revision of any estimate(s) (“**revised estimate(s)**”) made by National Gas Transmission for the purposes of determining such rate.

- 1.10.2 For the purposes of this paragraph 1.10:

- (a) a “**Relevant Charge**” is a Transportation Charge the rate of which is derived under this Part A-I in the form (TR / CB) where
- TR is the target revenue, i.e. the aggregate amount of allowed or estimated revenue for the Gas Year in respect of such Transportation Charge, and
- CB is the charge base, i.e. the aggregate estimated quantity (in kWh/Day, or kWh) for the Gas Year by reference to which the charge is to apply;
- (b) the “**Revision Month**” is the month of the Gas Year with effect from (and including) which the revised Relevant Charge is to apply;
- (c) the “**Prior Period**” (yp) is the period from the start of the Gas Year to (but not including) the Revision Month (and if the Revision Month is the first month of the Gas Year, there is no Prior Period); and

- (d) the “**Remaining Period**” (yr) is the period from (and including) the Revision Month to the end of the Gas Year;

1.10.3 Where this paragraph 1.10 applies, the revised Relevant Charge shall be determined as:

$$(RTR_y - AR_{yp}) / CB_{yr}$$

where

$RTR_y$  is the revised target revenue for the Gas Year as a whole determined by National Gas Transmission on the basis of its revised estimate(s);

$AR_{yp}$  is the aggregate amount (as estimated by National Gas Transmission) payable in respect of the Relevant Charge in respect of the Prior Period (and is zero where there is no Prior Period);

$CB_{yr}$  is the revised charge base for the Remaining Period determined by National Gas Transmission on the basis of its revised estimate(s).

## 1.11 Further interpretation

1.11.1 In this Part A-I references to Users include DNO Users (but without prejudice to provisions of TPD Section B under which particular Transportation Charges are payable by or to Shipper Users only).

1.11.2 In this Part A-I direct or indirect references to Supply Points include (where applicable) CSEP Supply Points.

## 2 TRANSMISSION SERVICES CHARGES – CAPACITY CHARGES

### 2.1 Introduction

2.1.1 The purpose of the rules in this paragraph 2 is to determine prices in respect of the allocation of NTS Capacity of different Capacity Allocation Types (as specified in the Capacity Allocation Table in paragraph 2.2.1) as follows:

- (a) in relation to Interconnection Points, for each Auction, the ‘Reserve Price’ (as defined in and for the purposes of the relevant provision of EID Section B);
- (b) in relation to Intra-System Entry Points, for each Auction, the reserve price (as referred to in and for the purposes of the relevant provision of TPD Section B2), and (where applicable) the further prices referred to in paragraph 2.9;
- (c) in relation to Intra-System Exit Points, for each Auction, the reserve price (as referred to in and for the purposes of the relevant provision of TPD Section B3); and
- (d) in relation to Interconnection Points and Intra-System NTS Points, for each Allocation Process (including under a PARCA where applicable), the applicable price used to determine the Applicable Daily Rate (as referred to in and for the purposes of the relevant provision of TPD Section B2 or B3 or EID Section E).

2.1.2 The rules in this paragraph 2 which apply:

- (a) for the purposes specified in paragraphs 2.1.1(a), (b) and (c), determine reserve prices referred to in Standard Special Condition A4(1)(b);
  - (b) for the purposes specified in paragraph 2.1.1(d), determine charges referred to in Standard Special Condition A4(1)(a).
- 2.1.3 In summary (and subject to the further provisions of this paragraph 2, including adjusting for Existing Registered Holdings), the basis for determining Reference Prices and Reserve Prices for each Gas Year is as follows:
- (a) determine (as provided in paragraphs 1.5 and 1.6) Allowed Transmission Services Entry Revenue and Allowed Transmission Services Exit Revenue for the Gas Year;
  - (b) for each Entry Point and Exit Point:
    - (i) determine Forecast Contracted Capacity; and
    - (ii) on the basis of the Forecast Contracted Capacity, determine Capacity Weighting;
  - (c) on the basis of Capacity Weighting, allocate Allowed Transmission Services Entry Revenue between Entry Points and Allowed Transmission Services Exit Revenue between Exit Points, to determine Entry Point Allowed Revenue for each Entry Point and Exit Point Allowed Revenue for each Exit Point;
  - (d) for each Entry Point and Exit Point, divide Entry Point Allowed Revenue or Exit Point Allowed Revenue by Forecast Contracted Capacity to determine provisional reference price, and then scale to reflect the revenue shortfall implied by the multipliers and discounts referred to below, to determine Reference Price;
  - (e) determine Reserve Price, for different Capacity Allocation Types, from Reference Price, by applying specified multipliers in certain cases, and then for Interruptible NTS Capacity applying specified discounts, and then for certain types of Entry Point and Exit Point applying further specified discounts.
- 2.1.4 In relation to NTS Capacity at a NTS Point for a given Gas Year (the “**capacity year**”) which is:
- (a) allocated pursuant to an Auction held in a given Gas Year (the “**auction year**”), except where the Capacity Charge is determined by reference to each User’s bid price, or
  - (b) (in the case of NTS Entry Capacity) allocated in a given Gas Year (the “**allocation year**”) pursuant to a PARCA
- the Applicable Daily Rate of the Capacity Charge payable by Users in respect of such NTS Capacity shall be determined as the sum of:
- (c) the Reserve Price determined in respect of the relevant Capacity Allocation Type for the capacity year; and
  - (d) the Premium (if any) determined under the Auction held in the auction year or

(as the case may be) determined in respect of the PARCA in the allocation year.

2.1.5 Paragraph 2.1.4 shall not apply in respect of NTS Entry Capacity held pursuant to an Existing Registered Holding, and accordingly the Applicable Daily Rate for such NTS Entry Capacity shall be continue to be determined (where applicable) on the basis of the clearing price or reserve price for the Auction in which the NTS Entry Capacity was allocated.

2.1.6 In relation to:

- (a) Annually Allocated NTS Exit (Flat) Capacity at an Intra-System Exit Point;
- (b) NTS Exit (Flat) Capacity at an Intra-System Exit Point allocated pursuant to a PARCA;
- (c) NTS Capacity at an Interconnection Point allocated pursuant to an alternative allocation mechanism under EID Section E,

for a given Gas Year (the “**capacity year**”), irrespective of the Gas Year in which the Allocation Process was held, the Applicable Daily Rate of the Capacity Charge payable by Users in respect of such NTS Exit (Flat) Capacity shall be equal to the Reserve Price determined in respect of the capacity year.

2.1.7 For the purposes of any Auctions in respect of NTS Capacity for more than one Gas Year, the Reserve Price to be used in each Auction is the Reserve Price for the first such Gas Year.

2.1.8 Where under this Part A-I:

- (a) any charge or price is:
  - (i) determined on the basis of an allowed or estimated revenue stated in pounds (£); but
  - (ii) required to be expressed in pence (p),

such charge or price so determined shall be divided by 100 in order to be so expressed;

- (b) any charge or price is:
  - (i) determined on the basis of an allowed or estimated revenue for a Gas Year; but
  - (ii) required to be expressed as a daily rate,

such charge or price so determined shall be divided by the number of days in the Gas Year in order to be so expressed.

2.1.9 Where the value of any Reserve Price determined under this paragraph 2 would (pursuant to rounding under paragraph 1.9) be rounded down to have a value of zero, the Reserve Price shall be rounded up to the minimum non-zero value under paragraph 1.9.

2.1.10 At the same time it publishes the information under paragraph 1.7.2 for a Gas Year, National Gas Transmission will publish a simplified version of its model for determining Reserve Prices.

2.1.11 It is acknowledged that:

- (a) the reference price methodology in this paragraph 2 is a 'postage stamp' rather than 'capacity-weighted distance' methodology;
- (b) upon any consultation under Article 26(1) of the Tariff Regulation, a comparison will be made (as required by Article 26(1)(1)(vi)) against the results of applying the 'capacity-weighted distance' methodology in Article 8 of the Tariff Regulation.

**2.2 Interpretation**

2.2.1 For the purposes of this Part A-I, “Capacity Allocation Type” means a type of NTS System Capacity defined by type of NTS System Point, class, basis of allocation, allocation frequency and duration as set out in the table (“Capacity Allocation Table”) below:

Point	Class	Basis of allocation	UNC reference	Allocation frequency	Duration
Interconnection Point	Firm	Auction	EID Section B2.4.1(a)	Annual	Yearly (Y+1 to Y+15)
			EID Section B2.4.1(b)	Quarterly	Quarterly (for the remaining quarters in Y+1 or Y)
			EID Section B2.4.1(c)	Monthly	Monthly
			EID Section B2.4.1(d)	Daily and hourly	Daily and hourly
			EID Section B2.4.1(f)		
	Allocation	EID Section E	Biennial	Annual	
	Interruptible	Auction	EID Section B2.4.1(e)	Daily	Daily
Intra-System Entry Point	Firm	PARCA	TPD Section B1.14.4(a)	Ad-hoc	Quarterly (Y+2 to Y+16)

Point	Class	Basis of allocation	UNC reference	Allocation frequency	Duration
		Auction	TPD Section B2.2.2(b)	Annual	Quarterly (Y+2 to Y+16)
			TPD Section B2.2.2(a)	Annual	Monthly (Y to Y+1)
			TPD Section B2.3	Monthly	Monthly
			TPD Section B2.4	Weekly	Weekly
			TPD Section B2.5	Daily and within day	Daily and part-day
	Interruptible	Auction	TPD Section B2.6	Daily	Daily
Intra-System Exit Point	Firm	PARCA	TPD Section B1.14.4(b)	Ad-hoc	Enduring (from Y+4 to Y+6)
		Allocation	TPD Section B3.2	Annual	Enduring (from Y+4 to Y+6)
			TPD Section B3.4	Annual	Annual (Y+1 to Y+3)
		Auction	TPD Section B3.5	Daily and within day	Daily and within day
	Off-Peak	Auction	TPD Section B3.6	Daily	Daily

2.2.2 For the purposes of this Part A-I:

- (a) **“Auction”** means any of the auction processes for the allocation of NTS Capacity provided for in EID Section B, TPD Section B2 and TPD Sections B3.5 and 3.6;
- (b) **“Allocation Process”** means any of the allocation processes for the allocation of:

- (i) NTS Exit (Flat) Capacity provided for in TPD Sections B1.14, B3.2 and 3.4;
  - (ii) NTS Capacity pursuant to a PARCA; or
  - (iii) NTS Capacity at an Interconnection Point provided for in EID Section E4;
- (c) **“Firm”** NTS Capacity means:
- (i) Firm Interconnection Point Capacity (as defined in EID Section B) at an Interconnection Point;
  - (ii) Firm NTS Entry Capacity at an Intra-System Entry Point; and
  - (iii) NTS Exit (Flat) Capacity (other than Off-Peak Daily NTS Exit (Flat) Capacity) at an Intra-System Exit Point;
- (d) **“Interruptible”** NTS Capacity means:
- (i) Interruptible Interconnection Point Capacity (as defined in EID Section B) at an Interconnection Point;
  - (ii) Interruptible NTS Entry Capacity at an Intra-System Entry Point; and
  - (iii) Off-Peak Daily NTS Exit (Flat) Capacity at an Intra-System Exit Point;
- (e) **“Existing Registered Holding”** means, in relation to an Entry Point, a User and a Day or other period, the amount, as at the Tariff Regulation Effective Date, of the User’s Registered NTS Entry Capacity for such Entry Point and Day or other period;
- (f) **“Existing Available Holding”** means, in relation to an Entry Point, a User and a Day, the amount, as at the Tariff Regulation Effective Date, of the User’s Available NTS Entry Capacity for such Entry Point and Day;
- (g) **“Annually Auctioned”** NTS Capacity is NTS Capacity allocated by Auction for which the Allocation Frequency (as set out in the Capacity Allocation Table) is Annual;
- (h) **“Premium”** in relation to NTS Capacity:
- (i) in respect of an Interconnection Point, has the meaning given in EID Section B2.1.5(k), but includes any mandatory minimum premium as referred to in EID Section E8.1.2;
  - (ii) which is Annually Auctioned in respect of an Intra-System Entry Point (comprising Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity), means the amount (if any) by which the applicable step price

under TPD Section B2.7 or bid price (as referred to in TPD Section 2.11.3(b)) is greater than the applicable reserve price in the Auction;

(iii) which is allocated pursuant to a PARCA in respect of a Entry Point, means the amount (if any) by which the price of the NTS Entry Capacity (in accordance with paragraph 2.10.3) is greater than the applicable Reserve Price for the Gas Year in which such NTS Entry Capacity is allocated;

(i) **“Forecast Contracted Capacity”** is determined in accordance with paragraph 2.5; and

(j) **“Capacity Weighting”** is determined in accordance with paragraph 2.7.

2.2.3 Where any provision of this Part A-I refers to an amount of NTS Capacity allocated at a NTS Point or NTS Points for a Gas Year or other period, amounts of NTS Capacity of different Durations (as specified in the Capacity Allocation Table) shall be taken into account by averaging such amounts weighted by Duration.

2.2.4 Where any provision of this Part A-I refers to the amount of a User’s Fully Adjusted Available NTS Entry Capacity for a Day at an Entry Point **“Excluding Existing Available Holding”**, such amount shall be determined as the User’s Fully Adjusted Available NTS Entry Capacity for the Day at the Entry Point, less the amount (if any) of the User’s Existing Available Holding for the Day, but not less than zero (0).

## 2.3 Allowed Transmission Services Revenue for the Gas Year

2.3.1 For the purposes of this Part A-I:

(a) the Allowed Transmission Services Entry Revenue (ATSEnR<sub>y</sub>) is determined in accordance with paragraph 1.6.1;

(b) the Allowed Transmission Services Exit Revenue (ATSExR<sub>y</sub>) is determined in accordance with paragraph 1.6.1;

(c) **“Net Allowed Transmission Services Entry Revenue”** (NATSEnR<sub>y</sub>, in £) for a Gas Year is Allowed Transmission Services Entry Revenue less Existing Entry Contract Revenue for that Gas Year;

(d) **“Existing Entry Contract Revenue”** (in £) for a Gas Year is revenue attributable to Existing Registered Holdings of NTS Entry Capacity in relation to that Gas Year.

## 2.4 Reference Price

2.4.1 The Reference Price (RP<sub>En,y</sub>, to be expressed as a daily rate in p/kWh/Day) for an Entry Point for a Gas Year is determined as follows:

$$RP_{En,y} = (AR_{En,y} / NCAP_{En,y}) * RSF_{En,y}$$

where, for the Entry Point and the Gas Year:

$AR_{En,y}$  is Entry Point Allowed Revenue;

$NCAP_{En,y}$  is Net Forecast Contracted Capacity,

and where, for the Gas Year

$RSF_{En,y}$  is the Entry Revenue Scaling Factor.

- 2.4.2 The Reference Price ( $RP_{Ex,y}$ , to be expressed as a daily rate in p/kWh/Day) for an Exit Point for a Gas Year is determined as follows:

$$RP_{Ex,y} = (AR_{Ex,y} / CAP_{Ex,y}) * RSF_{Ex,y}$$

where, for the Exit Point and the Gas Year:

$AR_{Ex,y}$  is Exit Point Allowed Revenue;

$CAP_{Ex,y}$  is Forecast Contracted Capacity,

and where, for the Gas Year

$RSF_{Ex,y}$  is the Exit Revenue Scaling Factor.

- 2.4.3 For the purposes of this paragraph 2.4, in relation to each Gas Year:

- (a) the “**Entry Revenue Scaling Factor**” ( $RSF_{En,y}$ ) is determined as follows:

$$RSF_{En,y} = ATSEnR_y / EstRev_{En,y}$$

- (b) the “**Exit Revenue Scaling Factor**” ( $RSF_{Ex,y}$ ) is determined as follows:

$$RSF_{Ex,y} = ATSExR_y / EstRev_{Ex,y}$$

where, for the Gas Year:

$ATSEnR_y$  is Allowed Transmission Services Entry Revenue;

$ATSExR_y$  is Allowed Transmission Services Exit Revenue,

and where  $EstRev_{En,y}$  and  $EstRev_{Ex,y}$  respectively are the aggregate amounts of Transmission Services Revenue which National Gas Transmission estimates would be earned in the Gas Year by way of Capacity Charges in respect of NTS Entry Capacity or (as the case may be) NTS Exit (Flat) Capacity:

- (i) on the assumption that Reference Prices were set on the basis of an Entry Revenue Scaling Factor or (as the case may be) Exit Revenue Scaling Factor equal to one (1);

- (ii) after taking account of the Duration Multipliers, Interruptible Discounts, and Specific Point Discounts in paragraphs 2.8.2, 2.8.3, and 2.8.4;
- (iii) on the basis of such assumption as National Gas Transmission considers appropriate as to the extent to which Users elect for the CNCC Discount (as provided in paragraph 5);
- (iv) on the basis of Net Forecast Contracted Capacity at each Entry Point and Forecast Contracted Capacity at each Exit Point; and
- (v) disregarding any Premium.

## 2.5 Forecast Contracted Capacity

2.5.1 For the purposes of this paragraph 2, in relation to a NTS Point and a Gas Year:

- (a) the “**Forecast Contracted Capacity**” is the amount determined in accordance with the FCC Methodology to represent the average amount (in kWh/Day) of NTS Capacity forecast to be allocated to Users (pursuant to all applicable Auctions or Allocation Processes) at that NTS Point for that Gas Year, on the basis in paragraph 2.2.3, and
- (b) in the case of an Entry Point:
  - (i) the “**Net Forecast Contracted Capacity**” is the Forecast Contracted Capacity less the Existing Contracted Capacity; and
  - (ii) the “**Existing Contracted Capacity**” is the average amount (in kWh/Day) of NTS Capacity for that Gas Year comprised in Existing Registered Holdings, on the basis in paragraph 2.2.3.

2.5.2 National Gas Transmission shall:

- (a) maintain, keep under review, and consult with Users on any material change (and the effect of such change) in, a methodology (“**FCC Methodology**”) consistent with paragraph 2.5.3 by which expected allocated amounts of NTS Capacity will be forecast as provided in paragraph 2.5.1(a);
- (b) notify Users of any proposed change to the FCC Methodology not less than 40 Business Days before the time specified in paragraph 2.5.3(a) in relation to the Gas Year for (and with effect from) which the changed FCC Methodology is to be effective;
- (c) not make such proposed change to the FCC Methodology if:
  - (i) within 20 Business Days after it notifies Users of the proposed change, a User gives notice to National Gas Transmission to the effect that the

change should not be made (and referring to this paragraph 2.5.2(c));  
 and

- (ii) following such notice the Authority gives Condition A11(18) Disapproval in respect of the proposed change;

- (d) publish the FCC Methodology and all changes made to it.

2.5.3 The FCC Methodology shall:

- (a) take account of historical and forecast data relating to each NTS Point including:
  - (i) forecast demand;
  - (ii) Registered Capacity for which the Capacity Charge is greater than zero;
  - (iii) the quantities of gas delivered or offtaken on past Days; and
  - (iv) the quantities of gas forecast to be delivered or offtaken on future Days.
- (b) reflect National Gas Transmission's estimate of how Users will change their approach to procuring NTS Capacity as a result of the application of the Interruptible Discount (as compared with the 100% discount under the prior methodology).

2.5.4 For each Gas Year, National Gas Transmission shall:

- (a) by the time required to notify Reserve Prices in respect of the first Auction or Allocation Process relating to the Gas Year to be held in the preceding Gas Year, determine in accordance with the FCC Methodology for all NTS Points Forecast Contracted Capacity and (for Entry Points) Net Forecast Contracted Capacity; and
- (b) no later than the Charges Publication Date, publish such values for all NTS Points together with a statement of how the FCC Methodology was applied to determine such values.

**2.6 NTS Point Allowed Revenue**

2.6.1 The “**Entry Point Allowed Revenue**” ( $AR_{En,y}$ , in £) for an Entry Point for a Gas Year is determined as follows:

$$AR_{En,y} = NATSEnR_y * CAPW_{En}$$

where, for the Entry Point and Gas Year:

$NATSEnR_y$  is Net Allowed Transmission Services Entry Revenue; and

$CAPW_{En}$  is the Capacity Weighting determined in accordance with paragraph 2.7.1.

- 2.6.2 The “**Exit Point Allowed Revenue**” ( $AR_{Ex,y}$ , in £) for an Exit Point for a Gas Year is determined as follows:

$$AR_{Ex,y} = ATSE_{Ex,y} * CAPW_{Ex}$$

where, for the Entry Point and Gas Year:

$ATSE_{Ex,y}$  is Allowed Transmission Services Exit Revenue; and

$CAPW_{Ex}$  is the Capacity Weighting determined in accordance with paragraph 2.7.2.

## 2.7 Capacity Weighting

- 2.7.1 The Capacity Weighting ( $CAPW_{En}$ ) for an Entry Point for a Gas Year is determined as follows:

$$CAPW_{En} = NCAP_{En,y} / \sum_{En} NCAP_{En,y}$$

where, for the Entry Point and Gas Year:

$NCAP_{En,y}$  is Net Forecast Contracted Capacity;

and where

$\sum_{En}$  is the sum over all Entry Points.

- 2.7.2 The Capacity Weighting ( $CAPW_{Ex}$ ) for an Exit Point for a Gas Year is determined as follows:

$$CAPW_{Ex} = CAP_{Ex,y} / \sum_{Ex} CAP_{Ex,y}$$

where for the Exit Point and Gas Year:

$CAP_{Ex,y}$  is Forecast Contracted Capacity;

and where

$\sum_{Ex}$  is the sum over all Exit Points.

## 2.8 Reserve Price

- 2.8.1 The “**Reserve Price**” for NTS Capacity (of a Capacity Allocation Type) held or to be held at a NTS Point for a period falling within a Gas Year is determined:

- (a) subject to paragraphs (b) and (c), as the Reference Price for that Gas Year multiplied by the Duration Multiplier applicable to such NTS Capacity in accordance with paragraph 2.8.2;

- (b) subject to paragraph (c), in the case of Interruptible NTS Capacity, as the price determined under paragraph (a) multiplied by  $\{(100 - ID) / 100\}$  where ID is the Interruptible Discount for Entry Points or (as the case may be) for Exit Points in accordance with paragraph 2.8.3; and
- (c) in the case of an Entry Point or Exit Point which is a Storage Site Point, or an Entry Point which is an LNG Importation Terminal Point, as the price determined under paragraph (a) and (where applicable) 0, multiplied by  $\{(100 - SPD) / 100\}$  where SPD is the applicable Specific Point Discount in accordance with paragraph 2.8.4;

provided that if the Reserve Price determined in accordance with the foregoing provisions would be less than 0.0001 p/kWh/Day, the Reserve Price shall be equal to 0.0001 p/kWh/Day.

2.8.2 The “**Duration Multiplier**” applicable for a Gas Year to:

- (a) Annually Allocated NTS Capacity, and NTS Capacity allocated pursuant to a PARCA or pursuant to EID Section E, is one (1); and
- (b) NTS Capacity of each other Duration (as specified in the Capacity Allocation Table) is one (1).

2.8.3 The “**Interruptible Discount**” for Interruptible NTS Capacity for a Gas Year:

- (a) at all Entry Points, is 10%; and
- (b) at all Exit Points, is 10%.

2.8.4 The “**Specific Point Discount**” is:

- (a) for Storage Site Points, 80%; and
- (b) for LNG Importation Terminal Points, zero (0%).

## 2.9 Further pricing terms

2.9.1 The step price for incremental Quarterly NTS Entry Capacity (as referred to in TPD Section B2.12.3(a)(i)) will be the greater of 5% of the applicable Reserve Price and 0.0001 p/kWh/Day.

2.9.2 For the purposes of EID Section B:

- (a) the NTS large price step for an Auction will be the greater of 5% of the applicable Reserve Price and 0.0001 p/kWh/Day subject to National Gas Transmission having the right to amend such percentage in its sole discretion; and

- (b) unless otherwise agreed with the Adjacent TSO in connection with a Bundled Auction, the SPS Fraction will be 1/5,

(and terms in paragraphs (a) and (b) have the meanings given to them in EID Section B). Where National Gas Transmission exercises its discretion to amend the percentage in accordance with this paragraph 2.9.2, National Gas Transmission shall provide supporting information relating to the exercise of such discretion to the extent available and shall provide such information to Users as an accompaniment to the Auction Information in accordance with the relevant timescale detailed in EID Section B4.3.2.

- 2.9.3 The price (for the year of allocation) of NTS Entry Capacity allocated pursuant to a PARCA will be determined in accordance with the prevailing Entry Capacity Release Methodology Statement.

## **2.10 NTS Entry Capacity Retention Charge**

- 2.10.1 For the purposes of TPD Section B2.16 (and the Entry Capacity Substitution Methodology Statement) the amount of the NTS Entry Capacity Retention Charge is 0.2922 pence per kWh/day (being equal to the minimum rate of 0.0001p per kWh/day per day for a period of 32 quarters).

## **3 TRANSMISSION SERVICES REVENUE RECOVERY CHARGES**

### **3.1 Revenue differences**

- 3.1.1 For the purposes of this paragraph 3, in relation to a Gas Year:

- (a) **“Forecast Entry Revenue”** is the aggregate amount of Transmission Services Revenue which National Gas Transmission estimates will be earned by way of Capacity Charges in respect of NTS Entry Capacity for that Gas Year;
- (b) the **“Forecast Entry Revenue Difference”** (FEnRDy) is the amount by which the Forecast Entry Revenue is greater (in which case FEnRDy is positive) or less (in which case FEnRDy is negative) than Allowed Transmission Services Entry Revenue;
- (c) **“Forecast Exit Revenue”** is the aggregate amount of Transmission Services Revenue which National Gas Transmission estimates will be earned by way of Capacity Charges in respect of NTS Exit (Flat) Capacity for that Gas Year;
- (d) the **“Forecast Exit Revenue Difference”** (FExRDy) is the amount by which the Forecast Exit Revenue is greater (in which case FExRDy is positive) or less (in which case FExRDy is negative) than Allowed Transmission Services Exit Revenue;
- (e) **“Forecast Aggregate Fully-Adjusted Entry Capacity”** is the aggregate amount of NTS Entry Capacity (of all Capacity Allocation Types) which National Gas Transmission estimates will be held:

- (a) at Entry Points which are Storage Site Points (FAFStEnC<sub>y</sub>); or
- (b) at Entry Points other than Storage Site Points (FAFNon-StEnC<sub>y</sub>),

for the Gas Year, Fully-Adjusted (as provided in TPD Section B2.1.7(d)) each Day, Excluding Existing Available Holding, on the basis in paragraph 2.2.3; and

- (f) **“Forecast Aggregate Fully-Adjusted Exit Capacity”** is the aggregate amount of NTS Exit (Flat) Capacity (of all Capacity Allocation Types) which National Gas Transmission estimates will be held:

- (a) at Exit Points which are Storage Connection Points (FAFStExC<sub>y</sub>); or
- (b) at Exit Points other than Storage Site Points (FAFNon-StExC<sub>y</sub>),

for the Gas Year, Fully-Adjusted (as provided in TPD Section B3.8.6(c)) each Day, on the basis in paragraph 2.2.3.

- 3.1.2 In estimating Forecast Entry Revenue, National Gas Transmission will not take account of estimated net revenue in respect of NTS Entry Capacity Retention Charges (such amounts being assumed not to be significant for these purposes).

### 3.2 Determination of Transmission Services Revenue Recovery Charges

- 3.2.1 In relation to each Gas Year, the Base Applicable Daily Rate of the Entry Transmission Services Revenue Recovery Charge (BEnRRC<sub>y</sub>, to be expressed as a daily rate in p/kWh/Day) is determined such that:

$$(FAFNon-StEnC_y * BEnRRC_{y,y}) + (FAFStEnC_y * (BEnRRC_y * (100 - SPD) / 100)) = FEnRD_y$$

where

SPD is the Specific Point Discount for Storage Site Points in accordance with paragraph 2.8.4.

- 3.2.2 In relation to a Gas Year, the Applicable Daily Rate of the Entry Transmission Services Revenue Recovery Charge:

- (a) in respect of Entry Points other than Storage Site Points, is the Base Applicable Daily Rate;
- (b) in respect of Entry Points which are Storage Site Points, is the Base Applicable Daily Rate multiplied by  $\{(100 - SPD) / 100\}$  where SPD is the applicable Specific Point Discount.

3.2.3 The Entry Transmission Services Revenue Recovery Charge is payable by Users to National Gas Transmission where it is negative and to Users by National Gas Transmission where it is positive.

3.2.4 In relation to each Gas Year, the Base Applicable Daily Rate of the Exit Transmission Services Revenue Recovery Charge (BExRRC<sub>y</sub>, to be expressed as a daily rate in p/kWh/Day) is determined such that:

$$(FAFNon-StExC_y * BExRRC_{y,y}) + (FAFStExC_y * (BExRRC_y * (100 - SPD) / 100)) = FExRD_y$$

where

SPD is the Specific Point Discount for Storage Site Points in accordance with paragraph 2.8.4.

3.2.5 In relation to a Gas Year, the Applicable Daily Rate of the Exit Transmission Services Revenue Recovery Charge:

- (a) in respect of Exit Points other than Storage Site Points, is the Base Applicable Daily Rate;
- (b) in respect of Exit Points which are Storage Site Points, is the Base Applicable Daily Rate multiplied by  $\{(100 - SPD) / 100\}$  where SPD is the applicable Specific Point Discount.

3.2.6 The Exit Transmission Services Revenue Recovery Charge is payable by Users to National Gas Transmission where it is negative and to Users by National Gas Transmission where it is positive.

3.2.7 For each Gas Year, National Gas Transmission shall, no later than the Charges Publication Date, determine and publish the Applicable Daily Rates of the Entry Transmission Services Revenue Recovery Charge and the Exit Transmission Services Revenue Recovery Charge together with an explanation of the basis on which such charges have been determined.

### 3.3 Subsequent revision

3.3.1 In relation to a Gas Year, if (after determining the Entry Transmission Services Revenue Recovery Charge or the Exit Transmission Services Revenue Recovery Charge under paragraph 3.2) National Gas Transmission considers that any of its estimates made (as referred to in paragraph 3.1.1) for the purposes of determining such charge is or will prove to be materially inaccurate, National Gas Transmission may revise such estimates and determine and apply a revised Entry Transmission Services Revenue Recovery Charge or Exit Transmission Services Revenue Recovery Charge in accordance with paragraph 1.10 and this paragraph 3.3.

- 3.3.2 Where National Gas Transmission proposes to revise the Entry Transmission Services Revenue Recovery Charge or Exit Transmission Services Revenue Recovery Charge for a Gas Year pursuant to this paragraph 3.3, National Gas Transmission shall, consistent (but subject as provided in paragraph (b) below) with the requirements of Standard Special Condition A4(2)(d) and (e):
- (a) give a first notice setting out the reasons for the revision, the proposed Revision Month and an estimate of the revised Entry Transmission Services Revenue Recovery Charge or Exit Transmission Services Revenue Recovery Charge;
  - (b) where it decides to make such revision, give notice (not less than two months before the first Day of the Revision Month, as provided in TPD Section B1.8.2(a)) setting out the Revision Month and the revised Entry Transmission Services Revenue Recovery Charge or Exit Transmission Services Revenue Recovery Charge.

## **4 NON-TRANSMISSION SERVICES CHARGES**

### **4.1 Introduction**

4.1.1 This paragraph 4 sets out the basis on which Non-Transmission Services Charges are determined.

4.1.2 Non-Transmission Services Charges comprise:

- (a) the following specific charges:
  - (i) St Fergus Compression Charge;
  - (ii) NTS Meter Maintenance Charges;
  - (iii) DN Pensions Deficit Charges;
  - (iv) Shared Supply Meter Point Administration Charges;
  - (v) Allocation Charges at Interconnection Points; and
- (b) General Non-Transmission Services Charges.

4.1.3 For each Gas Year, National Gas Transmission shall, no later than the Charges Publication Date, determine and publish each of the Non-Transmission Services Charges together with an explanation of the basis (including the assumptions) on which each of such charges has been determined.

### **4.2 St Fergus Compression Charges**

4.2.1 The “**St Fergus Compression Charge**” is a charge in respect of the delivery of gas to the NTS at the NTS System Entry Point (“**SFCC System Entry Point**”) for the North Sea Midstream Partners sub-terminal at St Fergus (at which the Gas Entry Conditions as

to minimum delivery pressure were set on the assumption of additional compression within the NTS).

- 4.2.2 The St Fergus Compression Charge (SFCCy, to be expressed in p/kWh) for a Gas Year determined as follows:

$$\text{SFCCy} = \text{ECy} / \text{EQy}$$

where:

ECy is the aggregate amount, as estimated by National Gas Transmission, of St Fergus Compression Costs for the Gas Year; and

EQy is the aggregate quantity, as estimated by National Gas Transmission, of gas that will be delivered to the NTS at the SFCC System Entry Point in the Gas Year.

- 4.2.3 “**St Fergus Compression Costs**” are the additional variable costs that will be incurred by National Gas Transmission in respect of compression of gas in the NTS as a result of the delivery of gas at the SFCC System Entry Point.

- 4.2.4 The St Fergus Compression Charge for a Gas Year is subject to revision within the Gas Year as provided in paragraph 4.8.

#### **4.3 NTS Meter Maintenance Charges**

- 4.3.1 The “**NTS Meter Maintenance Charge**” is a charge payable by the Registered User of a NTS Supply Meter Point at which of NGNTS Supply Meter Installation is installed.

- 4.3.2 A “**NGNTS Supply Meter Installation**” is a Supply Meter Installation (including telemetry or datalogger) owned by National Gas Transmission and installed at a NTS Supply Meter Point.

- 4.3.3 The NTS Meter Maintenance Charge (in £/year) for a Gas Year is determined by:

- (a) determining the aggregate cost, as estimated by National Gas Transmission, that National Gas Transmission will incur in the Gas Year in maintaining all NGNTS Supply Meter Installations; and
- (b) apportioning such estimated aggregate cost between all NGNTS Supply Meter Installations, on an equal basis or such other basis as National Gas Transmission determines to be appropriate.

#### **4.4 DN Pensions Deficit Charges**

- 4.4.1 The “**DN Pension Deficit Charge**” is a charge, payable by a DN Operator to National Gas Transmission, to allow National Gas Transmission to recover that part of the allowance, in the Maximum NTS Transportation Owner Revenue, for the part-funding

of the deficit in the NGUK Pension Scheme, that relates to pension deficit costs associated with former employees of that DN Operator.

- 4.4.2 The DN Pension Deficit Charge is determined (in £/year) for a Gas Year and for each DN Operator:
- (a) so as to reflect the Authority's decision in 2007 to allow the recovery of such pension deficit costs by such a charge to DN Operators;
  - (b) by setting a fixed charge for each consecutive three-year period with an annual inflation adjustment within the three-year period; and
  - (c) with a true-up adjustment (reflecting differences between actual costs and the fixed charge) following each such three-year period.
- 4.4.3 The DN Pension Deficit Charge is not payable by a DN Operator which (with effect from 1 April 2017) directly bears the funding costs of the deficit referred to in paragraph 4.4.1; but without prejudice to charges in respect of the true-up adjustment (as referred to in paragraph 4.4.2(c)) relating to prior periods.

#### **4.5 Shared Supply Meter Point Administration Charges**

- 4.5.1 **“Shared Supply Meter Point Administration Charges”** are charges payable by each Registered User of a Shared Supply Meter Point in respect of the implementation of the provisions of the Code (including without limitation TPD Section G1.7) relating to Shared Supply Meter Points, comprising a charge for establishing a Supply Meter Point as a Shared Supply Meter Point, a charge for a change in the Sharing Registered Users of a Shared Supply Meter Point, and a daily charge for the implementation of the allocation rules under TPD Section G1.7.
- 4.5.2 Shared Supply Meter Point Administration Charges is determined (in £ per User, or £ per Supply Meter Point per User per Day, as applicable) for a Gas Year based on the amount of the charges expected to be payable (in respect of the relevant Agency Service) by National Gas Transmission to the CDSP under the DSC.

#### **4.6 Interconnection Point Allocation Charges**

- 4.6.1 **“Interconnection Point Allocation Charges”** are charges (comprising an initial 'set-up' charge for a User, and ongoing charges) payable by Users in respect of the implementation of the provisions of EID Section D in respect of allocation at Interconnection Points.
- 4.6.2 For the purposes of this paragraph 4.6 (and other provisions relating to Interconnection Point Allocation Charge) references to an Interconnection Point are (where applicable) to each NTS System Exit Point comprised in an Aggregate NTS Exit Point separately.

#### **4.7 General Non-Transmission Services Charge**

- 4.7.1 The **“General Non-Transmission Services Charge”** is a charge in respect of system operation of the NTS (with the aim of National Gas Transmission recovering Allowed Non-Transmission Services Revenue which is not recovered by the specific Non-Transmission Services Charges set out above).
- 4.7.2 For the purposes of this paragraph 4.7, in relation to a Gas Year:
- (a) the Allowed Non-Transmission Services Revenue (ANTSR<sub>y</sub>) is determined in accordance with paragraph 1.6.1;
  - (b) the **“Forecast Aggregate NTS Quantity”** is the sum of:
    - (i) the aggregate quantity of gas which National Gas Transmission estimates will be delivered by Users to the NTS at all Entry Points in the Gas Year, excluding Excluded Storage Quantities; and
    - (ii) the aggregate quantity of gas which National Gas Transmission estimates will be offtaken by Users from the NTS at all Exit Points in the Gas Year, excluding Excluded Storage Quantities; and
  - (c) the **“Net Allowed Non-Transmission Services Revenue”** is the Allowed Non-Transmission Services Revenue less the sum of:
    - (i) Forecast NTS Meter Maintenance Revenue (as provided in paragraph 1.5.1(e));
    - (ii) Forecast DN Pension Deficit Revenue (as provided in paragraph 1.5.1(f));
    - (iii) the revenue which National Gas Transmission estimates will be derived from St Fergus Compression Charges in the Gas Year;
    - (iv) the revenue which National Gas Transmission estimates will be derived from Shared Supply Meter Point Administration Charges in the Gas Year; and
    - (v) the revenue which National Gas Transmission estimates will be derived from at Interconnection Point Allocation Charges in the Gas Year.
- 4.7.3 The General Non-Transmission Services Charge for a Gas Year (GNTSC<sub>y</sub>, to be expressed in p/kWh) is determined as follows:

$$\text{GNTSC}_y = \text{NANTSR}_y / \text{FANQ}_y$$

where, for Gas Year y:

NANTSR<sub>y</sub> is Net Allowed Non-Transmission Services Revenue;

FANQ<sub>y</sub> is Forecast Aggregate NTS Quantity.

4.7.4 The General Non-Transmission Services Charge is a Commodity Charge and is payable in respect of Entry Points and Exit Points.

4.7.5 The General Non-Transmission Services Charge for a Gas Year is subject to revision within the Gas Year as provided in paragraph 4.8.

#### **4.8 Subsequent revision of certain Non-Transmission Services Charges**

4.8.1 In relation to a Gas Year, if (after determining the St Fergus Compression Charge under paragraph 4.2 or the General Non-Transmission Services Charge under paragraph 4.7) National Gas Transmission considers that any of its estimates made (as provided in paragraph 4.2.2 or paragraph 4.7.2 or the provisions therein referred to) for the purposes of determining either such charge is or will prove to be materially inaccurate, National Gas Transmission may revise such estimates and determine and apply a revised St Fergus Compression Charge or (as the case may be) General Non-Transmission Services Charge in accordance with paragraph 1.10 and this paragraph 4.8.

4.8.2 Where National Gas Transmission proposes to revise the St Fergus Compression Charge or General Non-Transmission Services Charge for a Gas Year pursuant to this paragraph 4.8, National Gas Transmission shall, consistent (but subject as provided in paragraph (b) below) with the requirements of Standard Special Condition A4(2)(d) and (e):

- (a) give a first notice setting out the reasons for the revision, the proposed Revision Month and an estimate of the revised St Fergus Compression Charge or General Non-Transmission Services Charge; and
- (b) where it decides to make such revision, give notice (not less than two months before the first Day of the Revision Month, as provided in TPD Section B1.8.2(a)) setting out the Revision Month and the revised St Fergus Compression Charge or General Non-Transmission Services Charge.

## **5 CONDITIONAL NTS CAPACITY CHARGE DISCOUNT**

### **5.1 General**

5.1.1 A User may elect to pay Capacity Charges at a discounted rate, determined in accordance with this paragraph 5, in respect of certain Registered NTS Capacity at an Entry Point and Exit Point which meet the CNCCD Eligibility Criteria, by CNCCD Election subject to and in accordance with TPD Section B9.

5.1.2 Where a User has made a valid CNCCD Election in respect of an Entry Point and Exit Point:

- (a) a discount factor (the Conditional NTS Capacity Charge Discount, “**CNCC Discount**”) shall be determined in accordance with this paragraph 5;
- (b) the “**Discounted Applicable Daily Rate**” of the NTS Capacity Charge payable in respect of such Entry Point or Exit Point is the rate determined (under

paragraph 2.1.4 or 2.1.6) as the Applicable Daily Rate, or where applicable determined under paragraph 5.1.4, on the basis that the applicable Reserve Price (as referred to in paragraph 2.1.4 or 2.1.6 or in accordance with paragraph 5.1.4) is discounted by the applicable CNCC Discount as follows:

$$RP = RP' * (1 - CNCCD)$$

where

RP is the discounted Reserve Price to be used to determine the Discounted Applicable Daily Rate;

RP' is the Reserve Price determined in accordance with this Section Y;

CNCCD is the applicable CNCC Discount (rounded to two decimal places)

(and for the avoidance of doubt the CNCC Discount does not apply to any Premium).

- 5.1.3 The prices determined under paragraph 5.1.2(b), in pence per kWh/Day, shall be rounded to:
- (a) 6 decimal places (that is, to the nearest 0.000001p) for Intra-System NTS Points; and
  - (b) 10 decimal places (that is, to the nearest 0.0000000001p) for Interconnection Points.
- 5.1.4 In relation to NTS Entry Capacity allocated in an Auction under which the Capacity Charge is determined on the basis of the User's bid price:
- (a) the Applicable Daily Rate shall be treated as divided into:
    - (i) the amount of the applicable Reserve Price, and
    - (ii) any amount of such rate in excess of the applicable Reserve Price (a deemed premium);
  - (b) the Discounted Applicable Daily Rate shall be determined by discounting the applicable Reserve Price in accordance with paragraph 5.1.2(a) and adding back any deemed premium under paragraph (a)(ii).
- 5.1.5 The criteria ("**CNCCD Eligibility Criteria**") for an Entry Point and an Exit Point to be eligible for the CNCC Discount are that:
- (a) the Entry Point is a NTS Aggregate System Entry Point other than a Storage Connection Point (an "**Eligible Entry Point**");
  - (b) the Exit Point is an NTS Exit Point other than a NTS/LDZ Offtake or a Storage Connection Point (an "**Eligible Exit Point**");

- (c) the Straight Line Distance (determined in accordance with Section B9) between the Entry Point and the Exit Point is not greater the DCSL Distance; and
- (d) the amount of the CNCC Discount (determined under this paragraph Y) is greater than zero (0).

**5.2 DCSL Distance**

5.2.1 The “**DCSL Distance**” (due cross-subsidy limit distance) (CSL) is 28 kilometers.

**5.3 Maximum and minimum discount**

5.3.1 The maximum value (“**Maximum Available Discount**”) of the CNCC Discount is 0.9 (zero decimal nine).

5.3.2 The minimum value (“**Minimum Available Discount**”) of the CNCC Discount is 0.1 (zero decimal one).

**5.4 Calculation of CNCC Discount**

5.4.1 Subject to paragraphs 5.4.2 and 5.4.3, the CNCC Discount (CNCCD) for an Entry Point and Exit Point is calculated as follows:

$$CNCCD = \left\{ \left( \frac{1}{e^{\left( \frac{1.6094}{CSL} \right) SLD}} \right) \right\} - (1 - MDA)$$

where

CSL is the DCSL Distance;

SLD is the Straight Line Distance (determined in accordance with TPD Section B9) for the Entry Point and Exit Point;

MDA is the Maximum Available Discount.

5.4.2 If the value calculated under paragraph 5.4.1 is less than the Minimum Available Discount, then the CNCC Discount shall be zero (0).

**5.5 Annual update**

5.5.1 National Gas Transmission will, not later than 1 August in each Gas Year, give notice to each User which has made a CNCCD Election which is then in force (and is not subject of a notice of termination effective before the end of that Gas Year) if:

- (a) the CNCC Discount of the User in respect of the Entry Point and Exit Point to which the CNCCD Election relates will change in the following Gas Year and if so what the new CNCC Discount will be; or

- (b) the CNCCD Eligibility Criteria in respect of the Entry Point and Exit Point to which the CNCCD Election relates will no longer be met in the following Gas Year.

## **5.6 Periodic Review**

- 5.6.1 National Gas Transmission will from time to time review, in consultation with Users, the rules for calculating CNCC Discounts under this paragraph 5, including the value of the DSCL Distance; but any modification of such rules may only be made by Code Modification.



## **PART A-II – THE GAS TRANSMISSION CONNECTION CHARGING METHODOLOGY**

### **SECTION 1 - INTRODUCTION**

1. This Methodology which is published in accordance with Standard Licence Condition 4B of the Licence applies exclusively to Design Works and Construction Works associated with:
  - a) new NTS connections;
  - b) modifications to existing NTS connection apparatus;
  - c) disconnections of existing NTS connection apparatus; and
  - d) diversions of sections of the NTS.
2. It should be noted that in addition to a physical connection to the NTS, the following additional requirements also need to be satisfied before gas can flow through that connection as specified in the Network Code:
  - a) National Gas Transmission will require Users at the connection point (or DNs in the case of Exit capacity for NTS/LDZ Offtakes) to acquire the appropriate Entry and/or Exit capacity in accordance with the Network Code and the ECR and ExCR methodology statements;
  - b) National Gas Transmission will require a customer to enter into a Supply Point Network Exit Agreement (NExA), Connected System Exit Point (CSEP) NExA, NTS/LDZ Supplemental Agreement, Network Entry Agreement (NEA), Interconnector Agreement or Storage Connection Agreement (SCA), as appropriate.
3. It should also be noted that the following Reinforcement will be triggered as a result of the release of Entry and Exit Capacity and not as part of the connection process:
  - a) For Entry Capacity – all necessary Reinforcement;
  - b) For Exit Capacity – only that Reinforcement that is needed upstream of the Connection Charging Point (“CCP”).



**SECTION 2 - PRINCIPLES**

4. National Gas Transmission shall be entitled to recover in respect of:
  - a) Standard Design Connections:
    - (i) Fixed Costs only in relation to Design Works;
    - (ii) Actual Costs in relation to Construction Works;
  - b) Non-Standard Design Connections Actual Costs for both Design Works and Connection Works

National Gas Transmission will recover the Actual Costs incurred when it carries out Construction Works in relation to both Non-Standard Design Connections and Standard Design Connections. Actual Costs are recovered on a cost pass-through basis.

5. In relation to Standard Design Connections and Non-Standard Design Connections National Gas Transmission's Actual Costs will reflect the cost of labour, materials, and any other expenses required to carry out the work to the customer's requirements including applicable Lane Rental Charges. Each cost element will carry an appropriate level of overhead.
6. National Gas Transmission will calculate Estimated Costs and Actual Costs using:
  - a) National Gas Transmission's fully absorbed direct costs associated with undertaking any works, i.e. including appropriate overhead costs;
  - b) Individually tendered rates for indirect costs, and
  - c) Any other costs not included above related to the provision of connection activities.
7. National Gas Transmission may carry out work additional to that which is required to meet the requirements of the customer (in relation to both Standard Design Connections and Non-Standard Design Connections) to ensure that it develops the NTS in an economic and efficient manner. Where this occurs, the cost of any additional works will not be charged to the customer.
8. All charges are made subject to the appropriate Standard Conditions of Contract (SCCs), which will be made available on request in respect of specific projects.
9. Quotations will identify any assumptions that are used in the determination of the Estimated Costs.
10. National Gas Transmission will enter into commercial agreements with customers in relation to Non-Standard Design Connections and Standard Design Connections on the basis of Estimated Costs, and will seek an advance payment of these Estimated Costs in accordance with both the relevant commercial agreement and National Gas Transmission's prevailing credit policy.
11. However, to ensure that the Actual Costs of the project are recovered as described in paragraph 4 above, when final payment is due, as specified in the relevant commercial agreement, National Gas Transmission will compare Actual Costs with Estimated Costs invoiced to date and charge for the additional costs incurred or refund any overpayment,

as may be the case.

## SECTION 3 - CONNECTION CHARGING METHODOLOGY

### Design Philosophy

13. Design Works rely upon information provided by the customer and will also use other publicly available information as well as information relating to the NTS.
14. National Gas Transmission will construct apparatus on a least project cost 'fit for purpose' basis taking into account the customer's requirements and its relevant Licence obligations. Where there are different fit for purpose design solutions, which meet a customer's requirements, National Gas Transmission will base the charge to the customer on the solution with the lowest overall cost of construction. However, National Gas Transmission may choose to implement a solution that has a lower whole-life cost, with the balance of the cost of construction being met by National Gas Transmission.
15. The term 'fit for purpose' refers to a design that will safely transport the requisite quantity of gas at an appropriate pressure throughout the life of the apparatus taking into account the Gas Act requirement for economic pipe-line system development.

### Design Charges

16. The Estimated Costs in respect of Design Works will be identified within quotations provided by National Gas Transmission. These quotations will be dependent upon the information provided by the customer, other publicly available information and information relating to the NTS.
17. If the Customer subsequently changes the data on which National Gas Transmission has based the Estimated Costs, then the Estimated Costs will be updated accordingly
18. National Gas Transmission will complete the Design Works before the Construction Works are commenced and irrespective of whether the Construction Works take place at a later date. The customer will be required to pay the Actual Costs of the Design Works.
19. In instances where the known requirements of a connection are insufficient to enable progression straight to a Conceptual Design Study, an initial Feasibility Study may be undertaken in order to refine the potential options and associated Estimated Costs for the Conceptual Design Works and Construction Works stages. Customers may also request a Feasibility Study to analyse potential connections options.
20. For the avoidance of doubt a Feasibility Study will be subject to a separate commercial agreement from the Conceptual Design Study.
21. If, as agreed with the customer, the Design Works are split into stages, e.g. Feasibility Study followed by Conceptual Design Study then National Gas Transmission will provide the Estimated Costs and timescales for undertaking each study in turn prior to entering into each agreement. The customer will be obliged to have paid the Actual Costs of each stage before the commencement of a subsequent phase.
22. Where the customer requests National Gas Transmission to design a System Extension to the customer's premises, National Gas Transmission will supply the customer with a copy of the design report once a study has been completed. Should the customer not choose National Gas Transmission to construct the System Extension, then the customer

may use the information in this report, under licence, in respect of the hire of an alternative provider to construct the pipeline. Should the customer choose to use an alternative provider to construct the pipeline, then the customer must inform National Gas Transmission and ask for a revised quotation for the connection.

### **Construction Charges**

23. The Estimated Costs in respect of Construction Works will be identified in a quotation provided by National Gas Transmission and will be based on the best information available to National Gas Transmission, including wherever possible, utilising the costs of recent similar projects.
24. The output of a related Conceptual Design Study will normally include a more accurate value for the Estimated Costs of the Construction Works.
25. The customer will be required to pay the Actual Costs of the Construction Works.

### **NTS Connections: Connection Offers and Application Fees**

- 25A. National Gas Transmission shall establish, publish and review the types of NTS Connections and the fixed Initial Connection Offer Connection Application Fee payable by the Connection Applicant as follows:
  - (a) on an annual basis to reflect any changes to National Gas Transmission staff costs; or
  - (b) on an ad-hoc basis where a modification is made to the contents of Section V, paragraph 13 - NTS Connections.
- 25B. The Connection Application Fee for a Connection Offer shall reflect the average National Gas Transmission fully absorbed costs required to produce the information contained in a Connection Offer.

### **Remotely Operable Valve (ROV) Installations**

- 26A. Subject to paragraph 27 and unless National Gas Transmission determines that a manually operated valve installation shall be installed rather than an ROV installation, all new connections will include an ROV Installation which may be situated either:
  - a) at a point on the NTS, where the customer wishes to:
    - i. construct and connect a pipeline with a view to owning and operating the pipeline (such pipeline would not be a System Extension as it would not be owned and operated by National Gas Transmission), or
    - ii. construct and connect a pipeline with the intention that it will transfer to National Gas Transmission under a Taking Ownership Agreement (in which case it would become a System Extension); or
  - b) at the termination point of a System Extension constructed by National Gas Transmission.
- 26B. The costs of the ROV Installation, or manually operated valve installation, will form a part of the connection charge irrespective of whether the connection is for Exit, Entry or Bidirectional purposes.
27. Where a connection is requested at or adjacent to an existing National Gas Transmission

site, National Gas Transmission will at its sole discretion determine the most appropriate point and design of the connection taking into account potential costs of connection, future operational costs, security of supply and operational flexibility.

28. National Gas Transmission does not provide gas flow and energy measurement equipment for transmission connections.
29. In addition to the equipment provided by National Gas Transmission, there are several technical requirements that a customer must fulfil if it is to have a connection to the NTS. These relate principally to the customer's metering and telemetry equipment and, where relevant, Gas Quality Instrumentation.

#### **Gas Quality Instrumentation for Entry and Bidirectional connections**

30. All connections that are to be used for the entry of gas to the NTS require Gas Quality Instrumentation to be installed by the customer.
31. National Gas Transmission's requirements in respect of the quality of gas entering the NTS are contained in the Gas Ten Year Statement,

#### **System Extensions and Reinforcement for Entry (including the Entry element of Bidirectional) connections**

32. The need for System Extensions and Reinforcement to accommodate Entry flows at the connection point will be determined when National Gas Transmission receives auction signals for incremental Entry Capacity in accordance with the Licence and Network Code.
33. The costs of System Extension and/or Reinforcement will not be charged to the customer within the connection charge, but will instead be taken into account in the auction price applicable in any capacity auction.
34. Where separately identifiable Reinforcement is required only to accommodate Exit flows to a Bidirectional connection, then this Reinforcement will be dealt with under the section below.

#### **System Extensions and Reinforcements for Exit (including the Exit element of Bidirectional) connections**

35. System Extensions for Exit purposes are treated as a component of connection apparatus (unless provided by the customer) and their costs form part of the connection charge as discussed in section 'Design Charges' above.
36. The need for Reinforcement to accommodate Exit flows at the connection point will be determined when National Gas Transmission receives the appropriate signals for Incremental Exit Capacity in accordance with the Licence and Network Code.
37. National Gas Transmission apportions the cost of Reinforcement according to its location in relation to the Connection Charging Point ("CCP"). Reinforcement downstream of the CCP is charged to the customer under the terms of this Statement and will form part of the connection. Reinforcement upstream of the CCP is not directly charged but may be funded by National Gas Transmission where required to enable the provision of capacity under the terms of the ExCR methodology statement.

38. The System Extension element is the only component that can be provided by the customer.

### **Quotation Assumptions**

39. Quotations for Design Studies and/or Construction Works will include a statement to the effect that the customer, in accepting the quotation will also be accepting that the assumptions are appropriate and understood. If it is determined later that any stated assumption is incorrect, National Gas Transmission will determine in accordance with the Standard Conditions of Contract (SCCs) whether the Estimated Costs should be varied and the customer will be informed. In such circumstances, National Gas Transmission may cease or delay works pending the customer's acceptance of any increased Estimated Costs.

### **Taking Ownership of Connection Apparatus**

40. Subject to the conditions detailed below, National Gas Transmission will take ownership of fit for purpose connection apparatus that is connected to the NTS and that is not intended to be operated by another system operator (e.g. a Connected System Operator that has received a Gas Act derogation).
41. Conditions relating to taking ownership:
- a) National Gas Transmission and the customer must have entered into a Taking Ownership Agreement before any works are undertaken in respect of the design or construction of any apparatus that the customer wishes National Gas Transmission to take into ownership. The Taking Ownership Agreement will allow National Gas Transmission to carry out audit work at all stages of the project from design through to construction and commissioning in order to determine whether the apparatus to be installed by the customer and adopted by National Gas Transmission is fit for purpose.
  - b) The apparatus shall **NOT**:
    - i. be designed to operate at pressures below those normally found in the NTS at the connection point;
    - ii. form part of a system of pipes that includes any apparatus that will become a connected system that will not also be owned by National Gas Transmission;
    - iii. include gas flow, energy measurement and associated equipment; and
    - iv. include apparatus that is not fit for purpose.
42. National Gas Transmission will charge for audit work carried out under a Taking Ownership Agreement. Charges will be based upon the cost of employing National Gas Transmission staff together with any costs incurred by service providers employed by National Gas Transmission and will include an appropriate level of overhead charges.

#### **SECTION 4 – DISCONNECTION, DIVERSION AND MODIFICATION OF GAS CONNECTION APPARATUS**

43. In general, National Gas Transmission will follow the same principles that it applies to connection works in respect of charges for disconnection, diversion and modification services, subject to appropriate commercial arrangements.
44. The precise nature of these works is likely to vary from project to project. Therefore, in order to determine the estimated charges for these works, it may be necessary for National Gas Transmission to undertake an assessment of the potential options under a Feasibility Study agreement, which the customer will be responsible for funding. The Customer may also wish to request a Feasibility Study in order to understand the potential options and to provide the Estimated Costs of the remaining Design Works phases and Construction Works. National Gas Transmission will provide an estimate of the charges and timescales for undertaking such an assessment prior to entering into an agreement.



**SECTION 5: RESERVATION OF CAPACITY THROUGH A PARCA**

**45. Phase 1 PARCA Works**

- a) The PARCA Application Fee will be:
  - i. shall be in accordance with the schedule of fees set out in the prevailing 'Statement for Gas Transmission Connection Charging' document published by National Gas Transmission in accordance with Standard Licence Condition 4B of National Gas Transmission's Transporters Licence; and
  - ii. shall be determined in respect of a PARCA Application by reference to the indicative Capacity Indicator notified by National Gas Transmission in accordance with Section B1.14.16;
  - iii. shall be subject to an appropriate adjustment (in accordance with the schedule of fees set out in the prevailing 'Statement for Gas Transmission Connection Charging' document) where a PARCA Application is assigned (or re-assigned) a Capacity Indicator (which differs from the indicative or prevailing assigned Capacity Indicator) in accordance with Sections B1.15.9 or B1.15.11.
- b) Actual costs of the Phase 1 PARCA Works will be assessed and the difference (if any) between the PARCA Application Fee and the actual costs incurred by National Gas Transmission to complete Phase 1 PARCA Works will either:
  - i. in case the Phase 1 PARCA Works are in excess of the PARCA Application Fee, be invoiced to the PARCA Applicant; or
  - ii. in case the PARCA Application Fee exceeds the Phase 1 PARCA Works, be refunded by National Gas Transmission to the PARCA Applicant.
- c) The PARCA Application Fee payable by the PARCA Applicant will be reviewed, updated and published on an annual basis to reflect any changes to National Gas Transmission costs associated with completing Phase 1 PARCA Works.

**46. Phase 2 – Reservation of Capacity under the PARCA**

- a) The amount required to be covered by the PARCA Applicant will be the PARCA security amount ("**Total PARCA Security Amount**"). The Total PARCA Security Amount will be calculated and phased as follows:
  - i. for Exit Capacity:

$$\text{Total PARCA Security Amount (£)} = (\text{PSAex} / 100) \times \text{Qex} \times 365$$

Where:

PSAex = the weighted average price of registered annual and enduring NTS Exit (Flat) Capacity, to be 0.0079 (p/kWh/Day), until values are published in the Transportation Statement. National Gas Transmission is to be required to publish this value in all future Transportation Statements and it shall be calculated as:

$$PSA_{ex} = \frac{\sum_{j=1}^n (Exit\ Reg\ Cap_j * Exit\ Price_j)}{\sum_{j=1}^n (Exit\ Reg\ Cap_j)}$$

Where:

$ExitRegCap_j$  = The Registered Annual plus Enduring Annual NTS Exit (Flat) Capacity plus any other Annual Yearly and Annual Quarterly capacity registered pursuant to the processes set out under the European Interconnection Document, as at the time of publication of actual charges, for each NTS Exit Point j.

$ExitPrice_j$  = The prevailing Applicable Daily Rate, in accordance with Transportation Statement for each NTS Exit Point j.

$Q_{ex}$  = the maximum amount of NTS Exit Capacity to be Reserved by the PARCA Applicant (kWh/Day) as specified in the Phase 1 PARCA Works Report

ii. for Entry Capacity:

$$\text{Total PARCA Security Amount (£)} = (PSA_{en} / 100) \times Q_{en} \times 365$$

Where:

$PSA_{en}$  = the weighted average price of Registered Quarterly NTS Entry Capacity, to be 0.0098 (p/kWh/Day), until values are published in the Transportation Statement.

National Gas Transmission is to be required to publish this value in all future Transportation Statements and it shall be calculated as:

$$PSA_{en} = \frac{\sum_{i=1}^n (Exit\ Reg\ Cap_i * Entry\ Price_i)}{\sum_{i=1}^n (Exit\ Reg\ Cap_i)}$$

Where:

$EntryRegCap_i$  = The Registered NTS Entry Capacity booked through the QSEC and AMSEC processes, and any other Annual Yearly and Annual Quarterly capacity booked through the processes set out under the European Interconnection Document, as at the time of publication of actual charges, for each ASEP i.

$EntryPrice_i$  = The prevailing MSEC reserve price or, in respect of an Interconnection Point, the prevailing reserve price for the Annual Yearly and Annual Quarterly capacity reserved in terms of the processes set out under the European Interconnection Document in accordance with the Transportation Statement for ASEP i.

$Q_{en}$  = the maximum amount of NTS Entry Capacity to be Reserved by the PARCA Applicant (kWh/Day), in any one quarter as specified in the Phase 1 PARCA Works Report

iii. Annual Phasing:

The Total PARCA Security Amount will be phased on an annual basis as an annual requirement in accordance with the following:

Amount of Total PARCA Security Amount for Year Y = Total PARCA Security Amount x 0.25

Amount of Total PARCA Security Amount for Year Y+1 = Total PARCA Security Amount x 0.50

Amount of Total PARCA Security Amount for Year Y+2 = Total PARCA Security Amount x 0.75

Amount of Total PARCA Security Amount for Year  $\geq$  Y+3 = Total PARCA Security Amount x 1.0

Where Year Y is the period of 12 (twelve) calendar months from, and including, the calendar month in which the PARCA was countersigned.

- b) Should the PARCA be terminated prior to the allocation of the reserved capacity then, subject to the provisions in the PARCA, the PARCA Applicant will be liable for the PARCA termination amount (“**PARCA Termination Amount**”) which is calculated in accordance with paragraph 46 (c).
- c) In the event of a PARCA termination and subject to the provisions in the PARCA, a PARCA Termination Amount will be invoiced to the PARCA Applicant and will take into account the effective day of the PARCA termination e.g. if PARCA phase 2 began on January 1<sup>st</sup> 2015 and PARCA terminates 31<sup>st</sup> January, the no. of days = 31
  - i. PARCA Termination Amount = min of ((Total PARCA Security Amount / 1461\*) x no. of days) or Total PARCA Security Amount

Where \*1461 = 4 years in days

Where no. of days = number of days between and including the date the PARCA is countersigned and the date the PARCA terminates.



## Appendix A – Definitions

1. **Actual Costs** are the costs efficiently incurred, in line with Section 1 of this Statement, by National Gas Transmission in carrying out the Design Works or Construction Works, as may be the case. Where they are incurred, National Gas Transmission will pass on the cost of efficiently incurred connections-related Lane Rental Charges to customers.
2. **Bidirectional connections** are connections that combine elements of both Entry and Exit connections to allow flows of gas onto and from the NTS, e.g. Storage Facilities, interconnector.
3. A **Conceptual Design Study** which may follow a Feasibility Study typically forms the majority of the Design Works and includes the provision of engineering analysis to assess the impact of the customer request for a connection, disconnection, diversion or modification. Outputs will include the provision of indicative drawings, material schedules and the Estimated Costs of the Construction Works.
4. The **Connection Charging Point (CCP)** is the closest economically feasible point on the NTS, which is deemed to have sufficient capacity to supply the new Exit load disregarding existing Exit loads. The CCP creates the financial distinction between Connection Costs that are fully chargeable to the person concerned (i.e. downstream) and upstream Reinforcement costs which may be funded by National Gas Transmission where required to enable the provision of capacity under the terms of the ExCR methodology statement.
5. **Construction Works** are:
  - a) the detailed design required to produce final drawings and material schedules; and
  - b) the physical works, including:
    - i. commissioning;
    - ii. excavation, backfill and reinstatement in the public highway and excavation, backfill and routine reinstatement on private land, except where requested otherwise; and
    - iii. works associated with telemetry and other systems required to enable National Gas Transmission to operate the connection apparatus in accordance with its statutory, Licence and Network Code obligations.
6. **Design Works** are the preparatory design of the connection, disconnection, diversion or modification, which must occur before Construction Works can commence. Design Works typically only involve the preparation of a Conceptual Design Study but in some instances may include a Feasibility Study (in one or more phases) prior to the Conceptual Design Study. For the avoidance of doubt, detailed design forms part of the Construction Works.
7. A **Disconnection** occurs when existing connection apparatus is disconnected.
8. A **Distribution Network (DN)** is a geographically defined network of distribution pipes, typically comprising interconnected local transmission, intermediate pressure, medium pressure and low pressure networks, connected to and downstream of the NTS (see

Special Condition 1A of the Licence for formal definition).

9. A **Diversión** is a change made to the route of an existing NTS pipeline or the relocation of other gas transportation (not normally connecting pipe associated) assets.
10. **Entry** connections are connections to delivery facilities processing gas from gas producing fields or LNG vaporisation (i.e. importation) facilities, for the purpose of delivering gas into the NTS.
11. **Estimated Costs** are the estimated costs of Design Works or Construction Works, as may be the case, calculated on the basis of the costs that National Gas Transmission expects to incur.
12. **Exit** connections are connections that allow gas to be offtaken from the NTS to premises (a ‘Supply Point’), to Distribution Networks or to Connected System Exit Points (CSEPs). There are several types of connected system including:
  - a) A pipeline system operated by another gas transporter; and
  - b) Any other non-National Gas Transmission pipeline transporting gas to premises consuming more than 2,196MWh (75,000 therms) per annum.
13. A **Feasibility Study** may form the first part of the Design Works to evaluate the full requirements of a connection or modification etc. and provide sufficient detail to enable progression to a Conceptual Design Study. Alternatively a customer may wish to request a Feasibility Study in order to understand the Estimated Costs of the Conceptual Design Works and Construction Works or to consider different connection options.
14. **Gas Quality Instrumentation** comprises instrumentation that will be installed by the customer to monitor compliance of gas entering the NTS with legislative and contractual specifications.
15. **Incremental Exit Capacity** is as defined in Paragraph 1 of Special Condition 1A of the NTS Gas Transporter’s Licence.
16. A **Metering Installation** may exist at an NTS Offtake and will typically comprise of a combination of:
  - a) Filters;
  - b) Meters;
  - c) Pre heating equipment;
  - d) Pressure regulators; and
  - e) Associated pipework

At NTS Offtakes constructed prior to approximately 2001, the Metering Installation may be owned by National Gas Transmission. For information, charges for such installations are covered by National Gas Transmission’s Transportation Statement, which is available on the National Gas Transmission website: <https://www.nationalgas.com/charging/transmission-system-charges>

17. A **Modification** is any change made to an existing connection, and associated equipment.
18. The **National Transmission System (NTS)** is that part of the pipeline system for the time being designated by National Gas Transmission as such and described in the National Gas Transmission Gas Ten Year Statement.
19. **Network Code** means the network code prepared by National Gas Transmission, as from time to time modified, pursuant to the Licence. National Gas Transmission's Network Code comprises the provisions set out in the Uniform Network Code (UNC), more details of which can be obtained at the Joint Office website:  
[www.gasgovernance.co.uk](http://www.gasgovernance.co.uk).
20. An **NTS/LDZ Offtake** is the exit connection from the NTS to a Distribution Network as defined in the Network Code - Transportation Principle Document Section A3.4.3.
21. **Reinforcement:** National Gas Transmission must ensure that the NTS has sufficient capacity to supply new and existing demands at the applicable pressures and to transport new and existing gas supplies. NTS pressures affected by the connection of a new load (or an increase in load at an existing connection) may cause National Gas Transmission to need to reinforce the NTS, prior to the load/supply coming on stream. This reinforcement may take the form of new pipelines being laid or the installation, modification of other equipment to increase the pressure within the NTS or commercial alternatives to physical works.
22. A **Remotely Operable Valve (ROV) Installation** comprises the apparatus, constructed by National Gas Transmission, at the interface between the NTS and apparatus provided by a third party and will typically include a valve as required with remote operation actuation, full bore bypass and telemetry. ROV Installation apparatus will remain in National Gas Transmission ownership irrespective of the ownership of the up/downstream system.
23. **Standard Conditions of Contract (SCCs)** are described in paragraph 0.
24. A **System Extension** is a new connecting pipeline, constructed by National Gas Transmission, which runs from the existing NTS to a location specified by the customer. In order to effect isolation and maintenance of System Extensions, they typically require two ROV Installations, one at each end with the addition of 'Pipeline Inspection Gauge (PIG) trap' facilities at both ends to allow inline inspections.

## **Appendix B – Additional Points Relating to Capacity**

### **Capacity booking**

The provision of a connection does not confer any rights on a party to offtake or introduce gas. Gas may only be offtaken / introduced by a Registered User who is a party to the Network Code and has been licensed by the Gas and Electricity Markets Authority to do so.

### **Allocation of available capacity**

National Gas Transmission will make capacity available in accordance with the Network Code and the ECR and ExCR methodology statement rules.

## **PART B – DN TRANSPORTATION CHARGING METHODOLOGY**

### **The Gas Distribution Transportation Charging Methodology**

#### **1. Introduction**

- 1.1 Gas distribution transportation charges consist of LDZ System charges, Customer charges, LDZ Exit Capacity NTS (ECN) charges and Administration charges.
- 1.2 For transportation to Supply Points directly connected to the distribution system the LDZ System, Customer and Administration charges are applicable. For transportation to Connected System Exit Points (CSEPs) the LDZ System and Administration charges are applicable.
- 1.3 The LDZ System charges and the Customer charges are set so as to maintain the proportional split of revenue recovery between them determined by the methodology. The levels of these charges are scaled proportionately to recover the target level of revenue. The LDZ ECN charges are set to aim to recover the level of cost incurred by the DN for NTS Exit Capacity in respect of NTS/LDZ offtakes in the Distribution Network. The levels of the Administration charges are based on the costs of providing the services and these charges are not scaled to recover any given proportion of the targeted revenue.

#### **2. Split of revenue recovery between LDZ System and Customer Charges**

- 2.1 The target balance of revenue recovery between LDZ System charges and Customer charges for each DN is based upon a network-specific analysis of the split of relevant costs. The target revenue recovery for LDZ System charges includes revenue for the Standard LDZ System charge, the Optional LDZ System charge and the LDZ System Entry commodity charge. The costs are taken from the regulatory reporting packs submitted to Ofgem.
- 2.2 Customer charges reflect costs relating to service pipes funded by the transporter and the costs of emergency work relating to service pipes and supply points (i.e. not including any costs associated with gas mains). Service pipe costs include all operational and depreciation costs associated with DN-connected service pipes; these costs also include the replacement of such pipes and service pipe leakage. The relevant portion of support, employee overheads and work management costs of supporting Customer cost activities, based on direct work activity costs are attributed to the Customer cost category.
- 2.3 LDZ System charges reflect costs which include the cost of all work relating to assets upstream of the service pipe (including the gas mains to which the service pipes are connected) and those costs associated with managing the flow of gas through the system including capacity management. Accordingly, costs for all activities upstream of service pipes relating to the maintenance, replacement and repair of mains and larger pipes, as well as energy management work and the construction of new pipes are included in this cost category. The relevant portion of support, employee overheads and work management costs of supporting LDZ System cost activities, based on direct work activity costs are attributed to the LDZ System cost category. Depreciation costs associated with gas mains and Local Transmission System (LTS) pipes and LDZ System activity assets are attributed to the LDZ System cost category. All odorant and shrinkage costs except for service pipe leakage are attributed to the LDZ System cost

category.

- 2.4 The network-specific estimate of the split of relevant costs is assessed using an average of an appropriate number of years for which data on a consistent basis is available for each network.
- 2.5 The current target revenue recovery splits are as shown in the table below.

**Target Revenue Recovery Split between LDZ System and Customer Charges**

	LDZ System	Customer
East of England	70.5%	29.5%
London	68.1%	31.9%
North West	73.7%	26.3%
West Midlands	74.0%	26.0%
Scotland Gas Networks	71.2%	28.8%
Southern Gas Networks	72.8%	27.2%
Northern Gas Networks	71.2%	28.8%
Wales & West	71.8%	28.2%

**3. Split of revenue recovery between LDZ System Capacity and Commodity Charges**

- 3.1 The capacity element of the LDZ System charges is targeted to recover 95%, and the commodity element of the LDZ System charges is targeted to recover 5%, of the revenue from the LDZ system charges. This split is based on an assessment of the extent to which LDZ System associated costs are related to throughput or to system capacity. The 95:5 split applies to all the DNs.
- 3.2 The split described in paragraph 3.1 applies to the Standard LDZ System capacity and commodity charges. The LDZ System Entry commodity charge revenue is not taken into account for the purposes of determining the split.

**4. Standard LDZ System Charges**

- 4.1 All the data underlying the Standard LDZ System Charges is derived on a Network specific basis.
- 4.2 The distribution networks contain a series of pipe networks split into four main pressure tiers - Local Transmission System (LTS), Intermediate Pressure System (IPS), Medium Pressure System (MPS) and Low Pressure System (LPS). Because it accounts for the majority of the total system costs the LPS is then sub-divided on the basis of pipe diameter into a further eight sub-tiers.

- 4.3 All LDZ System related costs, other than those attributed to LDZ System Entry Points, are attributed across these pressure tiers and sub-tiers.
- 4.4 The methodology below describes the derivation of the capacity charge function and is based on peak daily flows. A similar calculation, based on annual flows, is carried out to determine the commodity charge function.
- 4.5 The average cost of utilisation is calculated for each of the main pressure tiers of the system.
- 4.6 The probability of a load within a consumption band using any given pressure tier is determined by an analysis of where supply points of different sizes tend to connect to the system. Combining the average cost of utilisation with the probability of connection generates a tier charge for an average load within any given band. These tier charges are added together to give the total relative charge for a load within the consumption band to use the system.
- 4.7 To provide a workable basis for charging individual customers of differing sizes, the total average unit costs of utilising each tier of the distribution network are plotted. Functions are fitted to the data points representing the total unit costs such that the overall measure of error is minimised.
- 4.8 For the purposes of deriving charging functions the data points for the consumption bands are grouped into 3 charging bands:
- 4.8.1 For the 0 to 73.2 MWh/a charging band a fixed unit charge is determined. The rate applies to directly connected Supply Points and CSEPs;
- 4.8.2 For the 73.2 to 732 MWh/a charging band a fixed unit charge is determined. The rate applies to directly connected Supply Points and CSEPs;
- 4.8.3 For the 732 MWh/a and above charging band, functions based on a power of the peak daily load (SOQ) are fitted. There are separate power functions for directly connected Supply Points and for CSEPs as the cost data justified separate functions for the >732 MWh charging band.
- 4.9 The form of the LDZ System functions is currently derived on a national basis.

## 5.

## 6. **Optional LDZ System Charge**

- 6.1 The rationale for the Optional LDZ System charge is that, for large DN-connected loads located close to the NTS, the standard LDZ System charges can appear to give perverse economic incentives for the construction of new pipelines to supply loads that are already connected to the transportation system, or for potential new loads to build lengthier and costlier pipelines than are available via nearby DN connections. This may give rise to economically inefficient bypass of the Distribution Network system, and unnecessary duplication of infrastructure.
- 6.2 The level of the Optional LDZ System charge is based on the estimated costs to the Distribution Network of laying and connecting a dedicated pipeline for a range of flow rates and distances from the NTS.

- 6.3 The costs considered in deriving the Optional LDZ System charge include the capital cost of laying the hypothetical pipeline and other capital costs relating to connection, metering, volumetric control and other requirements, and the ongoing direct and indirect costs of the hypothetical pipeline.
- 6.4 The level of the Optional LDZ System charge is independent of the overall level of revenue recovery targeted and so the level of the charging function remains unchanged until its cost basis is reanalysed.
- 6.5 Shipper Users opting for the Optional LDZ System charge pay this charge instead of the Standard LDZ System capacity and commodity charges.

## **7. LDZ System Entry Commodity Charge**

- 7.1 LDZ System Entry commodity charges are payable in respect of gas delivered to the LDZ System at LDZ System Entry Points. For each LDZ System Entry Point the charge is a fixed unit commodity charge applicable to all gas delivered to the LDZ System. The unit rate may vary by LDZ System Entry Point and may be positive, resulting in a charge, or negative, resulting in a credit.
- 7.2 The LDZ System Entry commodity charge will be determined for each LDZ System Entry Point as the summation of the unit rates in respect of:

### **7.2.1 Opex Costs**

- (a) The unit rate will be determined in respect of the forecast operating costs incurred by the DN associated with the provision or operation of:
- (i) the entry facilities related to the LDZ System Entry Point; and
  - (ii) any network assets which have been provided for, or are operated solely for, the management of gas flows from LDZ System Entry Points. Where such network assets are provided or operated solely for the management of flows from one LDZ System Entry Point then the forecast operating costs will be wholly allocated to that LDZ System Entry Point. Where such network assets are provided or operated for the management of flows from more than one LDZ System Entry Point then the forecast operating costs will be appropriately allocated between each relevant LDZ System Entry Point in proportion to the estimated cost causality.
- (b) The unit rate will be determined as Forecast operating costs / Forecast entry gas flow, expressed as pence per kWh.
- (c) The unit rate will be re-determined periodically to take account of changes to the forecast operating costs and forecast gas entry flows. In the intervening period between such redeterminations, the unit rate may be determined for a period by reference to the previously determined unit rate and the application of an appropriate RPI inflation factor reflecting the change in RPI since the last determination.

### **7.2.2 DN Usage Credit**

- (a) The DN Usage credit unit rate will be determined as the sum of the unit rates in

respect of:

(i) ECN Credit

- (A) The unit rate in respect of the ECN Credit for a LDZ System Entry Point will reflect the deemed saving in the cost of booked NTS Exit Capacity for the DN due to the forecast availability of gas flows at the LDZ System Entry Point leading to deemed lower levels of booked NTS Exit Capacity than otherwise.
- (B) The unit rate is based on the average LDZ ECN charge for the whole DN multiplied by a Dependability Factor and then converted into a commodity equivalent charge. The Dependability Factor is set at a level which is equivalent to the load factor for the LDZ System Entry Point so that in the practice these figures cancel each other out in the calculation of the unit rate credit.
- (C) The average LDZ ECN charge for the DN is calculated as:

$$\text{Average LDZ ECN} = \frac{\sum_{\text{all } z} [\text{ECN}_z \times \text{SOQ}_z]}{\sum_{\text{all } z} [\text{SOQ}_z]}$$

where:

ECN<sub>z</sub> is the LDZ ECN charge in zone z;

SOQ<sub>z</sub> is the forecast Supply Point capacity in zone z; and  
means the sum across all NTS Exit Zones z within the DN.

- (D) From this the unit rate credit, expressed as p/kWh, in respect of ECN Credit is equivalent to the numerical value of the average LDZ ECN charge, expressed as p/pdkWh/day and is independent of the flow characteristics at each LDZ System Entry Point, i.e. an average LDZ ECN charge of X p/pdkWh/day will lead to a unit rate in respect of ECN Credit of X p/kWh for each LDZ System Entry Point within that DN.

(ii) LDZ System Credit

- (A) The unit rate credit in respect of LDZ system usage reflects the notional typical reduced usage of the LDZ System tiers by gas delivered into the LDZ System from the LDZ System Entry Point relative to that for gas delivered into the LDZ System from NTS/LDZ Offtakes. The credit is calculated individually for each LDZ System Entry Point and is dependent on the Highest Utilisation Tier for gas from the LDZ System Entry Point.
- (B) The Highest Utilisation Tier is defined as the higher (in terms of pressure) of:

- (1) the tier at which gas enter into the LDZ from the LDZ System Entry Point;
  - (2) the tier which gas from the LDZ System Entry Point is, via within-network compression, moved to (this is not applicable for gas which is not subject to within-network compression).
- (C) The tiers which are considered for the purposes of paragraph 7.2.2(a)(ii)(B) are (in descending order of pressure):
- (1) Local Transmission System (LTS);
  - (2) Intermediate Pressure System (IPS);
  - (3) Medium Pressure System (MPS);
  - (4) Low Pressure System (LPS).
- (D) The unit rate credit in respect of LDZ System usage is then determined as the sum of the Utilisation Rates for the tiers having higher pressure than the applicable Highest Utilisation Tier, as follows:

<b><u>Highest Utilisation Tier</u></b>	<b><u>Unit Rate Credit</u></b>
LTS	Zero
IPS	LTS Utilisation Rate
MPS	IPS Utilisation Rate plus LTS Utilisation Rate
LPS	MPS Utilisation Rate plus IPS Utilisation Rate plus LTS Utilisation Rate

- (E) The Utilisation Rate for each of the tiers is determined from the analysis of LDZ System utilisation used to determine the Standard LDZ System commodity charging functions, as set out in the methodology for determining the Standard LDZ System Charges. The Utilisation Rate for a tier is calculated as:

$$\text{Utilisation Rate} = 20 \times \text{Unit Commodity Cost for tier}$$

where:

the Unit Commodity Cost is the Commodity Cost of utilising the tier based upon the LDZ System commodity charges being targeted to recover 5% of the LDZ System charge revenue and where the Commodity Costs are scaled by a constant multiplicative factor such that the sum of the Commodity Costs for the four tiers referred to in paragraph 7.2.2(a)(ii)(C) is equal to the LDZ System commodity charge rate for the 0 to 73.2 MWh/a charging band referred to in paragraph 4.7.1.

- (F) In this manner the unit rates in respect of the LDZ System credits should always be consistent with the Standard LDZ System commodity charges applicable for the same period.

7.3 The overall LDZ System Entry commodity charge may be positive (a charge) or negative (a credit) depending on the relative magnitude of the unit rates in respect of Opex Costs and DN Usage Credit.

## **8. Customer Charges**

8.1 Customer charges reflect Supply Point costs, primarily costs relating to service pipes and emergency work relating to service pipes and supply points. The customer charge methodology is based on an attribution of the costs across Supply Points grouped into a number of consumption bands.

8.2 The costs are made up of two cost pools, broadly comprising costs associated with service pipes and costs associated with emergency work. Each cost pool is then divided among the consumption bands based on weighted consumer numbers by consumption band. The weightings are derived from estimates of how the costs of providing each of the services vary with consumption band. A total average cost per Supply Point is then calculated for each consumption band.

8.3 Functions are developed that best fit the relationship between supply point size and total average cost per supply point. The peak supply point capacity (SOQ) is used as a measure of supply point size.

8.4 For Supply Points up to 73.2 MWh/a, the Customer charge is a fixed unit capacity charge.

8.5 For Supply Points between 73.2 and 732 MWh/annum, the Customer charge consists of a fixed daily charge which varies with meter-reading frequency and a fixed unit capacity charge.

8.6 For Supply Points in excess of 732 MWh/annum, the Customer charge is a capacity charge whose unit rate is determined by a function based on a power of the peak daily load (SOQ).

## **9. LDZ Exit Capacity NTS (ECN) Charges**

9.1 The LDZ ECN Charges are effective from 1 October 2012 and are a pence per peak day kWh charge applied to the supply point SOQ to determine the amount payable. The charge has a single unit rate within each Exit Zone.

9.2 The level of the LDZ ECN charges for any Exit Zone is set each year to reflect the forecast average unit NTS charges for capacity at the NTS/LDZ Offtakes which make up that Exit Zone. The target revenue for setting the level of the LDZ ECN charges is the initial allowance set out in the Transporter's Licence (defined as AExt) and adjusted to the outturn money value, using the appropriate inflation factor for the relevant year, plus any true-up for the difference between initial set allowance and the actual exit capacity costs for the Formula Year two years previously plus or minus the ECNK.

9.3 The ECNK is managed separately from the overall K for the purposes of setting the levels of the LDZ Exit Capacity NTS charges. For Formula Year 2015/16 onwards, it is

calculated as the difference between the revenue collected from the LDZ ECN charges and the amounts paid to NG NTS in respect of the Exit Capacity Charges in the Formula Year two years previously, plus or minus any ECNK from the period two years previously. ECNK for 2014/15 is defined to be zero.

9.4 K means the Distribution Network Transportation Activity Revenue adjustment factor to the Distribution Network Transportation Activity Revenue in respect of over or under recovery for a Distribution Network in a Formula Year.

**10. Administration Charges**

10.1 There are specific administration charges for some services which are required by some Shipper Users but not by all. These administration charges are:

10.1.1 Charges for the administration processes required to manage the daily operations and invoicing associated with CSEPs;

10.1.2 Charges for the administration of allocation arrangements at Shared Supply Meter Points.

10.2 The methodology used to calculate the appropriate level of these charges is based on an assessment of the costs incurred of the ongoing activities involved in providing the services. The charges are forward looking and take into account anticipated enhancements to the methods and systems used.

**11. SoLR Customer Charges**

11.1 SoLR Customer Charges are payable following receipt by a DN Operator of a valid claim (as defined in Standard Special Condition A48 of the DN Operator's Transporter's Licence (“**Condition A48**”)) from a supplier.

11.2 In respect of a valid claim:

(a) “**Relevant Date**” is the date of the Authority's last resort supply direction to the supplier who submitted the valid claim;

(b) “**Specified Amount**” is the amount specified by the supplier in the valid claim.

11.3 In respect of a Specified Amount, the “**Domestic Component**” and the “**Non-domestic Component**” are the amounts notified to a DN Operator by the Authority, or in the absence of such notification:

(a) the Domestic Component is:

$$SA * (DSP / TSP)$$

where:

SA is the Specified Amount;

DSP is the number of Supply Points, including IGT Supply Points, on a DN Operator's System on the Relevant Date where the Supply Point Premises are Domestic Premises (“**Relevant DSP Sites**”);

TSP is the total number of Supply Points, including IGT Supply Points, on a DN Operator's System on the Relevant Date;

(b) the Non-domestic Component is:

$$SA * (NDSP / TSP)$$

where:

NDSP is the number of Supply Points, including IGT Supply Points, on a DN Operator's System on the Relevant Date where the Supply Point Premises are Non-domestic Premises (“**Relevant NDSP Sites**”);

and where SA and TSP have the meaning in paragraph (a).

- 11.4 Each Shipper User shall pay a DN Operator SoLR Customer Charges in the Relevant Year the unit rate for which shall be calculated separately for Relevant DSP Sites and Relevant NDSP Sites by reference to:
- (a) for Relevant DSP Sites, the Domestic Component (expressed in pence) and the aggregate peak day SOQ for all Relevant DSP Sites;
  - (b) for Relevant NDSP Sites, the Non-domestic Component (expressed in pence) and the aggregate peak day SOQ for all Relevant NDSP Sites.
- 11.5 SoLR Customer Charges shall be calculated separately for each valid claim received by a DN Operator; provided for the purposes of invoicing the DN Operator may aggregate such charges where SoLR Customer Charges in respect of more than one valid claim are payable by Shipper Users in the same Relevant Year.
- 11.6 The “**Relevant Year**” is the year (as defined for the purposes of Condition A48) in respect of which a DN Operator is, following receipt of a valid claim, entitled to increase its transportation charges pursuant to Condition A48.