

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 15th 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 Quantity
 in 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.

8 NON-DAILY METERED DEMAND SIDE RESPONSE TRIALS

- 8.1 NGT may conduct NDM Supply Point DSR Trials subject to and in accordance with the below.
- 8.2 A NDM Supply Point DSR Trial is a trial of a new or modified demand side response for NDM Supply Points (**the NDM DSR Trial**).
- 8.3 If NGT proposes to conduct a NDM DSR Trial, NGT must send to the Authority and publish a proposal (**NDM DSR Trial Proposal**) on its website setting out:
- (a) a specification (**NDM DSR Trial Specification**) of the NDM DSR Trial, including:
 - (i) the actions to be taken by a User and/or Supplier (**Service Provider**) by way of performance of the NDM DSR Trial;
 - (ii) eligibility (of a Service Provider and/or any System Point, Supply Meter or Supply Point Premises) for provision of the NDM DSR Trial;

- (iii) the conditions or circumstances in which NGT would call on those actions;
 - (iv) the basis on which amounts payable between NGT and a Service Provider in respect of the NDM DSR Trial are to be determined and paid;
 - (v) an outline of the terms of the contract for the NDM DSR Trial to be entered into between NGT and a Service Provider;
- (b) the start date and duration of the NDM DSR Trial;
 - (c) the purpose and benefit of conducting the NDM DSR Trial, and the criteria by which the success or otherwise of the trial will be assessed;
 - (d) the basis for selecting participation in the NDM DSR Trial and the extent to which it is competitive;
 - (e) a commentary on the scale of the NDM DSR Trial (recognising that the scale should be proportionate having regard to the purpose, cost and other impact of the trial);
 - (f) the maximum amount of costs of conducting a NDM DSR Trial, both net neutrality costs as provided in 5(a) and NGT's own costs which are not covered by Balancing Neutrality Charges;
 - (g) an assessment of the impact of conducting the NDM DSR Trial on the operations of NGT, DNOs, Shipper Users, Consumers and the wider energy system under the Code.
 - (h) where the maximum amount of costs referred to in sub-paragraph (f) above are expended prior to the completion of the NDM DSR Trial, further costs for conducting the NDM DSR Trial shall be subject to the approval of the Authority following the submission of a request for further funding in accordance with the provisions of the NDM DSR Trial Specification.
- 8.4 The NDM DSR Trial Specification will be subject to a 28-day public consultation period unless otherwise agreed with the Authority. Within 14 days of completion of the consultation period, NGT shall publish a consultation report on its website summarising the representations which have been received and shall notify the Authority of its publication. If requested by the Authority, NGT shall also provide copies of the consultation representations to the Authority.
- 8.5 Once the Authority has reached a determination, they can direct NGT:
- (a) to proceed, NGT may proceed with the NDM DSR Trial;
 - (b) not to proceed, NGT may not proceed with the NDM DSR Trial;
- 8.6 Amounts (determined as provided in the NDM DSR Trial Specification) payable to a Service Provider in respect of the NDM DSR Trials:

- (a) are additional Monthly Adjustment Neutrality Revenues. The NDM DSR Trial Specification will specify the month in which they are counted;
 - (b) are not counted in calculating SMBP, SMSP or SAP. This is without prejudice to what a later modification proposal may provide.
- 8.7 A NDM DSR Trial may not continue for more than 12 months.
- 8.8 Within 2 months after the end of a NDM DSR Trial, NGT must publish a report:
- (a) setting out:
 - (i) the results of the NDM DSR Trial by reference to the NDM DSR Trial Proposal;
 - (ii) the net costs in neutrality of the NDM DSR Trial;
 - (b) stating whether NGT intends to raise a Modification proposal to introduce an enduring change related to a NDM DSR product.

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 10th 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.

