

ANNEX H - OPERATIONAL BALANCING ACCOUNT AND ALLOCATION PRINCIPLES

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1 DEFINITIONS

1.1 For the purposes of this Annex H:

"Anticipated Additional GNI Forward Flow Quantity" means a quantity notified by GNI to GNI (UK) as such pursuant the Tripartite Agreement;

"Aggregate Confirmed Quantity (Forward Flow)" shall mean the sum of the Confirmed PTL Forward Flow Quantity and the Confirmed GNI Forward Flow Quantity;

"Aggregate Confirmed Quantity (Reverse Flow)" shall mean the sum of the Confirmed GNI Reverse Flow Quantity and the Confirmed PTL Reverse Flow Quantity for a Gas Flow Day;

"Aggregate Net Confirmed Quantity" shall mean the difference between (1) the Aggregate Confirmed Quantity (Forward Flow) and (2) the Aggregate Confirmed Quantity (Reverse Flow);

"Agreed Target Quantity" shall mean the quantity of gas which GNI(UK) and NGG agree is to flow at the Interconnection Point on a Gas Flow Day as determined in accordance with paragraph 5.4;

"Confirmed GNI Forward Flow Quantity" means the applicable quantity notified by GNI to GNI (UK) as the sum of the Confirmed Nomination Quantities of gas for delivery to the GNI (UK) System and offtake from the NGG System as established pursuant to the GNI Tripartite Agreement for a Gas Flow Day;

"Confirmed GNI Reverse Flow Quantity" means the applicable quantity notified by GNI to GNI (UK) as the sum of the Confirmed Nomination Quantities of gas for offtake from the GNI (UK) System and delivery to the NGG System for GNI Shippers established pursuant to the GNI Tripartite Agreement for a Gas Flow Day;

"Confirmed Nomination Quantity" has the meaning given in Annex B (Nominations) of each Tripartite Agreement;

"Confirmed PTL Forward Flow Quantity" means the quantity notified by PTL to GNI (UK) as the sum of the Confirmed Nomination Quantities of gas for delivery to the GNI (UK) System and offtake from the NGG System for PTL Shippers at the Interconnection Point on a Gas Flow Day plus the Stranraer Scheduled Quantity;

"Confirmed PTL Reverse Flow Quantity" means the quantity notified by PTL to GNI (UK) as the sum of the Confirmed Nomination Quantities of gas for offtake from the GNI (UK) System and delivery to the NGG System for PTL Shippers on a Gas Flow Day.

"Cumulative Steering Difference" shall mean, for the Gas Flow Day commencing 30 September 2015, zero, and for any subsequent Gas Flow Day (D) shall be as calculated in accordance with paragraph 5;

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"Cumulative Steering Difference Correction" shall mean a quantity of gas that the Parties agree should be added to the Aggregate Net Confirmed Quantity for a Gas Flow Day in accordance with paragraph 5 in order to determine the Agreed Target Quantity, and may be positive or negative in value.

"Daily Metered Quantity" shall mean the measured quantity of natural gas offtaken from the NGG System and delivered to the GNI(UK) System at the Interconnection Point on a Gas Flow Day as determined in accordance with Annex E Part 3.3;

"Proportional Allocation" means a method of allocation to Shippers of quantities on a pro-rata basis by reference to metered quantity, as opposed to allocations of Confirmed Nomination Quantities.

"Steering Difference" (SD) shall subject to paragraph 6.3 mean for a Gas Flow Day the difference between the Daily Metered Quantity and the Agreed Target Quantity at the end of the Gas Flow Day, and is:

- (a) positive if the Daily Metered Quantity is greater than the Agreed Target Quantity, and
- (b) negative if the Daily Metered Quantity is less than the Agreed Target Quantity.

"Steering Tolerance" shall mean a tolerance on the Cumulative Steering Difference equal to 3, 250 MWh which will be subject to review by the Parties within 12 to 18 months of this Annex coming into force;

"Stranraer Scheduled Quantity" shall mean that quantity nominated (in any Nomination Cycle) to PTL as the quantity to be delivered to the GNI (UK) System at the Interconnection Point for onward delivery to Stranraer, Scotland.

- 1.2 Terms which are defined in Annex B (Nominations) of each Tripartite Agreement have the meanings given to them in that Annex.
- 1.3 The Aggregate Net Confirmed Quantity (and quantities from which it is derived) and Agreed Target Quantity for a Day are calculated following each Nomination Cycle.

1.4 For the purposes of determining Agreed Target Quantity for a Gas Flow Day (D), or whether the condition in paragraph 6.2(a) is met on Gas Flow Day D, the SD and CSD for Gas Flow Day D-1 shall be determined based on the Daily Metered Quantity for Gas Flow Day D-1 as determined (in accordance with Annex C and Annex E Part 3.3) not later than 11:00 hours on D; and paragraph 8 shall apply if any subsequent adjustment is made in respect of the Daily Metered Quantity.

1.5

2 FLOW CONTROL

- 2.1 The Parties agree that GNI(UK) is responsible for flow control at the Interconnection Point and that the determination of the Agreed Target Quantity in accordance with paragraph 5.4 (include the Anticipated Additional GNI Forward Flow Quantity) is to comply with Article 6.3(c) of the

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Interoperability Code and to take account of requirements of the Operators regarding ramp up, ramp down and operational cost efficiency.

- 2.2 Subject to paragraph 2.3, for each Gas Flow Day, GNI(UK) shall use all reasonable endeavours to steer a quantity of gas equal to the Agreed Target Quantity prevailing following each Nomination or Renomination Cycle (but subject to the requirements of Annex B, Annex E and Annex F).
- 2.3 For a Gas Flow Day for which an Available Moffat Quantity has been notified (under the Tripartite Agreements) by NGG to GNI (UK) GNI (UK) shall use reasonable endeavours to steer a quantity of gas which does not exceed the Available Moffat Quantity.

3 OBA MANAGEMENT

- 3.1 For each Gas Flow Day (D), GNI(UK) shall calculate and communicate to NGG the SD and the CSD in respect of that Gas Flow Day by 11:00 on D + 1 provided NGG has notified to GNI(UK) the Daily Metered Quantity by 09:00 on D + 1 as per Appendix A to this Annex.
- 3.2 If NGG considers that GNI(UK) has incorrectly calculated the SD or the CSD for a Gas Flow Day:
- (a) NGG shall contact GNI(UK) by 12:00 on D + 1 and they shall discuss and agree on the correct values of the SD and CSD;
 - (b) pending agreement between the Operators as to the correct calculation of the SD or the CSD for the applicable Gas Flow Day, the values as determined and notified by GNI (UK) in accordance with paragraph 3.1 will prevail.

4 DELIVERY ACCURACY

- 4.1 GNI(UK) shall, subject always to the provisions of Annex B-2, be responsible for and use reasonable endeavours to steer the Agreed Target Quantity or a quantity which does not exceed the Available Moffat Quantity (where applicable), subject to compliance by NGG with obligations regarding pressure.

5 CUMULATIVE STEERING DIFFERENCE AND CUMULATIVE STEERING DIFFERENCE CORRECTIONS

- 5.1 The Parties shall cooperate to maintain the CSD as close to zero as possible.
- 5.2 The Cumulative Steering Difference for Day (D) shall be calculated as:

$$CSD_{D-1} + SD_D + CSDC_D$$

where

CSD_{D-1} is the Cumulative Steering Difference as established following notification of the Metered Quantity on D-1.

SD_D is the Steering Difference for Day D; and

CSDC_D is the Cumulative Steering Difference Correction incorporated into the Agreed Target Quantity in respect of Day D.

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5.3 For each Gas Flow Day (D) there shall be a Cumulative Steering Difference Correction which (unless otherwise agreed) shall be an amount equal to the CSD in respect of D-1 (CSD_{D-1}) as established in accordance with paragraph 1.4, and shall be positive where CSD_{D-1} is negative and negative where CSD_{D-1} is positive

5.4 The Agreed Target Quantity for each Gas Flow Day shall be:

5.4.1 in respect of each Nomination Cycle or Renomination Cycle up to (but excluding) the Renomination Cycle which starts at 24:00 on a Gas Flow Day the Aggregate Net Confirmed Quantity plus; the Anticipated Additional GNI Forward Flow Quantity;

5.4.2 in respect of each Renomination Cycle commencing on or after 24:00 on the Gas Flow Day the Aggregate Net Confirmed Quantity;

plus, in each case with effect from the time on the Day that the CSD is established in accordance with paragraph 3.1, the Cumulative Steering Difference Correction for the Day. The Operators may agree to exclude the Cumulative Steering Difference Correction from the Agreed Target Quantity in respect of a Gas Flow Day in respect of which an Exceptional Event or a Gas Deficit Emergency has been notified.

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5.45.5 The Agreed Target Quantity following each Nomination or Renomination Cycle for each Gas Flow Day shall subject to Annex B-2 be reflected in the Exit Flow Profile issued by GNI (UK) at the time.

6 ALLOCATION PRINCIPLES

6.1 The basis for the quantities delivered and offtaken at the Interconnection Point to be allocated among NGG's, PTLs and GNI's respective Shippers in respect of each Gas Flow Day (in accordance with their Transportation Arrangements) is set out in the Tripartite Agreements, such that on an OBA Day Shippers shall be allocated Confirmed Nomination Quantities and on a non-OBA Day, Proportional Allocation shall apply and where:

- (a) an "**OBA Day**" is any Day apart from a Non-OBA Day;
- (b) a "**Non-OBA Day**" is a Day for which paragraph 6.2 applies;

6.2 A Day is a Non-OBA Day if:

- (a) the Cumulative Steering Difference at the end of the Gas Flow Day (D) exceeds or would exceed the Steering Tolerance; and
- (b) the Parties, having used their reasonable endeavours, are unable to agree to allow the Cumulative Steering Difference to exceed the Steering Tolerance after the Gas Flow Day for a period of time; and
- (c) on Gas Flow Day D, a Gas Deficit Emergency occurred in relation to the NGG System and/or an Exceptional Event occurred which affected the ability of NGG or GNI(UK) (the **affected Party**) to deliver gas to or accept gas for delivery from the IP and which, in the reasonable opinion of the affected Party, occurred too late in the Gas Flow Day to be resolved, using the constraint management tools available to that Party, before the end of the Gas Flow Day;
- (d) the Parties agree under paragraph 7.3 that it is a Non-OBA Day.

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- 6.3 For a Non-OBA Day (D) the Steering Difference for Day D shall be deemed to be zero.
- 6.4 If the correction of an error for a Day under paragraph 4 of Annex C of either Tripartite Agreement gives rise to a change in the calculation of the Steering Difference for the Day, the amount of the change shall be added to the Cumulative Steering Difference for the Day on which the error was corrected.

7 PROPORTIONAL ALLOCATION REQUEST NOTICE ("PARN")

7.1 Purpose

This notice shall be used by an Operator in order to request the other Operator that a Day shall be a Non-OBA Day (see Appendix B).

7.2 Notification Procedure

The PARN shall be valid and timely if the Operator requesting proportional allocation has sent the notice to the other Operator by 13:00 hours on Gas Flow Day D+1 and if the criteria in paragraph 6.2 (i), (ii) and (iii) have been met

7.3 The Operator receiving the PARN shall respond to the PARN at the latest within 1 hour after receipt of the PARN. If the Operator receiving the PARN:

- (a) agrees that a Day shall be a Non-OBA Day then GNI (UK) shall notify those parties to the Tripartite Agreements (who are not also party to this Agreement) that the Day is a Non-OBA Day;
- (b) does not agree that the Day shall be a Non-OBA Day, then the Cumulative Steering Difference in respect of that Day shall include the relevant Steering Difference notwithstanding that it may exceed the Steering Tolerance.

8 ADJUSTMENTS OF DAILY METERED QUANTITY

- 8.1 The Daily Metered Quantity in respect of a Gas Flow Day or Gas Flow Days may be revised pursuant to the arrangements in Annex E Part 3.3. The provisions of paragraph 8.2 and 8.3 shall only apply where the revision of the Daily Metered Quantity takes place prior to 11:00h on D+4.
- 8.2 In the event that the Daily Metered Quantity is revised in respect of one or more Gas Flow Days, the Cumulative Steering Difference for the Gas Flow Day on which the revision is agreed or determined shall be revised by an equivalent amount.
- 8.3 The Operators may agree to take such revision into account (in accordance with paragraph 8.2) in calculating the CSD for a Gas Flow Day later than the Gas Flow Day specified in paragraph 8.2, or to apportion such revision over more than one such Gas Flow Day.

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ANNEX H - APPENDIX A

To National Grid – Shift Representatives
Fax No 0044(0)8701910646
From GNI (UK) Ltd
Telephone: + 353 (0)21 4298999
Fax: + 353 (0)21 4311863
No of pages
Subject Steering Difference/Cumulative Steering Difference
Date

This Notice is given pursuant to paragraph 3.1 in Annex H of the Interconnection Agreement (GB – Ireland Interconnector) and relates to the operational balancing account.

Gas Flow Day Commencing 05:00h on:

Steering Difference (kWh):

Cumulative Steering Difference (kWh):

This information is intended only for the addressee

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ANNEX H - APPENDIX B - PROPORTIONAL ALLOCATION REQUEST NOTICE

To National Grid – Shift Representatives

Fax No 0044(0)8701910646

From GNI (UK) Ltd
Telephone: + 353 (0)21 4298999
Fax: + 353 (0)21 4311863

No of pages

Subject Proportional Allocation Request Notice

Date xx/xx/xxxx

Time xx:xx hrs

This Notice is given pursuant to paragraph 7.1 in Annex H of the Interconnection Agreement (GB – Ireland Interconnector) and relates to the operational balancing account.

It is hereby requested that Gas Day commencing 05:00h on xx/xx/xxxx is deemed to be a non-OBA day; given the conditions as outlined in paragraph 6.2 of Annex H of the Interconnection Agreement have been met.

Please respond to this request confirming your acceptance of same or otherwise.

This information is intended only for the addressee.

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