

**UNIFORM NETWORK CODE – EUROPEAN INTERCONNECTION DOCUMENT****SECTION B – CAPACITY****1 GENERAL****1.1 Introduction**

1.1.1 This Section B provides for the basis on which System Capacity at Interconnection Points may be allocated to Users, bundled with capacity in an Interconnected System, and transferred or surrendered by or withdrawn from Users.

1.1.2 This Section B sets out:

- (a) general provisions in relation to Interconnection Point Capacity;
- (b) general rules for the holding of Auctions of Interconnection Point Capacity;
- (c) the basis for determining the amount of Interconnection Point Capacity made available in an Auction;
- (d) rules for Ascending Clock Auctions;
- (e) rules for Uniform Price Auctions;
- (f) the basis on which Interconnection Point Capacity may be Bundled;
- (g) the basis on which Interconnection Point Capacity may be Surrendered;
- (h) the basis on which Interconnection Point Capacity may be Withdrawn;
- (i) the basis on which System Capacity Transfers may be made in respect of Interconnection Point Capacity;
- (j) modifications of certain other provisions of the Transportation Principal Document in relation to Interconnection Points.

1.1.3 In order to acquire, bundle, surrender or transfer Interconnection Point Capacity under the provisions of this Section B, a User must have had assigned to it and hold an Energy Identification Code, which is an identification code issued by the central issuing office or any local issuing office under the Energy Identification Coding scheme established by the European Network of Transmission System Operators for Electricity (ENTSO-E)

**1.2 One-way physical flow**

1.2.1 At an Interconnection Point at which (as provided in Section A1.3) physical flow is permitted in one direction only, Firm Interconnection Point Capacity is allocated and may be held only in the forward Direction, but Interruptible Interconnection Point Capacity may be allocated and held in both the forward and the reverse Directions; and (in relation to such an Interconnection Point) references to Interconnection Point Capacity in the remainder of this Section B shall be construed accordingly.

**1.3 Interconnection Point Capacity, etc.**

1.3.1 For the purposes of the Code:

- (a) **“Interconnection Point Capacity”** means System Capacity at an Interconnection Point, comprising NTS Entry Capacity (in relation to the IP ASEP) and NTS Exit (Flat) Capacity;
- (b) **“Interconnected System Capacity”** means capacity in an Interconnected System which (in accordance with the Adjacent TSO Rulebook) is used or treated as used by an IS User when delivering gas to or offtaking gas from the Interconnected System at the Interconnection Point;
- (c) a reference to the **“Class”** of Interconnection Point Capacity is to whether such Interconnection Point Capacity is Firm or Interruptible;
- (d) Interconnected System Capacity is **“Equivalent”** to Interconnection Point Capacity at an Interconnection Point and of a given Direction and Class, Capacity Duration and Capacity Period or (as the case may be) for a given Transfer Period, and (where applicable) of a given amount, where such Interconnected System Capacity is at the same Interconnection Point and of or for the same Direction, class, duration, period and (where applicable) amount, all in accordance with the Adjacent TSO Rulebook; and Interconnection Point Capacity is **Equivalent** to Interconnected System Capacity on the same basis.

1.3.2 Interconnection Point Capacity is **“Bundled”** or **“Unbundled”** in accordance with paragraph 6.

1.3.3 In applying the provisions of this Section B, amounts of Interconnection Point Capacity (and of Interconnected System Capacity) in respect of an Interconnection Point may be expressed either in kWh/Day or in kWh/hour, as for the time being provided in or determined under the Interconnection Agreement; and (subject to paragraph 5.3.2) 1 kWh/hour is equivalent to 24 kWh/Day (or, for purposes of Uniform Price Auctions, on clock change days, 23 or 25 kWh/Day).

#### **1.4 Firm and Interruptible Interconnection Point Capacity**

1.4.1 For the purposes of this Document:

- (a) **“Firm”** Interconnection Point Capacity is Interconnection Point Capacity other than Interruptible Interconnection Point Capacity;
- (b) **“Interruptible”** Interconnection Point Capacity is Interconnection Point Capacity which is liable to be curtailed in accordance with TPD Section B2.9 or B3.10.

1.4.2 For the purposes of TPD Section B (excluding its provisions which pursuant to paragraph 1.7 do not apply in respect of Interconnection Points):

- (a) references to Firm NTS Entry Capacity or Firm Daily NTS Exit (Flat) Capacity (as the case may be) include Firm Interconnection Point Capacity;
- (b) references to Interruptible NTS Entry Capacity or Off-peak NTS Exit (Flat) Capacity (as the case may be) include Interruptible Interconnection Point Capacity;

and Sections TPD Sections B2.1.7(b) and B3.1.5(d) are modified accordingly.

## 1.5 Capacity Duration, etc.

- 1.5.1 For the purposes of this paragraph 1.5 a capacity transaction is the withholding under paragraph 3.2.2, allocation in an Auction, Surrender, Withdrawal or designation as Bundled of an amount of Interconnection Point Capacity.
- 1.5.2 A capacity transaction must be for an amount of Interconnection Point Capacity which is the same for each Day in the period to which the transaction relates.
- 1.5.3 In relation to the Interconnection Point Capacity subject to a capacity transaction, the **“Capacity Duration”** is the duration of the period to which that capacity transaction relates.
- 1.5.4 The eligible Capacity Durations are:
- (a) **“Yearly”**, relating to a Gas Year;
  - (b) **“Quarterly”**, relating to a calendar quarter;
  - (c) **“Monthly”**, relating to a calendar month;
  - (d) **“Daily”**, relating to a Day (or part of a Day).
- 1.5.5 A Capacity Period is the particular period (of the relevant Capacity Duration) to which a particular capacity transaction relates.

## 1.6 Capacity Platform Operator

- 1.6.1 For the purposes of the Code **“Capacity Platform Operator”** means, in relation to any Interconnection Point, the person designated as such in paragraph 1.6.2, or another person designated as such by National Grid NTS, with Condition A11(18) Approval of the Authority, and the Adjacent TSO.
- 1.6.2 At the EID Implementation Date, PRISMA European Capacity Platform GmbH is designated as Capacity Platform Operator in relation to all Interconnection Points.
- 1.6.3 National Grid NTS, the Adjacent TSOs and Users have agreed that the following activities (**“CPO Activities”**) will be performed by the Capacity Platform Operator:
- (a) the running of Auctions in respect of Interconnection Point Capacity, including the calculation of allocable Unbundled Interconnection Point Capacity, designation of Allocable Interconnection Point Capacity as Bundled or Unbundled, publication of Auction Information, the receipt and validation of Bids, the evaluation and acceptance of Bids and the provision and publication of the results of an Auction, as provided in paragraphs 2.3, 2.4, 3.1.4, 3.2.2, 4, 5 and 6.2;
  - (b) the receipt and validation (as to paragraph 7.2.2(d), (f) and (g)) of Surrender Offers in respect of Interconnection Point Capacity as provided in paragraph 7.2;
  - (c) the receipt and acceptance or rejection (under TPD Section B5.2.3(c) and

paragraph 9.3.2(b) and (c)) of System Capacity Transfers in respect of Interconnection Point Capacity as provided in paragraph 9 (and applicable provisions of TPD Section B5), and the provision of a facility enabling Users to post and accept offers to make such transfers;

(and equivalent activities in respect of Interconnected System Capacity); and such activities are not within the scope of operation of UK Link.

- 1.6.4 It is the responsibility of each Party to make such arrangements and comply with such requirements as are stipulated by the Capacity Platform Operator for access to and use of the Capacity Platform Operator's systems and otherwise in connection with the performance of the CPO Activities, including entering into and complying with the relevant agreement issued for such purposes by the Capacity Platform Operator; and nothing in the Code shall be treated as creating or conferring on any Party any entitlement to such access or use, or any other rights against or relationship with the Capacity Platform Operator.
- 1.6.5 National Grid NTS confirms that it has entered into an agreement with the Capacity Platform Operator as required under paragraph 1.6.4.
- 1.6.6 In accordance with paragraph 1.6.4 a User will be unable to and is not entitled to acquire, surrender or transfer Interconnection Point Capacity unless it has made the arrangements and complied with the requirements referred to in that paragraph.
- 1.6.7 Where the Capacity Platform Operator requests National Grid NTS to confirm:
- (a) that a person (seeking to make arrangements referred to in paragraph 1.6.4) is a User, National Grid NTS will give such confirmation if the person is a User at the time the request is made;
  - (b) that an individual is authorised to represent a User for the purposes of such arrangements, National Grid NTS will notify the User and give such confirmation if the User requests it to do so;

and in a case within paragraph (b), if the User wishes National Grid NTS to inform the Capacity Platform Operator of an individual ceasing to be so authorised, the User must comply with such notification and other requirements as National Grid NTS may from time to time prescribe.

- 1.6.8 The Parties agree and acknowledge that:
- (a) the rules, algorithms, systems and processes established from time to time by the Capacity Platform Operator in connection with each Interconnection Point ("**CPO Rules and Processes**") are those which apply to and govern the CPO Activities;
  - (b) the Parties shall be bound for the purposes of the Code by the outcome of the application of the CPO Rules and Processes;
  - (c) no Party shall have any liability to another Party in respect of the carrying out of, or any failure to carry out, the CPO Activities in accordance with the CPO Rules and Processes;
  - (d) the provisions of this Section B (including without limitation those referred to

in paragraph 1.6.3) which relate to the CPO Activities are understood by the Parties to reflect the CPO Rules and Processes (and are included in this Document as descriptive provisions for the convenience of the Parties);

- (e) if there is any conflict between the CPO Rules and Processes and the provisions of this Section referred to in paragraph (d), the CPO Rules and Processes will prevail;
- (f) in the case of such a conflict, the Parties will consult with each other as to whether a Code Modification should be proposed which would remove such conflict, or whether to seek a modification of the CPO Rules and Processes.

1.6.9 The Parties further agree and acknowledge that (pursuant to and without limitation of paragraph 1.6.8):

- (a) the making of communications between a Party and the Capacity Platform Operator in connection with the CPO Activities, the formats of such communications, the access to and availability (and the consequences of any non-availability) of any systems for such communications, and any question as to the authority of any person to give or receive such a communication, or the validity or time of giving or receipt of such a communication, shall be governed by and determined in accordance with CPO Rules and Processes (without prejudice to paragraph 10.4);
- (b) the rights and obligations of the Parties and the Capacity Platform Operator in respect of the confidentiality and disclosure of information provided to or by the Capacity Platform Operator are governed by the CPO Rules and Processes;
- (c) any correction of any error or mistake made by the Capacity Platform Operator or a Party in performing the CPO Activities will be made subject to and in accordance with the CPO Rules and Processes;
- (d) any other question or dispute arising as to the performance of the CPO Activities or in connection with the CPO Rules and Processes shall be determined in accordance with the procedures in the CPO Rules and Processes;

and that none of the above are governed by or to be determined under the Code.

1.6.10 In sending or receiving the following communications to or from Users, the Capacity Platform Operator acts as agent for and on behalf of National Grid NTS:

- (a) (in connection with Auctions) in publishing Auction Information (so far as relating to Interconnection Point Capacity), receiving Bids from Users and notifying acceptance of Bids;
- (b) (in connection with Surrenders) in receiving Surrender Offers from Users and notifying acceptance of Surrender Offers;
- (c) (in connection with System Capacity Transfers) in receiving notifications of such transfers from Users and notifying approval or rejection of such transfers;

but (other than as above) the Capacity Platform Operator does not act as agent for National Grid NTS in connection with the CPO Activities or otherwise.

- 1.6.11 National Grid NTS does not act as agent of the Capacity Platform Operator for any purposes.
- 1.6.12 For the avoidance of doubt (and in accordance with paragraph 1.6.8(a)) TPD Section U has no application in relation to the communications referred to in paragraph 1.6.10 (nor in relation to any other communication to be made between any Party and the Capacity Platform Operator).
- 1.6.13 National Grid NTS shall:
- (a) in connection with Auctions of Interconnection Point Capacity:
    - (i) send to the Capacity Platform Operator the information necessary to enable the Capacity Platform Operator to publish Auction Information;
    - (ii) inform the Capacity Platform Operator if a User's Bids are to be refused or rejected pursuant to Section V3.3.2;
    - (iii) register Users as holding Interconnection Point Capacity on the basis of the results of the Auction sent by the Capacity Platform Operator to National Grid NTS;
  - (b) in connection with Surrenders of Interconnection Point Capacity:
    - (i) inform the Capacity Platform Operator whether Surrender Offers are valid (except as provided in paragraph 1.6.3(b)) under paragraph 7.2.2;
    - (ii) determine whether and for what quantities Surrender Offers are accepted and record the reduction in a User's Available Interconnection Point Capacity on the basis of the results of the relevant Auction sent by the Capacity Platform Operator to National Grid NTS;
  - (c) in connection with System Capacity Transfers in respect of Interconnection Point Capacity:
    - (i) inform the Capacity Platform Operator whether proposed such transfers are accepted or rejected (except as provided in paragraph 1.6.3(c)) under paragraph 9 (and applicable provisions of TPD Section B5) valid;
    - (ii) record the adjustments in Users' Available Interconnection Point Capacity on the basis of the results of the proposed such transfers sent by the Capacity Platform Operator to National Grid NTS;

but this paragraph 1.6.13 does not require National Grid NTS to send to the Capacity Platform Operator any information which is otherwise available to the Capacity Platform Operator or which relates to the Interconnected System or an IS User.

- 1.6.14 Nothing in TPD Section V6.1 or 6.2 applies to the disclosure of Protected Information by a Party to the Capacity Platform Operator pursuant to this Document or under or in connection with the CPO Rules and Processes.
- 1.6.15 Where pursuant to this Document or under or in connection with the CPO Rules and Processes a Party receives information from the Capacity Platform Operator, such information shall be treated as being obtained by such Party pursuant to the

implementation of the Code for the purposes of TPD Section V5.3.1(a)(i) and (b)(i).

## **1.7 Provisions of Transportation Principal Document which do not apply**

1.7.1 The following provisions of the Transportation Principal Document do not apply in relation to Interconnection Point Capacity:

- (a) provisions as to the basis on which Users are invited to apply for, may apply for, and are allocated, NTS Entry Capacity or NTS Exit (Flat) Capacity;
- (b) provisions as to the basis on which Users are invited to offer and may offer for surrender NTS Entry Capacity for a calendar month, and on which such offers are accepted;
- (c) provisions as to the publication of information relating to invitations as referred to in paragraphs (a) and (b);
- (d) provisions relating to Code Contingencies affecting the communications for the purposes of the matters referred to in paragraphs (a) and (b);
- (e) provisions as to the assignment (by System Capacity Assignment) of Registered NTS Exit (Flat) Capacity;
- (f) provisions defining terms which are used only in provisions within paragraphs (a), (b), (c), (d) and (e).

1.7.2 At the EID Implementation Date the provisions referred to in paragraph 1.7.1(a), (b), (c), (d) and (e) are the following paragraphs of TPD Section B:

- (a) in relation to NTS Entry Capacity, 2.1.2, 2.1.4, 2.1.5, 2.1.12, 2.1.14, 2.2, 2.3, 2.4, 2.5 (other than 2.5.10 and 2.5.11), 2.6, 2.7, 2.11.1(b), 2.14, 2.15;
- (b) in relation to NTS Exit (Flat) Capacity, 3.1.3(a), 3.1.5(a), (b) and (c), 3.2, 3.3, 3.4, 3.5, 3.6, 6.

## **2 AUCTIONS – GENERAL**

### **2.1 Introduction**

2.1.1 Interconnection Point Capacity will be allocated to Users by Auction in accordance with this Section B, and a User may only be registered as holding Interconnection Point Capacity pursuant to such an Auction.

2.1.2 Bundled and Unbundled Interconnection Point Capacity will be allocated in separate Auctions held simultaneously.

2.1.3 In relation to a Binary IP ASEP, linked Auctions of Bundled NTS Entry Capacity will be held in accordance with paragraphs 4.9 and 5.9.

2.1.4 For the purposes of this Document:

- (a) **“Auction”** means an auction of Interconnection Point Capacity in relation to an Interconnection Point of a single Class, Capacity Duration, Capacity Period and Direction and either Bundled or Unbundled;

- (b) a **“Bundled Auction”** is an Auction of Bundled Interconnection Point Capacity, and an **“Unbundled Auction”** is an Auction of Unbundled Interconnection Point Capacity;
- (c) where the context requires, a reference to an Auction includes both the Bundled and Unbundled Auctions (as provided in paragraph 2.1.2) and in the case of a Binary IP ASEP both Bundled Auctions (as provided in paragraph 2.1.3);
- (d) in the context of any Auction, a reference in this Section B to Interconnection Point Capacity is to Interconnection Point Capacity at the Interconnection Point and of the Class, Direction and Capacity Duration and Capacity Period, and Bundled or Unbundled, to which the Auction relates;
- (e) an **“Auction Year”** is the period of 12 months commencing 1 March in any year;
- (f) in relation to an Auction Year, Gas Year ‘Y’ is the Gas Year ending 30 September in the Auction Year;
- (g) the **“Auction Calendar”** in relation to an Auction Year is the auction calendar published by ENTSOG for that Auction Year;
- (h) the **“minimum eligible quantity”** (the smallest amount of Interconnection Point Capacity for which certain capacity transactions may be made) is 100,000 kWh/Day (or the equivalent in kWh/hour);
- (i) a **“euro-based”** Auction is a Bundled Auction where (under the Adjacent TSO Rulebook) the price of Interconnected System Capacity at the Interconnection Point, or (in the case of a Binary IP ASEP) either of the Interconnection Points, is expressed in euro (€).

2.1.5 In relation to an Auction:

- (a) **“Auction Information”** is the information relating to the Auction to be published as provided in paragraph 4.3.1 or 5.2.1;
- (b) **“Auction Information Time”** is the date on which, and where applicable time at which, Auction Information is to be published as provided in paragraph 4.3.2 or 5.2.1;
- (c) **“Bid”** means a bid by a User to acquire Interconnection Point Capacity in the Auction;
- (d) **“Bid Window”** means a window of time within which a Bid may be submitted;
- (e) a Bid is **“successful”** where (in accordance with paragraph 4.7 or 5.7.2) the Bid is accepted (in the case of a Uniform Price Auction, as to all or any part of the Bid Quantity);
- (f) the **“Auction Quantity”** is the amount of Interconnection Point Capacity available to be allocated in that Auction, determined:
  - (i) in relation to an Auction of Firm Interconnection Point Capacity, in accordance with paragraph 3.1.3;



- (ii) in relation to an Auction of Interruptible Interconnection Point Capacity, in accordance with paragraph 3.6;
  - (g) **“Reserve Price”** means (subject to paragraph 2.1.7) the reserve price (applicable to the relevant Capacity Period) in respect of Interconnection Point Capacity in accordance with the prevailing National Grid NTS Transportation Statement as at the Auction Information Date;
  - (h) **“Starting Price”** means:
    - (i) for the purposes of an Unbundled Auction, the Reserve Price;
    - (ii) for the purposes of a Bundled Auction, the sum of the Reserve Price and a reserve price in respect of Interconnected System Capacity in accordance with the Adjacent TSO Rulebook;
  - (i) **“NTS Share”** means:
    - (i) in relation to an Unbundled Auction, 100%;
    - (ii) in relation to a Bundled Auction, the percentage share for National Grid NTS referred to in paragraph 2.2.3
  - (j) **“Clearing Price”** means the price determined pursuant to the Auction as the price at which Interconnection Point Capacity (and Interconnected System Capacity, in the case of an Bundled Auction) is allocated in the Auction;
  - (k) **“Auction Premium”** means the amount (if any) by which the Clearing Price exceeds the Starting Price;
  - (l) **“NTS Auction Price”** means the Reserve Price plus the NTS Share of the Auction Premium;
  - (m) **“Auction Allocated Quantity”** means the aggregate quantity of Interconnection Point Capacity allocated pursuant to the Auction.
- 2.1.6 For the purposes of TPD Sections B2.11 and B3.12, subject to paragraph 2.1.7, the Applicable Daily Rate in respect of Interconnection Point Capacity allocated in an Auction is the NTS Auction Price.
- 2.1.7 In relation to NTS Exit (Flat) Capacity allocated (for any Gas Year) in an Annual Yearly Auction:
- (a) it is acknowledged that the reserve price for such Gas Year in the prevailing Transportation Statement (as at the Auction Information Date) is indicative, and the final reserve price for such Gas Year is determined in the Transportation Statement prevailing at the start of such Gas Year;
  - (b) the Starting Price for the Auction shall be determined on the basis of the indicative reserve price;
  - (c) the NTS Auction Price will be determined (at the time of holding the Auction) based on the indicative reserve price, subject to paragraph (d);

- (d) for the purposes of determining (at the time at which such amounts fall due for payment) the Applicable Daily Rate of the Capacity Charge, and other amounts payable pursuant to this Section B, the NTS Auction Price will be redetermined as the final reserve price plus the NTS Share of the Auction Premium.

## **2.2 Bundled Auctions**

### **2.2.1 In the case of an Auction of Bundled Interconnection Point Capacity:**

- (a) the Auction also operates as an auction of Equivalent Interconnected System Capacity (but subject to the provisions of paragraphs 4 and 5 in respect of a Binary IP ASEP);
- (b) a Bid also operates as a bid to acquire Equivalent Interconnected System Capacity;
- (c) a Bid Price or Bid Round Price is a price comprising both a price for Interconnection Point Capacity and a price for Interconnected System Capacity;

and references to Bid Quantity, Auction Quantity, and Aggregate Bid Quantity shall be construed accordingly.

### **2.2.2 The acceptance of a Bid in a Bundled Auction has contractual effect separately:**

- (a) in respect of Interconnection Point Capacity, for the purposes of the Code, and
- (b) in respect of Interconnected System Capacity, for the purposes of the Adjacent TSO Rulebook;

and where a User is registered as holding Bundled Interconnection Point Capacity pursuant to an Auction the obligation of the User to pay Capacity Charges to National Grid NTS in respect of such capacity is a separate obligation, enforceable as a separate debt, from its obligation to pay charges to the Adjacent TSO.

### **2.2.3 The TSOs will agree for the purposes of each Bundled Auction the percentage shares (aggregating 100%) in which any Auction Premium will be shared between them.**

## **2.3 Prices and currency conversion**

### **2.3.1 In any euro-based Auction:**

- (a) prices provided to Users (including Starting Price and where applicable Bid Round Prices) will be expressed in both pounds sterling (£) and euro (€);
- (b) Bid Prices submitted by Users may be expressed in either pounds sterling (£) or euro (€);
- (c) Bids will be evaluated and the Clearing Price will be determined in euro (€).

### **2.3.2 For the purposes of converting (in connection with any Auction or any Bid Round of an Ascending Clock Auction) a price of Interconnection Point Capacity between a price expressed in pounds sterling (£) and a price expressed in euro (€), the exchange rate provided in paragraph 2.3.3 will be used.**

- 2.3.3 The exchange rate is the latest ECB Rate to be published prior to the start of the Bid Window of the Auction or (in the case of an Ascending Clock Auction) the Bid Window for the first Bid Round (regardless of the date of the clearing Bid Round); where the ECB Rate is the sterling/euro exchange rate published by the European Central Bank (at or about 14:00 hours) on each day which is a business day for such bank.
- 2.3.4 The Applicable Daily Rate of the Capacity Charge payable in respect of Interconnection Point Capacity allocated in an Auction will be expressed in pence/kWh/Day and (in accordance with paragraph 2.3.2) determined, where the NTS Auction Price (or for the purposes of paragraph 2.1.7(d), the Auction Premium) was determined in euro cents/kWh/Day, on the basis of the exchange rate used for the Auction as provided in paragraph 2.3.3.

## 2.4 The Auctions to be held

- 2.4.1 The following Auctions, in respect of Interconnection Point Capacity of different Capacity Durations, will be held in each Auction Year:
- (a) Auctions held once in each Auction Year, in respect of Yearly Interconnection Point Capacity for each of Gas Years Y+1 to Y+15 (“**Annual Yearly Auctions**”);
  - (b) Auctions held once in each Auction Year, in respect of Quarterly Interconnection Point Capacity for each Quarter in Gas Year Y+1 (“**Annual Quarterly Auctions**”);
  - (c) Auctions held in each month of the Auction Year, in respect of Monthly Interconnection Point Capacity for the following month (“**Rolling Monthly Auctions**”);
  - (d) Auctions held on each Day of the Auction Year, in respect of Daily Firm Interconnection Point Capacity for the following Day (“**Rolling Day-Ahead Auctions**”);
  - (e) Auctions held on each Day of the Auction Year, in respect of Daily Interruptible Interconnection Point Capacity for the following Day (“**Interruptible Rolling Day-Ahead Auctions**”);
  - (f) Auctions held (following the Rolling Day-Ahead Auction) on an hourly basis (as provided in paragraph 5.3) for each Day of the Auction Year, in respect of Daily Firm Interconnection Point Capacity for that Day (“**Within-Day Auctions**”).
- 2.4.2 Annual Yearly Auctions, Annual Quarterly Auctions and Rolling Monthly Auctions shall be held as Ascending Clock Auctions in accordance with paragraph 4.
- 2.4.3 Rolling Day-Ahead Auctions, Interruptible Rolling Day-Ahead Auctions and Within-Day Auctions shall be held as Uniform Price Auctions in accordance with paragraph 5.

## 2.5 Credit requirements

- 2.5.1 Bids for Interconnection Point Capacity in an Auction shall be considered as applications under TPD Section B for the purposes of TPD Section V3.3.2.

### 3 AUCTION QUANTITY

#### 3.1 Firm Interconnection Point Capacity

3.1.1 The “**Allocable**” Interconnection Point Capacity in relation to an Auction of Firm Interconnection Point Capacity is the aggregate amount of Interconnection Point Capacity which (at the Auction Information Date) is:

- (a) Eligible Technical Interconnection Point Capacity (in accordance with paragraph 3.2); or
- (b) subject to a Surrender Offer (in accordance with paragraph 7), in the case of an Ascending Clock Auction; or
- (c) subject to a Withdrawal Offer (in accordance with paragraph 8), in the case of an Ascending Clock Auction; or
- (d) Additional Interconnection Point Capacity (in accordance with paragraph 3.3).

3.1.2 The Allocable Interconnection Point Capacity will be divided into Bundled and Unbundled Interconnection Point Capacity in accordance with paragraph 6.2.

3.1.3 The Auction Quantity for an Auction is the amount of Bundled or Unbundled Allocable Interconnection Capacity determined in accordance with paragraph 3.1.2, subject to paragraph 3.1.4.

3.1.4 The amount of Unbundled Interconnection Point Capacity which may be allocated in an Annual Yearly Auction in respect of any Gas Year other than Gas Year Y+1 shall not exceed an amount equal to:

$$\text{Max } \{0, (\text{Sold ISP}_Y - \text{Sold ICP}_Y)\}$$

where for such Gas Year:

Sold  $\text{ISP}_Y$  is the amount (as notified by the Adjacent TSO(s)) of Equivalent unbundled Interconnected System Capacity at the Interconnection Point for the Gas Year (or in the case of a Binary IP ASEP the aggregate such amount at both Interconnection Points) which (at the Auction Information Date) has been allocated to and is held by IS Users;

Sold  $\text{ICP}_Y$  is the greatest amount (for any Day in the Gas Year) of Unbundled Interconnection Point Capacity at the Interconnection Point which (at the Auction Information Date) is Sold (or in the case of a Binary IP ASEP the greatest aggregate such amount for such a Day at both Interconnection Points);

#### 3.2 Technical Interconnection Point Capacity

3.2.1 For the purposes of this Document, in relation to an Auction:

- (a) “**Technical**” Interconnection Point Capacity is the amount of Firm Interconnection Point Capacity which National Grid NTS is required to make available to Users pursuant to National Grid NTS' Transporter's Licence as:
  - (i) NTS Entry Capacity, as set out in National Grid NTS' Transportation

Statement, or (as the case may be)

- (ii) NTS Exit (Flat) Capacity, as set out in National Grid NTS' Exit Capacity release obligation summary report;
- (b) **“Eligible”** Technical Interconnection Point Capacity is the lowest amount (for any Day in the Capacity Period) of Technical Interconnection Point Capacity which, at the Auction Information Date, is Unsold and not withheld under paragraph 3.2.2;
- (c) **“Sold”** Technical Interconnection Point Capacity is Technical Interconnection Point Capacity which is for the time being allocated to and held by Users; and **“Unsold”** Technical Interconnection Point Capacity is Technical Interconnection Point Capacity which is not for the time being Sold.

3.2.2 In relation to an Annual Yearly Auction, an amount of the Unsold Technical Interconnection Point Capacity must be withheld in determining the Eligible Technical Interconnection Point Capacity, determined (by reference to the Capacity Period) as follows:

- (a) in relation to each of Gas Years Y+1 to Y+5, an amount equal to 10% of the Technical Interconnection Point Capacity;
- (b) in relation to each of the Gas Years Y+6 to Y+15, an amount equal to 20% of the Technical Interconnection Point Capacity;

or (in either case), if less, the full amount of the Unsold Technical Interconnection Point Capacity.

### 3.3 Additional Capacity

3.3.1 Additional Interconnection Point Capacity is the amount of Firm Interconnection Point Capacity (if any) in excess of the Unsold Technical Interconnection Point Capacity:

- (a) which National Grid NTS may (but shall not be required to) make available as NTS Entry Capacity in an Auction, or (as the case may be)
- (b) which National Grid NTS may decide to release as NTS Exit (Flat) Capacity in an Auction in its absolute discretion.

### 3.4 Allocable Interconnected System Capacity

3.4.1 The **“Allocable”** Interconnected System Capacity in relation to an Auction is the amount of Equivalent Interconnected System Capacity which (in accordance with the Adjacent TSO Rulebook) is available for allocation (subject to being bundled with Interconnection Point Capacity, or unbundled) in that Auction.

3.4.2 In relation to a Binary IP ASEP and an Auction the **“Aggregate AISC”** is the sum of the Allocable Interconnected System Capacity for each Interconnection Point comprised in the IP ASEP.

### 3.5 Allocation of Interconnection Point Capacity

3.5.1 In any Auction, Interconnection Point Capacity in the categories in paragraph 3.1.1 (as

to the aggregate amount of Allocable Interconnection Point Capacity in each such category) shall be treated as allocated, in the priority in which those categories are set out in that paragraph:

- (a) first, to the Auction Allocated Quantity under the Bundled Auction; or in the case of a Binary IP ASEP:
  - (i) first, to the Auction Allocated Quantity under the Bundled Auction for which the NTS Auction Price was higher, and
  - (ii) second, to the Auction Allocated Quantity under the Bundled Auction for which the NTS Auction Price was lower;

or if the NTS Auction Price was the same for both such Bundled Auctions, in proportions (as to each such category in such priority) pro rata the respective Auction Allocated Quantities; and

- (b) then, to the Auction Allocated Quantity under the Unbundled Auction;

until Interconnection Point Capacity has been allocated to the Auction Allocated Quantities under each such Auction.

3.5.2 Where in an Auction the Auction Allocated Quantity is less than the Auction Quantity, the category(ies) (and amounts in each category) of Allocable Interconnection Point Capacity which remain unallocated are determined in accordance with paragraph 3.5.1.

### **3.6 Interruptible Interconnection Point Capacity.**

3.6.1 For the purposes of an Interruptible Rolling Day Ahead Auction, except as provided in paragraph 3.6.2, the Auction Quantity shall be:

- (a) in the case of NTS Entry Capacity, the Available Interruptible Capacity in accordance with TPD Section B2.5.10;
- (b) in the case of NTS Exit (Flat) Capacity, the amount determined in accordance with TPD Section B3.6.2(b).

3.6.2 In the case of an Interconnection Point at which physical flow is permitted in one Direction only, the Auction Quantity for an Interruptible Rolling Day Ahead Auction in the reverse Direction shall be an amount equal to the amount of Technical Interconnection Point Capacity in the forward Direction.

## **4 ASCENDING CLOCK AUCTIONS**

### **4.1 General**

4.1.1 This paragraph 4 sets out the basis on which Ascending Clock Auctions will be held (and in this paragraph 4, unless expressly otherwise provided, references to an Auction are to an Ascending Clock Auction).

4.1.2 In an Ascending Clock Auction, Interconnection Point Capacity is offered to and bid for by Users in a series of bidding rounds at ascending prices until the aggregate amount of Interconnection Point Capacity bid for does not exceed the Auction Quantity, subject to and in accordance with the further provisions of this paragraph 4.

4.1.3 For the purposes of this paragraph 4, in relation to an Ascending Clock Auction, subject to the provisions of paragraph 2.2:

- (a) “**Auction Date**” means the date and time on which the first Bid Window will start;
- (b) “**Bid Round**” means a bidding round in the Auction;
- (c) the “**Bid Round Price**” in relation to a Bid Round is the price (in pence/kWh/Day or euro cent/kWh/Day) at which Interconnection Point Capacity may be bid for in that Bid Round;
- (d) the “**Aggregate Bid Quantity**” is the aggregate amount of Interconnection Point Capacity for which valid Bids are made in a Bid Round;
- (e) “**FTU Bid Round**” means a Bid Round in which the Aggregate Bid Quantity is less than the Auction Quantity as provided in paragraph 4.6.6;
- (f) “**Last Pre-FTU Bid Round**” is the LPS Bid Round preceding a FTU Bid Round;
- (g) where an Auction “**Closes**” following a Bid Round there are no further Bid Rounds and the successful Bids and Clearing Price are determined and Interconnection Point Capacity allocated in accordance with paragraph 4.7;
- (h) “**LPS Bid Round**” is any Bid Round up to and including the FTU Bid Round or the Bid Round in which the Auction Closes under paragraph 4.6.4;
- (i) “**SPS Bid Round**” is any Bid Round after the FTU Bid Round;
- (j)  $BRP_{BR-1}$  in relation to any Bid Round is the Bid Round Price of the preceding Bid Round;
- (k)  $BRP_{LFFBR}$  is the Bid Round Price of the Last Pre-FTU Bid Round.

## 4.2 Price Steps

4.2.1 For each Auction, the amounts of two different increments of Bid Round Price (respectively the “**Large Price Step**” and the “**Small Price Step**”) will be determined in accordance with this paragraph 4.2.

4.2.2 In relation to each Auction:

- (a) National Grid NTS will determine:
  - (i) the amount of a large price step (“**NTS large price step**”); and
  - (ii) (in the case of a Bundled Auction, jointly with the Adjacent TSO) a fraction (“**SPS Fraction**”) in the form  $1/X$  where  $X$  is a whole number;
- (b) the Large Price Step (“**LPS**”) is:
  - (i) in the case of an Unbundled Auction, the NTS large price step;

- (ii) in the case of a Bundled Auction, the sum of the NTS large price step and a large price step determined by the Adjacent TSO under the Adjacent TSO Rulebook;
  - (c) the Small Price Step (“SPS”) is the SPS Fraction of the Large Price Step.
- 4.2.3 The Large Price Step and the Small Price Step or SPS Fraction for an Auction will be notified to Users in the Auction Information.
- 4.3 Auction Information**
- 4.3.1 For each Ascending Clock Auction the following information will be published to Users in advance of the Auction:
- (a) the identity of the TSO (ie National Grid NTS) and in the case of a Bundled Auction the Adjacent TSO;
  - (b) the Interconnection Point;
  - (c) the Direction;
  - (d) the Capacity Duration and Capacity Period;
  - (e) the Class of Interconnection Point Capacity;
  - (f) the amount of the Auction Capacity, subject to paragraph 4.9;
  - (g) the Starting Price (and in the case of a Bundled Auction the Reserve Price and reserve price for Interconnected System Capacity);
  - (h) the Auction Date;
  - (i) the Large Price Step and Small Price Step.
- 4.3.2 The date by which the Auction Information is to be provided to Users is:
- (a) in relation to an Annual Yearly Auction, one month before the Auction Date;
  - (b) in relation to an Annual Quarterly Auction, two weeks before the Auction Date;
  - (c) in relation to a Rolling Monthly Auction, one week before the Auction Date.
- 4.3.3 For each Auction, National Grid NTS (and not the Capacity Platform Operator) will publish the aggregate amount of the Allocable Interconnection Point Capacity in each of the categories in paragraph 3.1.1 (but disregarding paragraph 3.1.4); and such information is not part of the Auction Information.

#### **4.4 Bid Windows**

- 4.4.1 Each Bid Round will take place in a Bid Window.
- 4.4.2 The Bid Windows shall be determined as follows:
- (a) the first Bid Window on any Day shall start at 0800 hours;



- (b) no Bid Window shall end after 1700 hours;
  - (c) the Bid Window for the first Bid Round shall be a period of three hours, on the Auction Date;
  - (d) the Bid Window for each subsequent Bid Round shall be a period of one hour;
  - (e) there shall be a period of one hour between the end of one Bid Window and the start of the next Bid Window on the same Day;
  - (f) Bid Windows may fall only on Business Days, or on all Days.
- 4.4.3 In relation to an Annual Yearly Auction, the Auction Date will be the first Monday in March in the Auction Year, or such other date as is specified in the Auction Calendar.
- 4.4.4 In relation to an Annual Quarterly Auction, the Auction Date will be the first Monday in June in the Auction Year, or such other date as is specified in the Auction Calendar.
- 4.4.5 In relation to a Rolling Monthly Auction, the Auction Date will be the third Monday in the month before the month to which the Auction relates, or such other date as is specified in the Auction Calendar.
- 4.5 Bidding in an Auction**
- 4.5.1 In each Bid Round of an Auction a User may apply for Interconnection Point Capacity by submitting a Bid within the Bid Window in accordance with this paragraph 4.5.
- 4.5.2 A User must submit a Bid in the first Bid Round in order to submit a Bid in any subsequent Bid Round.
- 4.5.3 Each Bid shall specify:
- (a) the identity of the User;
  - (b) the Auction in which it is submitted;
  - (c) the Bid Quantity;
  - (d) such other details as may be required by the CPO Rules and Processes.
- 4.5.4 For each User, in each Bid Round, the Bid Quantity:
- (a) shall not be less than the minimum eligible quantity;
  - (b) in the case of the first Bid Round, shall not exceed the Auction Quantity;
  - (c) in each subsequent Bid Round except the first SPS Bid Round (if any), shall not exceed the User's Bid Quantity for the preceding Bid Round;
  - (d) in the first SPS Bid Round, shall not exceed the User's Bid Quantity for the Last Pre-FTU Bid Round and shall not be less than the User's Bid Quantity for the FTU Bid Round.
- 4.5.5 If in the first SPS Bid Round a User does not submit a Bid in which the Bid Quantity

complies with the requirement in paragraph 4.5.4(d), the User shall be deemed to have submitted a Bid for a Bid Quantity equal to the Bid Quantity for the FTU Bid Round and shall be bound by such deemed Bid.

- 4.5.6 A User may (subject to paragraph 4.5.4) withdraw or modify a Bid in any Bid Round at any time during (but not after the close of) the Bid Window; and further references in this paragraph 4 to a Bid are to the Bid prevailing at the close of the relevant Bid Window.
- 4.5.7 A Bid is valid if and only if:
- (a) the Bid complies with the requirements of paragraph 4.5.3;
  - (b) the Bid Quantity complies with the applicable requirements of paragraph 4.5.4(a), (b) and (c);
  - (c) it is not refused or rejected under TPD Section V3.3.2;
  - (d) in the case of a Bid in a Bundled Auction, the Bid is valid (as a bid for Interconnected System Capacity) under the Adjacent TSO Rulebook; and
  - (e) any requirements under the CPO Rules and Processes are complied with.
- 4.5.8 A Bid which is not valid will be rejected and will have no effect.
- 4.5.9 A Bid operates (subject to the provisions of paragraph 2.2) as an offer by the User to acquire and pay for Interconnection Point Capacity in the Bid Quantity and at the Bid Round Price, capable of acceptance in accordance with paragraph 4.7, and may not be withdrawn or modified except as provided in paragraph 4.5.6.

#### **4.6 Auction process**

- 4.6.1 In the first Bid Round of an Auction the Bid Round Price will be equal to the Starting Price.
- 4.6.2 Following each Bid Round in which the Aggregate Bid Quantity was greater than the Auction Quantity, a further Bid Round will take place, subject to paragraphs 4.6.9 and 4.6.10.
- 4.6.3 In each LPS Bid Round (other than the first), the Bid Round Price will be equal to  $\{BRP_{BR-1} + LPS\}$ .
- 4.6.4 If in the first LPS Bid Round the Aggregate Bid Quantity is less than or equal to the Auction Quantity, the Auction will Close and paragraph 4.7.1(a) shall apply.
- 4.6.5 If in any LPS Bid Round the Aggregate Bid Quantity is equal to the Auction Quantity, the Auction will Close and paragraph 4.7.1(a) shall apply.
- 4.6.6 Unless paragraph 4.6.4 or 4.6.5 applies, following the first LPS Bid Round in which the Aggregate Bid Quantity is less than the Auction Quantity (a 'first time undersell'), paragraph 4.6.7 shall apply.
- 4.6.7 Following a FTU Bid Round:

- (a) for the next Bid Round (ie the first SPS Bid Round) the Bid Round Price will be equal to  $\{BRP_{LPFBR} + SPS\}$ ;
  - (b) in each subsequent SPS Bid Round the Bid Round Price will be equal to  $\{BRP_{BR-1} + SPS\}$ .
- 4.6.8 If in any SPS Bid Round the Aggregate Bid Quantity is equal to or less than the Auction Quantity, the Auction will Close and paragraph 4.7.1(a) shall apply.
- 4.6.9 If following any SPS Bid Round the Auction has not Closed under paragraph 4.6.8 but the Bid Round Price of the next SPS Bid Round would be equal to the Bid Round Price of the FTU Bid Round, the Auction will Close and paragraph 4.7.1(b) shall apply.
- 4.6.10 If an Auction ('A') has not Closed by the closure deadline for the next following Auction ('B', whether an Ascending Clock Auction or a Uniform Price Auction) in respect of Interconnection Point Capacity for the same Interconnection Point, Direction and Class as Auction A but for any Capacity Period which falls within the Capacity Period for Auction A, Auction A shall be discontinued without Closing and no Bid in Auction A shall have any effect.
- 4.6.11 For the purposes of paragraph 4.6.10 the closure deadline is:
- (a) where Auction B is an Ascending Clock Auction, 1700 hours on the 6th Business Days before the Auction Information Time for Auction B;
  - (b) where Auction B is a Rolling Day-Ahead Auction, 1700 hours on the 2nd Business Day before the Auction Information Time for Auction B;

#### **4.7 Auction Close**

- 4.7.1 Where the Auction Closes following any Bid Round:
- (a) subject to paragraph (b), that Bid Round is the clearing Bid Round, the Clearing Price is the Bid Round Price for that Bid Round, and each Bid submitted in that Bid Round is accepted; and the User which submitted that Bid shall be allocated and registered as holding an amount of Interconnection Point Capacity equal to its Bid Quantity;
  - (b) where paragraph 4.6.9 applies, the FTU Bid Round is the clearing Bid Round, the Clearing Price is the Bid Round Price for the FTU Bid Round, and each Bid submitted in the FTU Bid Round is accepted; and the User which submitted that Bid shall be allocated and registered as holding an amount of Interconnection Point Capacity equal to its Bid Quantity.
- 4.7.2 Following each Bid Round, Users will be informed whether the Auction has Closed.
- 4.7.3 For avoidance of doubt no Bid made in any Bid Round other than the clearing Bid Round shall be treated as accepted or shall have any other effect.

#### **4.8 Provision of information following the Close of an Auction**

- 4.8.1 Following each Auction, by the end of the Business Day following the Day on which the Auction Closed:

- (a) the following information will be published to all Users:
  - (i) the Auction Allocated Quantity;
  - (ii) the Auction Premium;
- (b) the following additional information will be provided to each User whose Bid was successful in the Auction:
  - (i) the amount of Interconnection Point Capacity allocated to the User in the Auction;
  - (ii) the NTS Share (in the case of an Bundled Auction).

#### 4.9 Binary IP ASEP

- 4.9.1 This paragraph 4.9 applies in relation to any Ascending Clock Auction of NTS Entry Capacity in respect of a Binary IP ASEP.
- 4.9.2 If the Allocable Interconnection Point Capacity is greater than or equal to the Aggregate AISC, then (in accordance with paragraph 6.2) amounts of Interconnection Point Capacity equal respectively to the Allocable Interconnected System Capacity (“**AISC<sub>IP</sub>**”) for each Interconnection Point are Bundled and separate Auctions shall be held in respect of such Bundled Interconnection Point Capacity.
- 4.9.3 If the Allocable Interconnection Point Capacity (“**AIPC**”) is less than the Aggregate AISC (“**AAISC**”), then:
- (a) (in accordance with paragraph 6.2) all of the Interconnection Point Capacity is Bundled;
  - (b) the “**Competing Capacity**” (“**CC**”) is an amount of Interconnection Point Capacity calculated as  $\{AAISC - AIPC\}$ ;
  - (c) for each Interconnection Point the “**Non-Competing Capacity**” (“**NCC<sub>IP</sub>**”) for each Interconnection Point is an amount calculated as  $(AISC_{IP} - CC)$ ;
  - (d) the Auction Information shall include the amounts of the Competing Capacity and (for the relevant Interconnection Point) the Non-Competing Capacity;
  - (e) separate Auctions for each Interconnection Point shall be held in accordance with paragraphs 4.5 to 4.8 as modified by the further provisions of this paragraphs 4.9;
  - (f) the sum of the Aggregate Bid Quantities in each Auction in any Bid Round is the “**Total Bid Quantity**”.
- 4.9.4 The Auctions in respect of the two Interconnection Points will be held in parallel with simultaneous Bid Rounds in each Auction (“**linked**” Auctions), until a Bid Round in which the Auctions cease to be linked under paragraph 4.9.6 or the Auctions Close under paragraph 4.9.5 or 4.9.7.
- 4.9.5 If in the first LPS Bid Round the Total Bid Quantity is less than or equal to AIPC, and paragraph 4.9.6 does not apply, both Auctions shall Close.

- 4.9.6 If in any Bid Round ('R', whether a LPS or SPS Bid Round), for one Auction (the “**under-sell**” Auction), the Aggregate Bid Quantity is less than or equal to  $NCC_{IP}$ , and for the other Auction (the “**oversell**” Auction) the Aggregate Bid Quantity is greater than or equal to  $AISC_{IP}$ , then:
- (a) the Auctions will cease to be linked;
  - (b) for the oversell Auction:
    - (i) if the Aggregate Bid Quantity is equal to  $AISC_{IP}$ , the Auction will Close;
    - (ii) otherwise, the Auction will proceed to the next Bid Round on the basis that the Auction Quantity is equal to  $AISC_{IP}$ ;
  - (c) for the undersell Auction:
    - (i) if Bid Round R is a LPS Bid Round:
      - (1) if the Aggregate Bid Quantity is equal to  $NCC_{IP}$ , or Bid Round R is the first Bid Round, the Auction will Close;
      - (2) otherwise, Bid Round R is the FTU Bid Round, and the Auction will proceed to the SPS Bid Rounds on the basis that the Auction Quantity is equal to  $NCC_{IP}$ ;
    - (ii) if Bid Round R is a SPS Bid Round, the Auction will Close.
- 4.9.7 If in any LPS Bid Round (other than the first) the Total Bid Quantity is less than or equal to  $AIPC$ , and paragraph 4.9.6 does not apply to such Bid Round:
- (a) that Bid Round will be the FTU Bid Round for both Auctions;
  - (b) the Auctions will proceed as linked Auctions in SPS Bid Rounds.
- 4.9.8 If in any SPS Bid Round (where the Auctions are linked) the Total Bid Quantity is less than or equal to  $AIPC$ , the Auctions will Close.
- 4.9.9 The Interconnected System Capacity with which Interconnection Point Capacity allocated to a Bid under this paragraph 4.9 is Bundled shall be determined by reference to the Interconnection Point in respect of which such Bid was submitted.

## **5 UNIFORM PRICE AUCTIONS**

### **5.1 General**

- 5.1.1 This paragraph 5 sets out the basis on which Uniform Price Auctions will be held (and in this paragraph 5 references to an Auction are to a Uniform Price Auction).
- 5.1.2 In an Uniform Price Auction, Interconnection Point Capacity is offered to and bid for by Users in a single bidding round in which both price and quantity are bid, subject to and in accordance with the further provisions of this paragraph 5.
- 5.1.3 For the purposes of this paragraph 5, in relation to an Uniform Price Auction, subject to

the provisions of paragraph 2.2:

- (a) the “**Bid Price**” in relation to a Bid is the price (in pence/kWh/Day or euro cents/kWh/Day) bid by the User for Interconnection Point Capacity;
- (b) the “**Bid Quantity**” in relation to a Bid is the quantity of Interconnection Point Capacity for which the User bids;
- (c) the “**Minimum Bid Quantity**” in relation to a Bid is the smallest quantity of Interconnection Point Capacity which the User is willing to be allocated pursuant to the Bid.

## 5.2 Auction Information

5.2.1 For each Uniform Price Auction the following information will be published to Users by the time at which the Bid Window opens:

- (a) the identity of the TSO (ie National Grid NTS) and in the case of a Bundled Auction the Adjacent TSO;
- (b) the Interconnection Point;
- (c) the Direction;
- (d) the Capacity Duration and Capacity Period;
- (e) the Class of Interconnection Point Capacity;
- (f) the amount of the Auction Capacity, subject to paragraph 5.9;
- (g) the Starting Price (and in the case of a Bundled Auction the Reserve Price and reserve price for Interconnected System Capacity);
- (h) the Day on which the Auction is to be held and the time at which the Bid Window opens.

## 5.3 Within-Day Auctions

5.3.1 For each Day (‘D’), Within-Day Auctions shall be held with Bid Windows closing at hourly intervals (in accordance with paragraph 5.4.3) from 0130 on Day D-1 to 0030 on Day D.

5.3.2 For a Within-Day Auction in which amounts of Interconnection Point Capacity are expressed in kWh/hour (other than for the Bid Window which closes at 0130), the amount (in kWh/Day) of Interconnection Point Capacity which a User is registered as holding in respect of a successful Bid (RC) will be determined by reference to the quantity (in kWh/hour) allocated to the User in the Auction (AC) according to the following formula:

$$RC = AC * P$$

where P is the period of time in hours from the time 3.5 hours after the close of the Bid Window for the relevant Auction to the end of Day D.

## 5.4 Bid Windows

- 5.4.1 In relation to a Rolling Day-Ahead Auction, the Bid Window will be the period of 30 minutes starting at 1530 hours on D-1 or such other time as is specified in the Auction Calendar.
- 5.4.2 In relation to an Interruptible Rolling Day-Ahead Auction, the Bid Window will be the period of 30 minutes starting at 1630 hours on D-1 or such other time as is specified in the Auction Calendar.
- 5.4.3 In relation to Within-Day Auctions for a Day, the Bid Windows shall be as follows:
- (a) the first Within-Day Auction shall have a Bid Window from 1800 to 0130 on Day D-1;
  - (b) the second Within-Day Auction shall have a Bid Window from 0200 to 0230 on Day D-1;
  - (c) thereafter there shall be successive Bid Windows of 30 minutes commencing on the hour, up to the last Within-Day Auction in accordance with paragraph (d);
  - (d) the last Within-Day Auction shall have a Bid Window from 0000 to 0030 on Day D.

## **5.5 Bidding in an Auction**

- 5.5.1 In each Auction a User may apply for Interconnection Point Capacity by submitting a Bid within the Bid Window in accordance with this paragraph 5.5.
- 5.5.2 A User may submit up to 10 Bids in an Auction, each of which shall be a separate Bid independent of each other Bid.
- 5.5.3 Each Bid shall specify:
- (a) the identity of the User;
  - (b) the Auction in which it is submitted;
  - (c) the Bid Quantity;
  - (d) the Minimum Bid Quantity;
  - (e) the Bid Price;
  - (f) in the case of a Rolling Day-Ahead Auction, whether it is a 'carry forward' Bid (to be carried forward to the Within-Day Auction in accordance with paragraph 5.7.3);
  - (g) such other details as may be required by the CPO Rules and Processes.
- 5.5.4 The following requirements must be satisfied in relation to Bids in an Auction:
- (a) for each Bid, the Bid Quantity shall not be less than the minimum eligible quantity;
  - (b) for each Bid, the Bid Price shall not be less than the Starting Price;

- (c) for each User, the aggregate of the Bid Quantities under all Bids in an Auction shall not exceed the Auction Quantity.
- 5.5.5 A User may withdraw or modify a Bid at any time during (but not after the close of) the Bid Window; and further references in this paragraph 5 to a Bid are to the Bid prevailing at the close of the Bid Window.
- 5.5.6 A Bid is valid if and only if:
- (a) the Bid complies with the requirements of paragraph 5.5.3;
  - (b) the requirements of paragraph 5.5.4 are satisfied;
  - (c) it is not refused or rejected under TPD Section V3.3.2;
  - (d) in the case of a Bid in a Bundled Auction, the Bid is valid under the Adjacent TSO Rulebook;
  - (e) any requirements under the CPO Rules and Processes are complied with.
- 5.5.7 A Bid which is not valid will be rejected and will have no effect.
- 5.5.8 A Bid operates (subject to the provisions of paragraph 2.2) as an offer by the User to acquire and pay for Interconnection Point Capacity in any amount not less than the Minimum Bid Quantity and not greater than the Bid Quantity and at the Bid Price, capable of acceptance in accordance with paragraph 5.7.2, and may not be withdrawn or modified except as provided in paragraph 5.5.6.

## 5.6 Bid Price

- 5.6.1 In the case of a euro-based Auction, for the purposes of ranking Bids for allocation, the Bid Price of each Bid will be converted to euro (in accordance with paragraph 2.3.2) and references to Bid Price in paragraph 5.7 are to the Bid Price so converted.

## 5.7 Auction process

- 5.7.1 Following the close of the Bid Window, Interconnection Point Capacity will be allocated pursuant to the valid Bids submitted as follows:
- (a) all valid Bids will be ranked in order of Bid Price (the highest priced ranking first);
  - (b) Interconnection Point Capacity will be allocated to Bids in descending order of Bid Price, until such time as the amount of Interconnection Point Capacity allocated in aggregate is equal to the Auction Quantity or (where the aggregate of the Bid Quantities is less than the Auction Quantity) there are no remaining Bids to satisfy;
  - (c) subject to paragraphs (d) and (e), where the Bid Quantity under a Bid exceeds the amount (“**remaining unallocated quantity**”) of the Auction Quantity which remains unallocated after allocation to higher-priced Bids, the remaining unallocated quantity will be allocated to the Bid;
  - (d) subject to paragraph (e), where each of two or more Bids has the same Bid



Price, and the amount in aggregate of the Bid Quantities under such Bids exceeds the remaining unallocated quantity, the remaining unallocated quantity shall be allocated to the Bids pro rata the respective Bid Quantities;

- (e) where the amount to be allocated to a Bid under paragraph (c) or (d) would be less than the Minimum Bid Quantity, the Bid will be disregarded and of no effect, and this paragraph 5.7.1 shall apply to the ranked Bids excluding such Bid.
- 5.7.2 Each Bid to which Interconnection Point Capacity is allocated under paragraph 5.7.1 is accepted (as to the quantity so allocated); and the User which submitted that Bid shall be allocated and registered as holding that quantity of Interconnection Point Capacity.
- 5.7.3 Where a Bid in the Rolling day-Ahead Auction for a Day is not successful and the Bid is a carry-forward Bid, the Bid shall operate as a Bid (for the same Bid Quantity, Minimum Bid Quantity and Bid Price) in the first Within-Day Auction for that Day (but subject to the User modifying or withdrawing the Bid in accordance with paragraph 5.5.5).
- 5.7.4 For the avoidance of doubt, subject to paragraph 5.7.3, a Bid which is not accepted in an Auction lapses and is of no further effect.
- 5.7.5 In relation to a Uniform Price Auction the Clearing Price is:
- (a) if the aggregate of the Bid Quantities under all Bids is less than the Auction Quantity, the Starting Price;
  - (b) otherwise, the Bid Price of the lowest-priced successful Bid in the Auction.

## **5.8 Provision of information following Auction**

- 5.8.1 Following each Auction, by 30 minutes after the close of the Bid Window:
- (a) the following information will be published to all Users:
    - (i) the Auction Allocated Quantity;
    - (ii) the Auction Premium;
  - (b) the following additional information will be provided to each User whose Bid was successful in the Auction:
    - (i) the amount of Interconnection Point Capacity allocated to the User in respect of each successful Bid in the Auction;
    - (ii) the NTS Share (in the case of a Bundled Auction).

## **5.9 Binary IP ASEP**

- 5.9.1 This paragraph 5.9 applies in relation to any Uniform Price Auction of Firm NTS Entry Capacity in respect of a Binary IP ASEP.
- 5.9.2 If the Allocable Interconnection Point Capacity is greater than or equal to the Aggregate AISC, then (in accordance with paragraph 6.2) amounts of Interconnection Point

Capacity equal respectively to the Allocable Interconnected System Capacity for each Interconnection Point are Bundled and separate Auctions shall be held in respect of such Bundled Interconnection Point Capacity.

- 5.9.3 If the Allocable Interconnection Point Capacity is less than the Aggregate AISC:
- (a) (in accordance with paragraph 6.2) all of the Interconnection Point Capacity is Bundled;
  - (b) separate Auctions shall be held in respect of each Interconnection Point in accordance with paragraphs 5.5, 5.6 and 5.7, on the basis that the Auction Quantity in each Auction is deemed to be equal to the Allocable Interconnected System Capacity;
  - (c) in such Auctions the allocation of Interconnection Point Capacity to Bids (“**first round allocation**”) is provisional, no Bid is accepted and no Clearing Price shall be determined;
  - (d) the Bids to which Interconnection Point Capacity was provisionally allocated in the first round allocation shall be combined into a single set of Bids, and in respect of each such Bid the quantity provisionally allocated in the first-round allocation shall be deemed to be the Bid Quantity;
  - (e) such Bids shall be ranked and Interconnection Point Capacity shall be allocated to such Bids in accordance with paragraph 5.7 (“**second round allocation**”) on the basis that the Auction Quantity is the Allocable Interconnection Point Capacity;
  - (f) the results of the second round allocation shall be final and binding as to the acceptance of Bids and determination of the Clearing Price.
- 5.9.4 The Interconnected System Capacity with which Interconnection Point Capacity allocated to a Bid under this paragraph 5.9 is Bundled shall be determined by reference to the Interconnection Point in respect of which such Bid was submitted.

## 6 BUNDLING

### 6.1 General

6.1.1 For the purposes of the Code:

- (a) Firm Interconnection Point Capacity is “**Bundled**”:
  - (i) in relation to an Auction, where it is designated as Bundled in accordance with paragraph 6.2;
  - (ii) when held as Available Interconnection Point Capacity by a User, where it is for the time being recorded as Bundled in accordance with paragraph 6.3;
- (b) Interconnection Point Capacity is “**Unbundled**” where it is not Bundled.

6.1.2 Interruptible Interconnection Point Capacity cannot be Bundled (and where necessary will be treated as Unbundled).

- 6.1.3 Where Interconnection Point Capacity is Bundled, it may only:
- (a) be registered as held pursuant to an Auction,
  - (b) be transferred by a User to another User pursuant to a System Capacity Transfer together with Equivalent Interconnected System Capacity (and references to the Interconnected System Capacity with which Interconnection Point Capacity is Bundled shall be construed accordingly).
- 6.1.4 The distinction between a User's Bundled and Unbundled Available Interconnection Point Capacity will be made only where (and for the purposes of those provisions of the Code for which) this Section B expressly requires such distinction.

## **6.2 Bundling in Auctions**

- 6.2.1 In any Auction of Firm Interconnection Point Capacity, an amount of Interconnection Point Capacity shall be designated as Bundled which is equal to the lesser of:
- (a) the Allocable Interconnection Point Capacity, and
  - (b) the Allocable Interconnected System Capacity or, in the case of a Binary IP ASEP, the sum of the Allocable Interconnected System Capacities for both Interconnection Points.
- 6.2.2 Where Interconnection Point Capacity is Bundled in an Auction, it will be made available, may only be applied for, and will be allocated in the Auction together with Equivalent Interconnected System Capacity.

## **6.3 Interconnection Point Capacity held as Bundled**

- 6.3.1 National Grid NTS will record a User's Available Interconnection Point Capacity as Bundled for the purposes of paragraph 6.1.1(a)(ii):
- (a) when it is allocated to the User as Bundled under an Auction;
  - (b) when it has been designated by the User to be Bundled in accordance with paragraph 6.4;
  - (c) when it is transferred to the User as Bundled Interconnection Point Capacity under a System Capacity Transfer in accordance with paragraph 9;
- unless and until such record is revised under paragraph 6.3.2.
- 6.3.2 Where (other than in connection with a System Capacity Transfer of Bundled Interconnection Point Capacity) the Adjacent TSO notifies National Grid NTS that, under any provision of the Adjacent TSO Rulebook, a User (as IS User) will cease or has ceased (for any Day or consecutive Days) to hold any amount of Interconnected System Capacity which the Adjacent TSO records as bundled with Equivalent Interconnection Point Capacity, National Grid NTS will (if it has agreed to do so in or under the Interconnection Agreement):
- (a) compare what is notified by the Adjacent TSO with its record of Bundled Interconnection Point Capacity, and

- (b) revise the record:
    - (i) by reducing the amount of Interconnection Point Capacity recorded as Bundled for the relevant Day(s) where and by the amount by which such reduction appears to National Grid NTS to be appropriate; and
    - (ii) unless there is a corresponding reduction in the User's Available Interconnection Point Capacity, increasing the amount recorded as Unbundled by the same amount).
- 6.3.3 Where a User ceases (for any Day or consecutive Days) to hold Bundled Available Interconnection Point Capacity pursuant to a Surrender or Withdrawal, or (subject to paragraph 6.5) by virtue of its Available Interconnection Point Capacity being Adjusted under TPD Sections B2.8, B2.10 or B2.17, or B3.9 or B3.11, National Grid NTS will (if it has agreed to do so in or under the Interconnection Agreement) notify the Adjacent TSO and provide the following information:
- (a) the identity of the User;
  - (b) the amount and Direction of the Bundled Interconnection Point Capacity which the User has ceased to hold;
  - (c) the Day or Days for which the User has ceased to hold such Interconnection Point Capacity.
- 6.3.4 For the avoidance of doubt paragraph 6.3.3 does not apply where a User ceases to hold Available Bundled Interconnection Point Capacity upon a System Capacity Transfer or upon the expiry of the Capacity Period for which the Interconnection Point Capacity is registered as held.
- 6.3.5 Where National Grid NTS gives Termination Notice to a User which holds Bundled Interconnection Point Capacity, National Grid NTS will notify the Adjacent TSO of the User ceasing to be a User, and the amount of Bundled Interconnection Point Capacity (which at the date specified in the Termination Notice) is or was held by the User.
- 6.3.6 For the purposes of TPD Section V4.2 (and in addition to the requirements in Section V4.2.2), a User which has given a Discontinuance Notice may not cease to be a User at a time at which it holds Bundled Interconnection Point Capacity at any Interconnection Point unless the Adjacent TSO has notified National Grid NTS that it consents to such cessation.
- 6.3.7 A User's Bundled or Unbundled Available Interconnection Point Capacity (at an Interconnection Point, in a Direction) may become negative where:
- (a) the User Surrenders an amount of Bundled or Unbundled Interconnection Point Capacity which exceeds the User's Available Bundled or Unbundled Interconnection Point Capacity; or
  - (b) the User notifies a System Capacity Transfer for an amount of Bundled or Unbundled Interconnection Point Capacity which exceeds the User's Available Bundled or Unbundled Interconnection Point Capacity and such System Capacity Transfer is not rejected under TPD Section B5.1.4;

but (as provided in paragraph 6.1.4) except as expressly provided in this Section B the

provisions of the Code apply on the basis of the aggregate of the User's Bundled and Unbundled Available Interconnection Point Capacity.

#### 6.4 Bundling by User

6.4.1 A User may request National Grid NTS that Available Unbundled Interconnection Point Capacity for a Capacity Period is designated as Bundled, subject to and in accordance with this paragraph 6.4.

6.4.2 The User (as IS User) must simultaneously request the Adjacent TSO that Equivalent unbundled Interconnected System Capacity is bundled under the Adjacent TSO Rulebook, and for these purposes:

- (a) the User need only communicate its request to one of the TSOs, and (subject to the provisions of the Adjacent TSO Rulebook) such communication will operate as separate requests to each TSO;
- (b) where the User communicates its request to National Grid NTS, NTS agrees to act as agent of the User to send the communication to the Adjacent TSO;
- (c) where the User communicates its request to the Adjacent TSO, National Grid agrees to receive the communication from the Adjacent TSO as agent for the User (provided the User has appointed the Adjacent TSO as its agent to send such communication)

subject to and in accordance with the further provisions of this paragraph 6.4.

6.4.3 Where the User communicates its request to National Grid NTS, the User's request shall:

- (a) identify the User;
- (b) specify the Interconnection Point, Direction and Capacity Duration of the Interconnection Point Capacity; and
- (c) specify the amount of the Interconnection Point Capacity to be Bundled;
- (d) specify the first Day ("**effective date**") of the Capacity Period for which the Interconnection Point Capacity is to be Bundled.

6.4.4 The User's request must be given to National Grid NTS not less than two months before the effective date specified in the request.

6.4.5 If the requirements in paragraph 6.4.6 (a) and (b) are satisfied, National Grid NTS will (pursuant to paragraph 6.4.2(b) within 10 Business Days after receiving the User's request, notify the Adjacent TSO of the request and provide to it the information contained in the request.

6.4.6 National Grid NTS will accept the User's request, and the Interconnected System Capacity will be designated as Bundled, if:

- (a) the request complies with the requirements in paragraph 6.4.3;
- (b) the User holds Available Unbundled Interconnection Point Capacity for the

Capacity Period for which the request is made, in an amount not less than the amount specified in the request;

- (c) the Adjacent TSO has confirmed to National Grid NTS, not less than one month before the effective date, that the Adjacent TSO accepts the corresponding request of the User (as IS User).
- 6.4.7 If the requirements in paragraph 6.4.6 are not satisfied National Grid NTS will reject the User's request.
- 6.4.8 National Grid NTS will notify the User whether its request is accepted or rejected not less than 5 Business Days before the effective date.
- 6.4.9 If the Adjacent TSO notifies National Grid NTS that it has received a request (“**adjacent bundling request**”) from an IS User to bundle Interconnected System Capacity, and provides details of the IS User, Direction of the Interconnected System Capacity, and the requested amount, effective date, and period of such bundling, then paragraph 6.4.10 applies.
- 6.4.10 If the requirements in paragraph 6.4.11 are satisfied, National Grid NTS will:
- (a) (pursuant to paragraph 6.4.2(c)) treat the notification from the Adjacent TSO as a request by the User under paragraph 6.4.1 to designate Equivalent Available Unbundled Interconnection Point Capacity as Bundled;
  - (b) accept such request; and
  - (c) not less than 10 Business Days after receiving the Adjacent TSO's notification, confirm to the Adjacent TSO that National Grid NTS accepts the User's request.
- 6.4.11 The requirements are that:
- (a) the IS User is a User;
  - (b) National Grid NTS receives the notification from the Adjacent TSO not less than one month before the effective date;
  - (c) the User holds Available Unbundled Interconnection Point Capacity which is Equivalent to the Interconnected System Capacity notified by the Adjacent TSO.
- 6.4.12 If the requirements in paragraph 6.4.11 are not satisfied National Grid NTS will notify the Adjacent TSO that the User's request is rejected.
- 6.4.13 For the purposes of this paragraph 6.4, each User unconditionally and irrevocably:
- (a) authorises National Grid NTS to act as its agent to send a request to the Adjacent TSO as provided in paragraphs 6.4.2(b) and 6.4.5;
  - (b) confirms that it has appointed the Adjacent TSO as its agent to send to National Grid NTS, and authorises National Grid NTS to act on, any request notified by the Adjacent TSO as provided in paragraphs 6.4.2(c) and 6.4.9.

## 6.5 Capacity constraint management

- 6.5.1 In accordance with (and without limitation of) paragraph 6.1.4, a User will not specify whether Interconnection Point Capacity is Bundled or Unbundled in connection with Capacity Management under TPD Section B2.8 or Exit Constraint Management under TPD Section B3.8, but without prejudice to paragraph 6.5.2.
- 6.5.2 Where a User's Available Firm Interconnection Point Capacity is to be Adjusted for a Day pursuant to TPD Section B2.8, B2.10 or B2.17 or B3.9 or B3.11, the reduction in the User's Available Interconnection Point Capacity will be applied first against the User's Available Unbundled Interconnection Point Capacity for the Day, and only against the User's Available Bundled Interconnection Point Capacity if and to the extent the amount of such reduction exceeds its Available Unbundled Interconnection Point Capacity.

## 7 SURRENDER

### 7.1 General

- 7.1.1 A User may offer Available Firm Interconnection Point Capacity for Surrender in an Auction in accordance with this paragraph 7.
- 7.1.2 For the purposes of this Section B:
- (a) **“Surrender”** means the surrender of Firm Interconnection Point Capacity for re-allocation by Auction in accordance with this paragraph 7;
  - (b) a **“Surrender Offer”** is an offer to Surrender Interconnection Point Capacity in respect of an Auction;
  - (c) a reference to the Auction in respect of which a Surrender Offer is made is to the Auction which relates to the Interconnection Point Capacity subject to the Surrender Offer, or (where the Capacity Period is a Gas Year) the next Annual Yearly Auctions for which the Auction Information Time is not less than 5 Business Days after the Surrender Offer is received; (and for these purposes in accordance with paragraph 2.1.4(c)) the Bundled and Unbundled Auctions are referred to in this paragraph 7 as a single Auction, and references to the Auction Allocated Quantity are to the aggregate of the Auction Allocated Quantities);
  - (d) **“Surrender Deadline”** means 1700 hours on the 6th 5 Business Day before the Auction Information Time for the Auction in respect of which a Surrender Offer is made;
  - (e) the **“Surrender Quantity”** is the quantity of Interconnection Point Capacity offered for Surrender in a Surrender Offer;
  - (f) the **“Aggregate Surrender Quantity”** in relation to a Surrender Offer is the sum of the Surrender Quantity and the Surrender Quantities under all (if any) Surrender Offers previously submitted by the User in respect of the same Auction;
  - (g) where a Surrender Offer is accepted (in accordance with paragraph 7.3.2) the **“Effective Surrender Quantity”** is the Surrender Quantity or the part thereof allocated towards the Aggregate Auction Quantities in accordance with paragraph 7.3.3);

- (h) a **“Surrender Charge”** is a charge payable by National Grid NTS in respect of the Surrender of Interconnection Point Capacity in accordance with paragraph 7.3.4(b).

7.1.3 Interconnection Point Capacity may only be offered for Surrender in an Annual Yearly Auction, Annual Quarterly Auction or Rolling Monthly Auction.

7.1.4 A User may submit up to 10 Surrender Offers in respect of an Auction, each of which shall be a separate Surrender Offer independent of each other Surrender Offer.

7.1.5 A User may withdraw a Surrender Offer at any time up to (but not after) the Surrender Deadline; and references in paragraph 7.3 to a Surrender Offer are to a Surrender Offer prevailing at the Surrender Deadline.

## 7.2 Offer to Surrender

7.2.1 A Surrender Offer shall specify:

- (a) the identity of the User;
- (b) the Interconnection Point, Direction and Capacity Period of the Interconnection Point Capacity offered for Surrender, and whether it is Bundled or Unbundled;
- (c) the Surrender Quantity;
- (d) such other details as may be required by the CPO Rules and Processes.

7.2.2 A Surrender Offer is valid if and only if the following requirements are satisfied:

- (a) the Surrender Offer complies with the requirements in paragraph 7.2.1;
- (b) the Surrender Offer is submitted no later than the Surrender Deadline;
- (c) the Interconnection Point Capacity offered for Surrender is for an eligible Capacity Duration and a Capacity Period which will be subject to an Auction;
- (d) the Surrender Quantity is not less than the minimum eligible quantity;
- (e) the User holds, both as at the time the Surrender Offer is received and as at the Surrender Deadline, Available Interconnection Point Capacity in an amount not less than the Aggregate Surrender Quantity (but without regard to whether it is Bundled or Unbundled);
- (f) if the Surrender Offer is made in respect of Bundled Interconnection Point Capacity, a surrender offer (in respect of Equivalent Interconnected System Capacity) is submitted to and is not rejected by the Adjacent TSO, in accordance with the Adjacent TSO Rulebook, but subject to paragraph 7.2.4;
- (g) any requirements under the CPO Rules and Processes are complied with.

7.2.3 In determining for the purposes of paragraph 7.2.2(e) the amount of Available Interconnection Point Capacity held by the User, any Interconnection Point Capacity which (at the relevant time) is subject to a Withdrawal Offer shall not be counted as held by the User.



- 7.2.4 Paragraph 7.2.2(f) only applies in relation to an Interconnection Point if the Adjacent TSO has agreed in the Interconnection Agreement that it shall apply.
- 7.2.5 If the Surrender Offer is not valid it will be rejected and of no effect.
- 7.2.6 A valid Surrender Offer operates as an offer to Surrender the Surrender Quantity at the price determined under paragraph 7.3.4(b), capable of acceptance in accordance with paragraph 7.3, and may not be modified or (except as provided in paragraph 7.1.5) withdrawn.
- 7.2.7 A valid Surrender Offer will remain valid and available for acceptance pursuant to the relevant Auction notwithstanding that the User's Available Interconnection Point Capacity (for any Day or Days within the Capacity Period) may, after the Surrender Deadline, be reduced (as a result of a System Capacity Transfer or otherwise) below the Surrender Quantity; and accordingly (as provided in TPD Section B5.5) the User's Available Interconnection Point Capacity (for any such Day(s)) may become negative.

### 7.3 Effect of Surrender Offer

- 7.3.1 If the Surrender Offer is valid, the Surrender Quantity will, in accordance with paragraph 3.1.1, be included in the Allocable Interconnection Point Capacity for the Auction.
- 7.3.2 A Surrender Offer is accepted where, following the Auction, in accordance with paragraphs 3.5 and 7.3.3, the Surrender Quantity or part thereof is allocated towards the Auction Allocated Quantity; and if or to the extent not so accepted the Surrender Offer shall lapse and be of no effect.
- 7.3.3 For the purposes of paragraph 7.3.2, where the aggregate quantity to be allocated in respect of Surrender Offers is less than the aggregate of the Surrender Quantities under all valid Surrender Offers:
- (a) Surrender Quantities shall be allocated in the priority of the chronological order in which the Surrender Offers were submitted, the earliest first;
  - (b) subject to paragraph (c), if the Surrender Quantity under a Surrender Offer exceeds the amount ("**remaining unallocated quantity**") of the Auction Allocated Quantity to which Interconnection Point Capacity has not been allocated after allocation of earlier-submitted Surrender Offers, the Surrender Quantity will be allocated as to the remaining unallocated quantity (and the balance will not be allocated);
  - (c) if two or more Surrender Offers were submitted (or deemed submitted) at the same time, and the amount in aggregate of the Surrender Quantities exceeds the remaining unallocated quantity, they shall be allocated pro rata the respective Surrender Quantities.
- 7.3.4 Where a Surrender Offer is accepted:
- (a) the User's Available Interconnection Point Capacity (Bundled or Unbundled, as specified in the Surrender Offer) shall be reduced by the amount of the Effective Surrender Quantity;
  - (b) National Grid NTS will pay to the User a Surrender Charge in respect of the

Surrender, calculated as the Effective Surrender Quantity multiplied by:

- (i) the NTS Auction Price (subject to paragraph 2.1.7) for the Auction to which Surrender Quantities were allocated in accordance with paragraph 3.5.1(a) and (b); or
  - (ii) where (in accordance with paragraph 3.5.1(a) and (b)) Surrender Quantities were allocated to more than one Auction, the weighted average of such NTS Auction Prices based on the proportions in which Surrender Quantities (in aggregate) were allocated to each such Auction;
- (c) the Surrender Charge shall be payable monthly in arrears and invoiced in accordance with TPD Section S.

7.3.5 The obligation of a User to pay Capacity Charges in respect of Registered Interconnection Point Capacity is not affected by a Surrender.

## 8 WITHDRAWAL

### 8.1 Introduction

8.1.1 This paragraph 8 contains provisions, applying in respect of relevant Interconnection Point Capacity held by Users, in respect of:

- (a) the monitoring that National Grid NTS shall undertake in respect of a User's utilisation of its Available Interconnection Point Capacity and the process by which National Grid NTS shall notify a User of such level of utilisation, including (where appropriate) issuing an underutilisation notification to a User;
- (b) the reporting of certain information to the Authority following the issuing of underutilisation notifications by National Grid NTS; and
- (c) the process that shall apply in respect of any Available Interconnection Point Capacity that the Authority directs National Grid NTS shall be withdrawn from a User.

8.1.2 For the purposes of this paragraph 8:

- (a) **“CMP LTUIOLI Guidance Document”** is the document of such name prepared by National Grid NTS and published on its website from time to time;
- (b) **“directed withdrawal amount”** is in relation to a withdrawal offer, the amount of the relevant User's Available Interconnection Point Capacity that National Grid NTS has been directed to withdraw by the Authority;
- (c) **“underutilisation notification”** is a notification issued by National Grid NTS to a User in accordance with the CMP LTUIOLI Guidance Document, where such User has underutilised its Available Interconnection Point Capacity held at an Interconnection Point;
- (d) **“utilisation monitoring period”** is the consecutive period of six (6) months commencing on 1 April up to and including 30 September and 1 October up to and including 31 March;

- (e) **“Withdrawal Offer”** is an offer to surrender Available Interconnection Point Capacity that is submitted by National Grid NTS on behalf of a User following direction by the Authority;
- (f) **“Withdrawal User”** is a User whose Available Interconnection Point Capacity is (or will be) the subject of a Withdrawal Offer;
- (g) subject to paragraph 8.4.6, a reference to the Auction in respect of which a Withdrawal Offer is to be made is to the Auction which relates to the Capacity Period directed by the Authority, or (where the Capacity Period is a Gas Year) the next Annual Yearly Auctions for which the Withdrawal Deadline is no earlier than the direction was received from the Authority; (and for these purposes Bundled and Unbundled Auctions are referred to in this paragraph 8 as a single Auction);
- (h) **“Withdrawal Deadline”** means the date 2 Business Days after the Surrender Deadline for the Auction in respect of which a Withdrawal Offer is to be made.

## 8.2 Monitoring of utilisation

- 8.2.1 At the end of each utilisation monitoring period National Grid NTS shall monitor a User’s utilisation of its Available Interconnection Point Capacity in each Direction at each Interconnection Point. Such monitoring shall be in accordance with the CMP LTUIOLI Guidance Document.
- 8.2.2 Following each utilisation monitoring period National Grid NTS shall, in accordance with the principles set out in the CMP LTUIOLI Guidance Document, determine whether a User has underutilised its Available Interconnection Point Capacity.
- 8.2.3 No later than twenty (20) Business Days after the expiry of each utilisation monitoring period National Grid NTS will issue a notification to each relevant User detailing the level of utilisation of its Available Firm Interconnection Point Capacity in each Direction at each Interconnection Point during the relevant utilisation monitoring period. Where it is determined by National Grid NTS in accordance with paragraph 8.2.2 that a User has underutilised its Available Interconnection Point Capacity at an Interconnection Point the notification issued by National Grid NTS to a User shall be an underutilisation notification.
- 8.2.4 Where National Grid NTS issues underutilisation notifications to a User in respect of the same Interconnection Point for two (2) consecutive utilisation monitoring periods then National Grid NTS shall, within the second underutilisation notification, make the User aware that the Authority shall require information to be provided by the User regarding the identified underutilisation which may include (but not be limited to):
  - (a) the reason(s) for the identified underutilisation;
  - (b) any anticipated change to the User’s future utilisation of the relevant Available Interconnection Point Capacity held at the Interconnection Point and the reason(s) for this.

Where the User fails to provide the requested information to the Authority within the period specified by the Authority then National Grid NTS shall withdraw such quantity of the User’s Available Interconnection Point Capacity in the relevant Direction at the relevant Interconnection Point for such period or periods (each of an eligible Capacity

Duration not less than one month) as the Authority may direct.

- 8.2.5 National Grid NTS shall provide a capacity underutilisation report to the Authority no later than the date being twenty (20) Business Days after the expiry of each utilisation monitoring period. This report shall be in accordance with the CMP LTUIOLI Guidance Document and shall contain such information as the Authority shall reasonably require in addition to the information provided by a User pursuant to paragraph 8.2.4 (if any) for the purposes of determining whether to direct National Grid NTS to withdraw any Available Interconnection Point Capacity held by a User at an Interconnection Point and if so the quantity and Direction of Interconnection Point Capacity that is to be withdrawn and the duration (stated as one or more Capacity Periods) of the withdrawal.

### **8.3 Withdrawal offers**

- 8.3.1 National Grid NTS shall no later than five (5) Business Days after receipt of the relevant direction from the Authority and in any case prior to the Withdrawal Deadline for the relevant Auction notify a Withdrawal User that (for each directed Capacity Period) a Withdrawal Offer will be submitted and of the directed withdrawal amount and duration to be specified therein.

- 8.3.2 Following notification pursuant to paragraph 8.3.1, National Grid NTS shall submit a Withdrawal Offer on behalf of the Withdrawal User by the Withdrawal Deadline for the relevant Auction.

- 8.3.3 Such Withdrawal Offer shall comprise the information prescribed in paragraph 7.2.1 save that:

- (a) the information required under paragraphs 7.2.1(b) shall be as directed by the Authority;
- (b) in respect of paragraph 7.2.1(c) the Surrender Quantity shall be:
  - (i) the directed withdrawal amount, or
  - (ii) if less, the amount of the User's Available Interconnection Point Capacity as at the Withdrawal Deadline; and
- (c) paragraph 7.2.1(d) (requirements under CPO Rules and Processes) does not apply;

and paragraph 7.2.2 shall not apply in relation to a Withdrawal Offer (except for paragraph 7.2.2(a), (c) and (e), the requirements of which are satisfied by virtue of this paragraph 8.3).

- 8.3.4 In determining for the purposes of paragraph 8.3.3(b)(ii) the amount of Available Interconnection Point Capacity held by the User, any Interconnection Point Capacity which (at the relevant time) is subject to a Surrender Offer shall not be counted as held by the User.

### **8.4 Effect of Withdrawal Offer**

- 8.4.1 A Withdrawal Offer shall take effect as a Surrender Offer in respect of the relevant Auction, and for a Surrender Quantity which is the Withdrawal Quantity, for the

purposes of paragraph 7 (which shall apply in relation to Withdrawal Offers) subject to and in accordance with the provisions of this paragraph 8.

- 8.4.2 For the purposes of paragraph 7.3.3(a) all Withdrawal Offers shall be treated as submitted at the same time.
- 8.4.3 For the purposes of paragraph 7.3.4(b), if the User is registered as holding Interconnection Point Capacity (for the relevant Capacity Period) as at the Withdrawal Deadline, then the price used to determine the Surrender Charge payable under that paragraph shall be the lesser of:
- (a) the price determined under paragraph 7.3.4(b)(i) or (ii); and
  - (b) the weighted average of the Applicable Daily Rates of the Capacity Charges payable by the User in respect of its Registered Interconnection Point Capacity (for the relevant Capacity Period).
- 8.4.4 Withdrawal Offers shall be treated as a separate class of Surrender Offers for the purposes of paragraph 7; and paragraph 7.3 shall apply separately and sequentially in respect of Surrender Offers and Withdrawal Offers in respect of an Auction, in accordance with the priority referred to in paragraph 3.5.1.
- 8.4.5 If a Withdrawal Offer ('W', relating to Capacity Period 'P', and including a Withdrawal Offer made under this paragraph 8.4.5) is not accepted (as provided in paragraph 7.3.2) as to all or any of the Withdrawal Quantity, then a further Withdrawal Offer shall automatically be made (and the Authority's direction is to be taken as directing that it is made) for the Withdrawal Quantity or the amount thereof for which Withdrawal Offer W was not accepted:
- (a) if Capacity Period P is a Gas Year, in respect of the next Annual Yearly Auction (if any) which relates to Capacity Period P, or
  - (b) for any Capacity Period (not less than one month) which falls within Capacity Period P, in the Auction which relates to that Capacity Period;
- and for these purposes:
- (i) the Withdrawal Quantity shall be determined in accordance with paragraph 8.3.3(b) (applying by reference to the Withdrawal Deadline for the Auction for which such further Withdrawal Offer is made);
  - (ii) paragraphs 7.2.3 and 8.3.4 shall apply on the basis of the time at which the original Withdrawal Offer (W) was made following the Authority's direction, and not the time of any such further Withdrawal Offer.

## **9 SYSTEM CAPACITY TRANSFER**

### **9.1 General**

- 9.1.1 Available Interconnection Point Capacity may be transferred by one User to another in accordance with TPD Section B5, subject to this paragraph 9.
- 9.1.2 In relation to a System Capacity Transfer in respect of Interconnection Point Capacity the provisions of TPD Section B5 are modified as provided in this paragraph 9.

- 9.1.3 In the case of an Interconnection Point at which (for the purposes of this Section B) amounts of Interconnection Point Capacity are expressed in kWh/hour, where a System Capacity Transfer is notified within the Day or first Day of the Transfer Period, the amount (in kWh/Day) of the Transferred System Capacity for that Day will be determined by reference to the quantity (Q, in kWh/hour) specified in the System Capacity Transfer according to the following formula:

$$TSC = Q * P$$

where P is the period of time in hours from the time the transfer becomes effective to the end of the Day.

## **9.2 Notification of System Capacity Transfer**

- 9.2.1 Notification of a System Capacity Transfer under TPD Section B5.2.1 must include:
- (a) in addition to the requirements in that Section:
    - (i) whether the Transferred System Capacity is Bundled or Unbundled;
    - (ii) such other details as may be required by the CPO Rules and Processes;
  - (b) in lieu of the requirements of paragraph (b) and (c) of that Section, the Interconnection Point and Direction of the Transferred System Capacity.
- 9.2.2 Notification under TPD Section B5.2.1 must be given by either the Transferor User or the Transferee User by way of confirmation of a notification made by the other; and the 60 minute period in TPD Section B5.2.4 runs from the time of such confirmation.
- 9.2.3 Notification under TPD Section B5.2.1 of a System Capacity Transfer in respect of Bundled Interconnection Point Capacity also operates as notification of a proposed transfer of Equivalent Interconnected System Capacity.

## **9.3 Requirements for System Capacity Transfer**

- 9.3.1 In accordance with paragraph 6.1.3(b), the requirement in TPD Section B5.1.4 applies in respect of the Transferor User's Available Bundled Interconnection Point Capacity or its Available Unbundled Interconnection Point Capacity (according to whether the System Capacity Transfer relates to Bundled or Unbundled Interconnection Point Capacity).
- 9.3.2 In addition to the provisions of TPD Section B5.2.3, a proposed System Capacity Transfer may be rejected:
- (a) if the requirements in paragraph 9.2 are not satisfied;
  - (b) in the case of a transfer of Bundled Interconnection Point Capacity, if (under the Adjacent TSO Rulebook) the proposed transfer of Equivalent Interconnected System Capacity is not approved by the Adjacent TSO;
  - (c) if any requirement of the CPO Rules and Processes is not satisfied in relation to the proposed System Capacity Transfer.

## **9.4 User trading facility**

- 9.4.1 In accordance with paragraph 1.6.7, TPD Section U5 does not apply (and the UK Link Network is not available for use) in relation to offers by Users to make System Capacity Transfers in respect of Interconnection Point Capacity.
- 9.4.2 Users may use the systems of the Capacity Platform Operator, subject to and in accordance with the CPO Rules and Processes, for the purposes referred to in paragraph 9.4.1.

## **10 FURTHER MODIFICATIONS OF TRANSPORTATION PRINCIPAL DOCUMENT**

### **10.1 General**

- 10.1.1 In relation to Interconnection Points, or Interconnection Point Capacity, the provisions of the Transportation Principal Document are further modified as set out in this paragraph 10.

### **10.2 References to Capacity, etc.**

- 10.2.1 Where any provision (which is not disapplied under paragraph 1.7) of TPD Section B refers to application for or allocation of System Capacity under TPD Section B, such reference shall be treated as including Interconnection Point Capacity applied for or allocated under this EID Section B.
- 10.2.2 For the purposes of TPD Section B2.11.2, NTS Entry Capacity at an IP ASEP (allocated under any Auction) shall be treated as a class of NTS Entry Capacity.
- 10.2.3 For the purposes of TPD Section B3.12.2, NTS Exit (Flat) Capacity at an Interconnection Point (allocated under any Auction) shall be treated as a class of NTS Exit (Flat) Capacity.

### **10.3 Overrun Charges - rate of charge**

- 10.3.1 The provisions set out in TPD Section B2.12.3 are modified as follows:
- (a) in paragraph (a), 'A' is the highest NTS Auction Price under any Auction of NTS Entry Capacity at the IP ASEP for which the Capacity Period included the relevant Day;
  - (b) paragraph (e) does not apply.
- 10.3.2 The provisions set out in TPD Section B3.13.3 are modified as follows: in paragraph (a), 'A' is the highest NTS Auction Price (subject to paragraph 2.1.7) under any Auction of NTS Exit (Flat) Capacity at the Interconnection Point for which the Capacity Period included the relevant Day.

### **10.4 Overrun Charges - failure of CPO systems**

- 10.4.1 If as a result of any failure or unavailability of the systems and processes used by the Capacity Platform Operator in connection with the CPO Activities in paragraph 1.6.3(b) (the running of Auctions), in relation to any Day, Interconnection Point and Direction, either:
- (a) Within-Day Auctions for the Day are not held, or Users are unable to

participate in such Within-Day Auctions, for any 6 or more consecutive Bid Windows, or

- (b) the Within-Day Auction with the last Bid Window on the Day is not held, or Users are unable to participate in such Within-Day Auction

then paragraph 10.4.2 applies.

10.4.2 Where this paragraph applies, System Entry Overrun Charges under TPD Section B2.12 or (as the case may be) NTS Exit (Flat) Overrun Charges under TPD Section B3.13 will not be payable by Users in respect of the Day and the relevant Interconnection Point in the relevant Direction.

## **10.5 Capacity Neutrality Charges**

10.5.1 The provisions set out in TPD Section B2.13 are modified as follows:

- (a) in relation to a Day, amounts payable to National Grid NTS by Users by way of Capacity Charges:
- (i) in respect of NTS Entry Capacity allocated in any Interruptible Rolling Day-ahead Auction or Within Day Auction for that Day, and
  - (ii) in an aggregate amount equal to the Daily amount of Capacity Charges attributable to the amount of Interconnection Point Capacity allocated in an Auction (for a Capacity Period which included that Day) which (in accordance with paragraph 3.5) comprised quantities subject to Surrender Offers or Withdrawal Offers;

will be included in Relevant Capacity Revenues under TPD Section B2.13.2(a);

- (b) in relation to a Day, the daily amount of the Surrender Charges payable by National Grid NTS to Users in respect of accepted Surrender Offers and Withdrawal Offers in respect of Interconnection Point Capacity (both NTS Entry Capacity and NTS Exit (Flat) Capacity) for Capacity Periods which included that Day at an Interconnection Point will be included in Relevant Capacity Costs under TPD Section B2.13.2(b).

## **10.6 Interruption**

10.6.1 For the purposes of TPD Section B2.9.3(b) the curtailment effective time under an interruptible curtailment notice shall be not less than 75 minutes (instead of 60 minutes) after the notice is given.

10.6.2 For the purposes of TPD Section B2.9.3(b) the exit curtailment effective time under an exit off-peak curtailment notice shall be not less than 75 minutes (instead of 4 hours) after the notice is given.

## **10.7 Invoicing**

10.7.1 For the purposes of paragraph 1 of Annex S-1 in TPD Section S, the following additional Invoice Items in respect of Interconnection Point Capacity will be included in the NTS Entry Capacity Invoice (and the Invoice Items in paragraphs 1(a), (b) and (c) in Annex S-1 do not apply in relation to Interconnection Points):



- (a) NTS Entry Capacity Charges in respect of Yearly NTS Entry Capacity;
- (b) NTS Entry Capacity Charges in respect of Monthly NTS Entry Capacity;
- (c) NTS Entry Capacity Charges in respect of Firm Daily NTS Entry Capacity;
- (d) NTS Entry Capacity Charges in respect of Interruptible Daily NTS Entry Capacity;
- (e) Surrender Charges in respect of the Surrender of NTS Entry Capacity;
- (f) Surrender Charges respect of the Withdrawal of NTS Entry Capacity;

10.7.2 For the purposes of paragraph 2 of Annex S-1 in TPD Section S, the following additional Invoice Items in respect of Interconnection Point Capacity will be included in the NTS Exit Capacity Invoice (and the Invoice Items in paragraph 2(a), (b) and (c) in Annex S-1 do not apply in relation to Interconnection Points):

- (a) NTS Exit Capacity Charges in respect of Yearly NTS Exit Capacity;
- (b) NTS Exit Capacity Charges in respect of Monthly NTS Exit Capacity;
- (c) NTS Exit Capacity Charges in respect of Firm Daily NTS Exit Capacity;
- (d) NTS Exit Capacity Charges in respect of Interruptible Daily NTS Exit Capacity;
- (e) Surrender Charges in respect of the Surrender of NTS Exit Capacity;
- (f) Surrender Charges in respect of the Withdrawal of NTS Exit Capacity.

## **11 CHARGING METHODOLOGY**

### **11.1 General**

11.1.1 This paragraph 11 sets out how TPD Section Y applies in relation to Interconnection Points.

11.1.2 This paragraph 11 prevails over TPD Section Y in the case of any conflict.

11.1.3 Except as provided in this paragraph 11, TPD Section Y applies in relation to Interconnection Points.

### **11.2 Variations of Section Y**

11.2.1 The terms on which Interconnection Point Capacity is sold are set out in this Section B; and references in Sections Y2.1 and Y2.2 to TPD Section B are taken as references to this Section B.

11.2.2 Interconnection Point Capacity is allocated by means of the following auctions (and not the processes listed in Section Y2.3):

- (a) Annual Yearly Capacity Auctions;

- (b) Annual Quarterly Capacity Auctions;
- (c) Rolling Monthly Capacity Auctions;
- (d) Rolling Day Ahead Capacity Auctions;
- (e) Within-Day Capacity Auctions.

11.2.3 The requirement under Section Y for rounding to 4 decimal places applies in relation to Reserve Prices and Large Price Steps. All other amounts determined (in connection with Auctions) under this Section B (including the NTS Auction Price) may be rounded to more than 4 decimal places.

11.2.4 The relevant methodology in TPD Section Y for determining reserve prices in respect of System Capacity will apply in relation to auctions of Interconnection Point Capacity on the basis that references in TPD Section Y to different classes of System Capacity are treated as references to Interconnection Point Capacity subject to different auctions as set out in the table below:

<b>Interconnector Capacity Auction</b>	<b>Applicable Published Prices to which Entry capacity relates</b>	<b>Applicable Published Prices to which Exit capacity relates</b>
Annual Yearly Capacity Auction	Annual Yearly	Indicative Exit Capacity Prices
Annual Quarterly Capacity Auction	Annual Yearly	Final Exit Capacity Prices
Rolling Monthly Capacity Auction	MSEC	Final Exit Capacity Prices
Rolling Day Ahead Capacity Auction	DADSEC	Final Exit Capacity Prices
Within Day Capacity Auction	WDDSEC	Final Exit Capacity Prices
Interruptible Capacity Auction	DISEC	NTS Exit Off-peak Prices

11.2.5 Table 1A below applies in respect of Interconnection Points in place of Table 1 in TPD Section Y:

**Table 1A: Gas Years Modelled and Capacity Allocation Periods for Interconnection Points**

Auction	Date Held	Gas Day - Capacity Allocation		Gas Year Modelled
		From	To	
Annual Yearly	March [N]	1 Oct [N]	30 Sep [N+15]	Y
Annual Quarterly	June [N]	1 Oct [N]	30 Sep [N+1]	Y
Rolling Monthly	Sep [N] to Aug [N+1]	1 Oct [N]	30 Sep [N+1]	Y
Rolling Day-Ahead	3 Sep [N] to 29 Sep [N+1]	1 Oct [N]	30 Sep [N+1]	Y
Within Day	30 Sep [N] to 1 Oct [N+1]	1 Oct [N]	30 Sep [N+1]	Y

**11.3 Additional rules**

- 11.3.1 The NTS large price step for an Auction will be the greater of 5% of the applicable Reserve Price and 0.0001 p/kWh/Day.
- 11.3.2 Unless otherwise agreed with the Adjacent TSO in connection with a Bundled Auction, the SPS Fraction will be 1/5.

**11.4 Disapplied rules**

- 11.4.1 The following provisions of TPD Section Y do not apply in relation to Interconnection Points:
- (a) paragraph 2.4 relating to Constrained LNG;
  - (b) the following provisions of paragraph 2.5.4:
    - (i) Incremental Entry Capacity Step Prices;
    - (ii) Entry Capacity Step Prices;
    - (iii) Ascending and Descending Price Schedules;
    - (iv) Estimated Project Values;
    - (v) Application of Entry Prices (apart from the paragraph which introduces Table 1 substituted by Table 1A above);
    - (vi) New Entry Points.

