

## **MODIFICATION 0643 - SCHEDULE A**

### **UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT**

#### **SECTION E – DAILY QUANTITIES, IMBALANCES AND RECONCILIATION**

## **1 INTRODUCTION**

### **1.1 User Daily Quantities**

1.1.1 For the purposes required by the Code, including determining:

- (a) NTS and LDZ Commodity Charges, and the Commodity Variable Component (if any) of Customer Charges;
- (b) Overrun Charges, CSEP Overrun Charges and Supply Point Ratchet Charges;
- (c) Daily Imbalances; and
- (d) Scheduling Charges

the quantities of gas treated as delivered to and offtaken from the Total System by each User each Day shall be determined in accordance with paragraphs 2 and 3.

1.1.2 For the purposes of the Code, in respect of any Day:

- (a) the “**User Daily Quantity Input**” or “**UDQI**” is the quantity of gas treated as delivered by a User to the Total System on that Day at a System Entry Point;
- (b) the “**User Daily Quantity Output**” or “**UDQO**” is the quantity of gas treated as offtaken by a User from the Total System on that Day at:
  - (i) a Supply Point; or
  - (ii) a Connected System Exit Point;
- (c) in relation to a System Entry Point, a “**Delivering User**” is a User treated as delivering gas to the Total System at that point on that Day;
- (d) in relation to a Connected System Exit Point, an “**Offtaking CSEP User**” is a User treated as offtaking gas from the Total System at that point on that Day.

1.1.3 For the purposes of this Section E, a User is a “**nominating**” User for a Day:

- (a) with respect to any Registered NDM Supply Point; and
- (b) with respect to any other System Exit Point and any System Entry Point, if the User made or is deemed (pursuant to any provision of the Code) to have made a Nomination (including a New Renomination) for that Day in respect of that point or the DMA Supply Point Group in which it is comprised,

and otherwise is a **“non-nominating”** User with respect to a System Entry Point or System Exit Point.

1.1.4 Unless the context otherwise requires, references in the Code to quantities delivered to or offtaken from the Total System by a User are to the quantities treated in accordance with this Section E as being so delivered or offtaken.

1.1.5 For the avoidance of doubt, Section V1.2 shall apply for the purposes of ensuring that quantities of gas delivered to and offtaken from the Total System by Non-Code Shippers are taken into account in determining the quantities of gas delivered to and offtaken from the Total System by Users.

1.1.6 For the purposes of the Code, in respect of a User and any Day:

(a) in relation to an LDZ:

(i) the **“Adjusted User LDZ Offtake Quantity”** is the sum of the User’s adjusted UDQOs for that Day for all DM Supply Points, NDM Supply Points and Connected System Exit Points in that LDZ;

(ii) the **“User LDZ Unidentified Gas”** ('ULUG') in respect of an LDZ shall be calculated as follows:

$$ULUG = UIG * AULOQ / AAULOQ$$

Where

UIG is the Unidentified Gas for the LDZ and the Day in accordance with Section H2.6.1;

AULOQ is the User’s User Adjusted LDZ Offtake Quantity for the LDZ and the Day;

AAULOQ is the aggregate for all Users of the Adjusted User LDZ Offtake Quantities for the LDZ and the Day;

(b) the **“Aggregate User Unidentified Gas”** is the net aggregate for all LDZs of the User LDZ Unidentified Gas;

(c) for the purposes of paragraph (a)(i), an **“adjusted”** UDQO for a Day in respect of a System Exit Point is the UDQO adjusted by the UIG allocation factor specified in the prevailing AUG Table in respect of the category to which that System Exit Point belongs on that Day.

(d) for the avoidance of doubt, the allocation (pursuant to paragraph (a)(ii)) of Unidentified Gas on a Day is final as at the Exit Close-out Date, and no revision thereof shall be made in respect as a result of any subsequent Offtake Reconciliation or otherwise.

1.1.7 The User LDZ Unidentified Gas is a quantity allocated (for the purposes of determining Daily Imbalances) to the User as if it were a quantity offtaken by the User from the relevant LDZ on the Day; ~~provided that the User LDZ Unidentified Gas may have a positive or negative value.~~

1.1.8 For the purposes of the Code, as at any time, the **“Prevailing Reconciled Daily Quantity Offtaken”** (PRDQO) in respect of a Day and a System Exit Point is the quantity treated, pursuant to the applicable provisions of the Code and/or (in the case of a Connected System Exit Point) of the CSEP Network Exit Provisions, as having been offtaken at the System Exit Point on that Day, being

- (a) in the case of a Class 1 or 2 Supply Meter Point, the Supply Meter Point Daily Quantity;
- (b) in the case of a Class 3 or 4 Supply Meter Point, the NDM Supply Meter Point Demand;
- (c) in the case of a Connected System Exit Point and a User, the UDQO;

as adjusted (pursuant to paragraph 6.2.4) by all, if any, Offtake Reconciliations which have been carried out prior to that time.

1.1.9 In this Section E, references to Supply Meter Points and Supply Points (and classes thereof) include CSEP Supply Meter Points and CSEP Supply Points (and the corresponding classes thereof).

## 1.2 Daily Imbalance

1.2.1 For the purposes of the Code a Daily Imbalance shall be determined for each User in respect of each Day.

1.2.2 For each User the **“Daily Imbalance”** in respect of a Day is the imbalance between the quantities (adjusted to take account of Trade Nominations including System Trade Nominations) treated as delivered to and offtaken from the Total System by the User on that Day, determined in accordance with paragraph 5.

## 1.3 Reconciliation

1.3.1 For the purposes of the Code:

- (a) **“Offtake Reconciliation”** is a reconciliation and adjustment, in relation to a relevant System Exit Point, in respect of gas offtaken and certain Transportation Charges, in respect of differences between:
  - (i) the quantities determined by a Reconciliation Meter Reading to have been offtaken, and
  - (ii) the quantities previously determined (including pursuant to prior such reconciliations) as offtaken,by a User from the Total System at the System Exit Point;
- (b) for the purposes of this paragraph 1.3 and paragraph 6:
  - (i) a **“relevant”** System Exit Point is a Supply Meter Point or a Metered Connected System Exit Point; and

- (ii) references to quantities determined as offtaken by a User are to quantities so determined pursuant to the Code and (in the case of a Connected System Exit Point) the applicable CSEP Network Exit Provisions;
- (c) a **“Reconciliation Meter Reading”** is:
  - (i) in relation to a Supply Meter Point, a Valid Meter Reading;
  - (ii) in relation to an Unmetered Connected System Exit Point, a valid reading of the meter at premises supplied with gas offtaken from a directly-connected or indirectly-connected IGT System;
  - (iii) in relation to a Metered Connected System Exit Point, a valid reading (upon a periodic check reading, or following estimation of the reading) of the meter at the Connected System Exit Point;
  - (iv) where so provided in the Code or the applicable CSEP Network Exit Provisions, in relation to any relevant System Exit Point, a determination other than by a meter reading (for example, following testing, verification or calibration, or a meter examiner’s inspection) of the quantity (or an adjustment in the quantity) treated as offtaken in a given period, including the Estimated Consumption pursuant to a Consumption Adjustment;

in each case, where the Code and/or (in the case of a Connected System Exit Point) the applicable CSEP Network Exit Provisions provide for Offtake Reconciliation by reference to such reading or other determination;
- (d) in the cases provided in paragraph (c)(ii), (c)(iii) and (c)(iv):
  - (i) a reference to the Read Date of a Reconciliation Meter Reading is to:
    - (1) the date of the meter reading referred to in paragraph (c)(ii) or (c)(iii), or (as the case may be)
    - (2) the date of the determination referred to in paragraph (c)(iv);
  - (ii) a reference to the Metered Volume in respect of a Reconciliation Meter Reading is to:
    - (1) the metered volume determined (in accordance with the applicable CSEP Network Exit Provisions) by reference to the meter reading referred to in paragraph (c)(ii) or (c)(iii), or (as the case may be)
    - (2) the metered volume determined (in accordance with the relevant provisions of the Code and/or applicable CSEP Network Exit Provisions) by reference to the determination referred to in paragraph (c)(iv);
- (e) **“Reconciliation Close-Out”** in any month is the 10<sup>th</sup> day of the month.

- 1.3.2 Offtake Reconciliation shall be carried out in respect of each Reconciliation Meter Reading in respect of a relevant System Exit Point, as follows:
- (a) Offtake Reconciliation shall be carried out each month (M), in respect of Reconciliation Meter Readings submitted to the CDSP in the period from (but not including) Reconciliation Close-Out for month M-1 to (and including) Reconciliation Close-Out for month M;
  - (b) where in relation to a System Exit Point more than one Reconciliation Meter Reading is submitted to the CDSP in the period referred to in paragraph (a), separate Offtake Reconciliations shall be carried out in respect of such Reconciliation Meter Readings (in the order of the respective Read Dates).
- 1.3.3 For the purposes of Offtake Reconciliation, Reconciliation Values shall be calculated in accordance with paragraph 6.
- 1.3.4 For the purposes of any Offtake Reconciliation:
- (a) the **“Reconciliation Quantity”** is sum of the Daily Reconciliation Quantities for the days in the Reconciliation Meter Period;
  - (b) the **“Reconciliation Clearing Value”** is the value of the Reconciliation Quantity for the purposes of the System Clearing Contract referred to in paragraph 6.3;
  - (c) **“Reconciliation Transportation Charge Adjustments”** are the adjustments in respect of NTS Commodity Charges, LDZ Commodity Charges and the Commodity Variable Component (if any) of Customer Charges to be made in paragraph 6.4;
  - (d) **“Reconciliation Values”** means:
    - (i) Reconciliation Quantities; and
    - (ii) Reconciliation Clearing Values and Reconciliation Transportation Charge Adjustments.
- 1.3.5 For the purposes of the Code, **“~~Unidentified Gas~~Settlement Error Reconciliation”** (**“~~UGR~~SER”**) is a reconciliation and adjustment, in relation to a User, in respect of gas offtaken from the Total System, in respect of quantities determined in accordance with paragraph 7.1.
- 1.3.6 Subject to paragraph 1.3.7 below, no Offtake Reconciliation, ~~Unidentified Gas~~Settlement Error Reconciliation or LDZ Reconciliation shall be undertaken in a Reconciliation Billing Period in respect of any Day or period prior to the Code Cut Off Date.
- 1.3.7 Where an Offtake Reconciliation identifies an adjustment in gas offtaken in the period of time between the Code Cut Off Date and the last Day of Formula Year t-6 which results in an over-payment by, or under payment to, the User of £50,000 (fifty thousand pounds) or more in respect of an Individual Supply Point or group of Supply Points (where the adjustment has been made, in the case of a group of Supply Points, as a result of the same root cause) then, notwithstanding paragraph 1.3.6 above, the User is

entitled to make a claim in respect of the time between Code Cut Off Date and the last Day of Formula Year t-6 in accordance with paragraph 1.3.9 below. Any such claim shall be submitted by the User and considered by the Transporter having consideration of the ~~Customer Settlement~~Pre-Cut Off Error Claims Process Guidance Document.

1.3.8 For the purposes of this section 1.3 “~~Customer Settlement~~Pre-Cut Off Error Claims Process Guidance Document” means the guidance document prepared by the Transporters and governed in accordance with Section V12 setting out guidance on inter alia the applicable eligibility and assessment criteria and the process for submission, acceptance and rejection of a claim as referred to in paragraph 1.3.7 above. For the avoidance of doubt, the document is issued for guidance purposes only and is not binding on Users or Transporters.

1.3.9 Where a User wishes to make a claim as referred to in paragraph 1.3.7 above, it shall have consideration of the ~~Customer Settlement~~Pre-Cut Off Error Claims Process Guidance Document and the following process shall be followed:

- (a) the User shall submit to the CDSP the following information:
  - (i) detail in relation to the nature and duration of the error resulting in the adjustment, including copies of the invoices between the Transporters and the User and the User and the consumer (such information to be applicable to the claim, for example at Supply Meter Point level);
  - (ii) the relevant system files and supporting information (to include workings and methodology);
  - (iii) the materiality of the claim in terms of volume of gas, including details of the methodology used to calculate such materiality;
  - (iv) the exact financial impact of the adjustment including energy (by reference to the monthly average of the System Average Prices) for the period of the claim and transportation costs (with reference to the Transportation Charges prevailing at the time of the claim);
  - (v) the dates in respect of which the claim will apply in accordance with paragraph 1.3.7 above;
  - (vi) evidence of the financial impact relating to the Supply Point or group of Supply Points the subject of the claim including written confirmation that the consumer(s) connected to the Individual Supply Point or group of Supply Points in question agree(s) that:
    - (1) an adjustment in gas off-taken in the period of time between the Code Cut Off Date and the last Day of Formula Year t-6 should be made;
    - (2) the materiality of the claim as referred to in paragraph 1.3.9(a)(ii) is correct; and
    - (3) the dates in relation to which the User’s claim applies are correct; and

- (vii) a warranty that no previous claims which are the same in nature and/or are in relation to the same dates as the claim being made by the User have been made;
  - (b) the CDSP shall notify the relevant Transporter of the claim and the information referred to in paragraph (a), and the Transporters shall (having consideration of the ~~Customer Settlement~~ Pre-Cut Off Error Claims Process Guidelines Document) consider the claim and communicate to the CDSP (who shall notify the User) its approval or rejection of such within 90 days of receipt of the claim, during which time the Transporter and the CDSP shall be entitled to raise queries in relation to the claim and/or to request further information from the User in respect of its claim;
  - (c) the Transporters shall (having consideration of the ~~Customer Settlement~~ Pre-Cut Off Error Claims Process Guidelines Document) be entitled to reject the claim if it is considered that the information provided by the User is so clearly erroneous on its face that it would be unconscionable for the claim to be accepted, in which case the Transporters shall reject the claim and inform the CDSP (who shall notify the User) of the rejection together with the Transporter's reason(s) for such rejection;
  - (d) if the Transporters consider that an amount exceeding £1 million (one million) pounds is to be re-paid to any User, the CDSP shall issue notification of such fact to Users and that the amount determined as payable to the User shall be paid within 2 (two) months of approval of the claim.
- 1.3.10 In the event that the Transporters reject the User's claim, the User shall be entitled to appeal the Transporters' rejection of the claim within 14 days of its receipt of communication of such rejection in accordance with UNC General Terms Section A. Expert Determination (specific part of GT A).
- 1.4 **System Daily Quantities: Entry**
  - 1.4.1 In respect of each System Entry Point, the **"Entry Point Daily Quantity Delivered"** is the aggregate quantity of gas delivered to the Total System on a Day at that System Entry Point, ascertained as described in Section I2.5 (subject to paragraph 1.7).
  - 1.4.2 The amount determined to be the Entry Point Daily Quantity Delivered in respect of any System Entry Point for the Gas Flow Day may be revised at any time up to and including the 5th following Day, but no revision will be made to such quantity after the 5th Day after the Gas Flow Day.
  - 1.4.3 In respect of the Total System the **"Total System Daily Quantity Delivered"** is the aggregate quantity of gas delivered to the Total System on a Day, determined as the aggregate of the Entry Point Daily Quantities Delivered for all System Entry Points.
- 1.5 **System Daily Quantities: Exit from NTS/LDZ**
  - 1.5.1 In respect of each LDZ:
    - (a) the **"LDZ Daily Input Quantity"** is the aggregate quantity of gas treated as flowing into that LDZ on a Day, less the quantity (if any) treated as flowing out of the LDZ into another LDZ;



- (b) the **“LDZ Daily Quantity Offtaken”** is the aggregate quantity of gas treated as offtaken from the Total System on a Day at all Supply Points and Connected System Exit Points (and including Unidentified Gas) on that LDZ, determined by adjusting the LDZ Daily Input Quantity to take account of LDZ Shrinkage and changes (between the start and the end of the Day) in LDZ stock.
- 1.5.2 In respect of each Connected System Exit Point the **“CSEP Daily Quantity Offtaken”** is the aggregate quantity of gas treated as offtaken from the Total System on a Day at that Connected System Exit Point, ascertained:
  - (a) in the case of a Metered Connected System Exit Point in accordance with the CSEP Network Exit Provisions (subject to paragraph 1.7);
  - (b) in the case of an Unmetered Connected System Exit Point, as the sum of the UDQOs for all Users for the Day in respect of that Connected System Exit Point.
- 1.5.3 In respect of each Class 1 or 2 Supply Point, the **“Supply Meter Point Daily Quantity”** is the quantity of gas (being the Metered Quantity) determined as offtaken from the Total System at the Supply Point on a Day in accordance with Section M.
- 1.5.4 For the purposes of paragraph 1.5.3, in respect of a Class 1 or 2 Supply Meter Point which is a CSEP Supply Meter Point, the quantity of gas determined as offtaken on a Day shall be the quantity determined as offtaken at the corresponding IGTS Supply Meter Point, pursuant to (1) the provisions of the IGT Code referred to in IGTAD Section A2.1 and (2) where applicable, TPD Section M8.
- 1.5.5 For the purposes of the Code, differences between the quantities of gas determined to have entered a LDZ (after adjustment for shrinkage and stock change) on a Day and the quantities which would be determined as offtaken by Users from the LDZ on the Day (on the basis of daily measurement and demand estimation under Section H disregarding the Scaling Factor SF<sub>i</sub>) are treated as comprising:
  - (a) unidentified gas, being [to be discussed]; and
  - (b) settlement error being other such differences.
- 1.6 **Information**
  - 1.6.1 On each Day (the **“information Day”**), from the first information Day until the date 6 months thereafter, each User will have access (by means of UK Link) to details (on the basis of information available up to the end of the Day before the information Day) for the Gas Flow Day of:
    - (a) the Entry Point Daily Quantity Delivered for each System Entry Point and the Total System Daily Quantity Delivered;
    - (b) the User's UDQIs for each System Entry Point, UDQOs for System Exit Points (by Exit Zone in the case of LDZ Supply Points) and Daily Imbalance; and
    - (c) the User's Aggregate User Unidentified Gas.
  - 1.6.2 The first information Day is:



- (a) for the purposes of paragraph 1.6.1(a) and 1.6.1(b), the Day following the Gas Flow Day;
- (b) for the purposes of paragraph 1.6.1(c) the 2nd Day following the Gas Flow Day.

1.6.3 The details under paragraph 1.6.1(b) will be determined, on information Days:

- (a) from the first information Day until the Day after the Day on which (in accordance with paragraph 2.1.2) initial Entry Allocation Statements are submitted, on the basis of UDQIs determined provisionally on the basis in paragraph 2.1.8;
- (b) from the first information Day until the Exit Close-Out Date, on the basis of Supply Meter Point Daily Quantities determined in accordance with paragraph 3 and Section H provisionally on the basis of actual or estimated Meter Readings available to the Transporter in accordance with Section M7 or (in respect of a Metered Connected System Exit Point) the applicable CSEP Network Exit Provisions.

1.6.4 The information available to Users under paragraph 1.6.1 in respect of a Day will be revised each Day:

- (a) until the Entry Close-out Date to take account of revisions notified to National Grid NTS pursuant to paragraph 2;
- (b) until the Exit Close-out Date to take account of revisions notified to or determined by the Transporter for the purposes of paragraph 3,

in the information from which it is derived.

## 1.7 Scottish Independent Networks

For the purposes of this Section E a reference to the Total System includes a reference to the Scottish Independent Networks (and accordingly quantities offtaken by a User from the Total System at System Exit Points on a Scottish Independent Network will be taken into account in determining the User's Daily Imbalance) and a reference to LDZ shall include a reference to each Scottish Independent Network.

## 1.8 Close-out rules

1.8.1 For the purposes of the Code:

- (a) the “**Entry Close-out Date**” is 24:00 hours on the 15th Business Day of the calendar month following the month in which the Gas Flow Day occurs;
- (b) the “**Exit Close-out Date**” is the 5th Day after the Gas Flow Day.

1.8.2 Without prejudice to paragraphs 6 and 7, or Sections M6.6 and G1.1.4, no revision shall be made for any purposes of the Code (including the determination of Users' Daily Imbalances and Energy Balancing Charges):

- (a) after the Entry Close-out Date, to any quantity determined pursuant to the Code as being an UDQI;
- (b) after the Exit Close-out Date, to any quantity determined pursuant to the Code as being an UDQO, Supply Meter Point Daily Quantity, CSEP Daily Quantity Offtaken or User LDZ Unidentified Gas.

## 1.9 Combined entry and exit quantities

1.9.1 In relation to a Connected System Point, the Connected System Agreement may provide for the Connected System Operator to notify the Transporter in relation to each Day:

- (a) a quantity (the **“measured quantity”**) which represents the aggregate physical quantity determined as having flowed on the Day at the Connected System Point, which will (if there were physical gas flows in both directions at different times during the Day) reflect the net amount of such flows; and
- (b) where on the Day (irrespective of whether there were physical gas flows in both directions at different times) Users' nominated gas flows both into and out of the Connected System at the Connected System Point:
  - (i) a quantity (the **“gross exit quantity”**) which represents the aggregate amount to be treated as having flowed on the Day from the Total System to the Connected System at the CSEP, which will be a gross amount based on quantities which the Connected System Operator determines would have flowed in the absence of any nomination of a gas flow out of the Connected System at the Connected System Point; and
  - (ii) a quantity (the **“gross entry quantity”**) which represents the aggregate amount to be treated as having flowed on the Day into the Total System from the Connected System at the System Entry Point, which will be a gross amount based on quantities which the Connected System Operator determines would have flowed in the absence of any nomination of a gas flow into the Connected System at the Connected System Point.

1.9.2 The Transporter shall have no responsibility to investigate or verify any quantity notified under paragraph 1.9.1(b).

1.9.3 Subject to paragraph 1.9.4 the gross exit quantity and the gross entry quantity, as notified by the Connected System Operator pursuant to paragraph 1.9.1(b)(i) and 1.9.1(b)(ii), shall be the CSEP Daily Quantity Offtaken and the Entry Point Daily Quantity Delivered, respectively.

1.9.4 If for any Day the net sum of the gross entry quantity and the gross exit quantity is not equal to the measured quantity, or the Connected System Operator fails to notify to the Transporter the gross entry quantity and gross exit quantity by the time required under the Connected System Agreement, the CSEP Daily Quantity Offtaken (where the measured quantity represents a flow out of the System) or the Entry Point Daily Quantity Delivered (where the measured quantity represents a flow into the System) shall be the measured quantity, and the other shall be zero.

- 1.9.5 If it appears that paragraph 1.9.4 will or may apply in relation to any Day, the Transporter will (before the latest time by which the Connected System Operator is required to provide the details referred to in that paragraph) so notify the Connected System Operator so as to give the Connected System Operator an opportunity to provide or correct such details and avoid the application of that paragraph.
- 1.9.6 In this paragraph 1.9 and paragraph 1.10:
- (a) **“Connected System Point”** means a System Point which (as contemplated in Section J1.4.6) is both a Connected System Exit Point and a System Entry Point;
  - (b) **“Connected System Agreement”** means the combined Network Exit Provisions and Network Entry Provisions in respect of a Connected System Point;
  - (c) **“Connected System”** means a Connected Offtake System which is also a Connected Delivery Facility;
  - (d) references to the Connected System Operator include such operator as Delivery Facility Operator.
- 1.10 **NTS Commingling Facility**
- 1.10.1 In relation to a NTS Commingling Facility, the Connected System Agreement shall provide for the Connected System Operator to notify the Transporter in relation to each Day in respect of which gas flows out of the NTS to a NTS Commingling Facility and from the NTS Commingling Facility into the NTS of:
- (a) a quantity (the **“gross commingling exit quantity”**) which represents the quantity of gas offtaken from the NTS at the Connected System Exit Point on the Day; and
  - (b) a quantity (the **“gross commingling entry quantity”**) which represents the quantity of gas delivered to the NTS at the System Entry Point on the Day.
- 1.10.2 In relation to a NTS Commingling Facility in respect of a Day in relation to which the Connected System Operator notifies the Transporter of:
- (a) a gross commingling exit quantity which is greater than the gross commingling entry quantity, the Entry Point Daily Quantity Delivered shall be zero and the CSEP Daily Quantity Offtaken shall be the quantity equal to the gross commingling exit quantity less the gross commingling entry quantity;
  - (b) a gross commingling entry quantity which is the greater than the gross commingling exit quantity the CSEP Daily Quantity Offtaken shall be zero and the Entry Point Daily Quantity Delivered shall be the quantity equal to the gross commingling entry quantity less the gross commingling exit quantity.
- 1.10.3 In respect of any Day in relation to which:
- (a) paragraph 1.10.2(a) applies, each User who made or is deemed (pursuant to any provision of the Code) to have made an Input Nomination in respect of the

Connected Exit System Point shall not be, notwithstanding such nomination, a Delivering User at such point on such Day (including for the purposes of Section I);

- (b) paragraph 1.10.2(b) applies, each User who made or is deemed (pursuant to any provision of the Code) to have made an Output Nomination in respect of the System Entry Point shall not be, notwithstanding such nomination, an Offtaking CSEP User at such point on such Day (including for the purposes of Section J).

1.10.4 Where in respect of a Day no allocation can be made in accordance with:

- (a) paragraph 2.1.9 as no User was a Delivering User on the Preceding Day, the Entry Point Daily Quantity Delivered shall be allocated to Delivering Users in the proportion to which the CSEP Daily Quantity Offtaken was allocated to Offtaking CSEP Users on the Preceding Day;
- (b) paragraph 3.2.8 as no User was a Offtaking CSEP User on the Preceding Day, the CSEP Daily Quantity Offtaken shall be allocated to Offtaking CSEP Users in the proportion to which the Entry Point Daily Quantity Delivered was allocated to Delivering Users on the Preceding Day.

1.10.5 In relation to a NTS Commingling Facility the Connected System Agreement shall require the Connected System Operator to install volume and calorimetric measurement equipment at the Connected System Exit Point and the System Entry Point comprised in such facility by means of which the gross commingling exit quantity and the gross commingling entry quantity shall be determined.

#### 1.11 Energy balancing on NTS

1.11.1 For the purposes of the energy balancing provisions of Section F (and the System Clearing Contracts therein provided for), quantities of energy offtaken by Users from the Total System shall be treated as offtaken from the NTS, and accordingly:

- (a) Daily Imbalances shall be treated as imbalances in respect of quantities delivered to and offtaken from the NTS; and
- (b) Reconciliation Quantities and User ~~UGR~~~~SER~~ Quantities shall be treated as quantities relating to (and representing differences between different quantities treated as offtaken from) the NTS.

#### 1.12 Trader User

In this Section E references to Users, except in paragraphs 1.2, 1.6, 1.10, 5 and 8.1.1(a), exclude Trader Users.

#### 1.13 DNO Users

In this Section E references to Users exclude DNO Users other than a DNO User in its capacity as an LDZ Shrinkage Provider.

#### 1.14 CDSP Functions

- 1.14.1 Direct Functions of the CDSP to support implementation of Section E are appointing the AUG Expert and managing the AUG Expert Contract.
- 1.14.2 Agency Functions of the CDSP to support implementation of Section E are:
  - (a) calculating Daily Imbalances (including forecast and prevailing imbalances);
  - (b) determining Error Revised UDQOs;
  - (c) calculating all values and amounts required to support Offtake Reconciliation and ~~Unidentified Gas~~Settlement Error Reconciliation.

## 2 INPUT QUANTITIES

### 2.1 User Daily Quantity Inputs

- 2.1.1 For each nominating User the UDQI in respect of each System Entry Point for the Gas Flow Day shall be determined in accordance with this paragraph 2.1, subject to paragraph 2.3.
- 2.1.2 In respect of each System Entry Point, each nominating User shall and any non-nominating User may submit to National Grid NTS, not later than the 7th Business Day after the Gas Flow Day, a statement (“**Entry Allocation Statement**”) specifying:
  - (a) the identity of the User;
  - (b) the identity of the System Entry Point;
  - (c) the Gas Flow Day; and
  - (d) the quantity of gas delivered by that User to the Total System on the Gas Flow Day at that System Entry Point.
- 2.1.3 Where an Entry Allocation Statement submitted by a User in accordance with paragraph 2.1.2 does not correctly reflect the User's entitlement to gas delivered to the Total System on the Gas Flow Day, the User may, not later than the Entry Close-out Date, revise its Entry Allocation Statement so as correctly to reflect its entitlement, provided that, where the conditions in paragraph 2.1.7 were satisfied in respect of the first-submitted Entry Allocation Statements, no revision may be made thereto unless revisions are made in aggregate such that such conditions remain satisfied following such revisions.
- 2.1.4 A revision under paragraph 2.1.3 of an Entry Allocation Statement shall not be made to reflect any dealing by the User and any other person after the Gas Flow Day in respect of entitlements in respect of gas delivered to the Total System.
- 2.1.5 For the avoidance of doubt, but without prejudice to paragraphs 2.2 and 2.3 and subject to Section V1.2, no person who is not a User may submit an Entry Allocation Statement or otherwise may claim to have delivered gas to the Total System, and National Grid NTS will disregard any such purported submission or claim.
- 2.1.6 If for the Gas Flow Day in respect of a System Entry Point both of the conditions in paragraph 2.1.7 are satisfied:

- (a) each User who submitted an Entry Allocation Statement shall be a Delivering User;
- (b) the UDQI for each nominating User shall be the quantity stated in the User's Entry Allocation Statement; and
- (c) paragraph 4 shall apply in respect of any non-nominating User who submitted an Entry Allocation Statement.

2.1.7 The conditions referred to in paragraph 2.1.3 and 2.1.6 are:

- (a) that by the Entry Close-out Date, Entry Allocation Statements have been submitted by or on behalf of all nominating Users (whether or not also submitted by or on behalf of any non-nominating User); and
- (b) that the aggregate of the quantities stated in all Entry Allocation Statements (submitted by or on behalf of nominating Users and non-nominating Users) and any Unclaimed Entry Allocation Statement under paragraph 2.3 is equal to the Entry Point Daily Quantity Delivered.

2.1.8 If for the Gas Flow Day in respect of a System Entry Point either condition in paragraph 2.1.7 is not satisfied, subject to paragraph 2.1.9:

- (a) each nominating User shall be a Delivering User; and
- (b) the UDQI for each Delivering User shall be determined by allocating the Entry Point Daily Quantity Delivered between the Delivering Users in proportion to the Nominated Quantities under their respective Input Nominations for the Gas Flow Day in respect of that System Entry Point.

2.1.9 If no User made an Input Nomination for the System Entry Point for the Gas Flow Day, and gas was delivered to the Total System at that point:

- (a) each User who was (whether or not by virtue of this paragraph 2.1.9) a Delivering User on the Preceding Day shall be a Delivering User; and
- (b) the Entry Point Daily Quantity Delivered shall be allocated to the Delivering Users in the proportions in which the equivalent quantity was (whether or not by virtue of this paragraph) allocated on the Preceding Day, and paragraph 4 shall apply in respect of each such User.

## 2.2 Entry Allocation Agents

- 2.2.1 In accordance with Section V6 a User may appoint a User Agent for the purposes of submitting Entry Allocation Statements in respect of a System Entry Point in accordance with paragraph 2.1.
- 2.2.2 Where the same person has been appointed as User Agent by more than one User for such purposes, the User Agent may make a composite submission containing the Entry Allocation Statements in respect of the System Entry Point for each such User.
- 2.2.3 Where (by virtue of being a Shrinkage Provider or for Operating Margins Purposes or otherwise) the Transporter is party to an agreement pursuant to which a person is

appointed as User Agent pursuant to paragraph 2.2.1, no provision of such agreement and nothing done by the Transporter pursuant to such agreement shall modify or take effect as a waiver of any provision of the Code.

## 2.3 Unclaimed Entry Allocation

- 2.3.1 Subject to the conditions in paragraph 2.3.3, where in respect of any Day all of the Entry Allocation Statements submitted by Users (“**relevant Users**”) in relation to a System Entry Point are submitted by the same person as User Agent the Users may arrange with the User Agent that he will also submit an Unclaimed Entry Allocation Statement.
- 2.3.2 An “**Unclaimed Entry Allocation Statement**” is an Entry Allocation Statement in which the quantity of gas specified as delivered to the Total System is not allocated to any User but is treated as allocated to an unclaimed account maintained by National Grid NTS for the purposes of this paragraph 2.3.
- 2.3.3 The conditions referred to in paragraph 2.3.1 are:
- (a) that the conditions in paragraph 2.1.7 are satisfied (taking into account for such purposes the Unclaimed Entry Allocation Statement and the quantity stated therein);
  - (b) that the quantity specified in the Unclaimed Entry Allocation Statement is less than the Entry Point Daily Quantity Delivered; and
  - (c) that the Unclaimed Entry Allocation Statement does not identify (directly or indirectly) any person as a person to whom the quantity thereunder is allocated.
- 2.3.4 Where in respect of a Day an Unclaimed Entry Allocation Statement is submitted, relevant Users' UDQIs shall be those determined under paragraph 2.1.6 on the basis of their respective Entry Allocation Statements.
- 2.3.5 The User Agent may up to but not later than the Entry Close-out Date revise an Unclaimed Entry Allocation Statement, provided the conditions in paragraph 2.3.3 continue to be satisfied following such revision.
- 2.3.6 Each User undertakes:
- (a) that it will not, and will not authorise the User Agent to, do anything which would or might confer on any person (other than a User) any right or entitlement in respect of any quantity of gas the subject of a Unclaimed Entry Allocation Statement; and
  - (b) that (without prejudice to any revision of the User's Entry Allocation Statement in accordance with paragraph 2.1.4) it will not itself claim any right or entitlement to any such quantity of gas.
- 2.3.7 If any person makes any claim against National Grid NTS in respect of any quantity of gas the subject of an Unclaimed Entry Allocation Statement:
- (a) National Grid NTS will defend such claim in such manner and to such extent as (after consultation in accordance with paragraph (b)) it shall determine to be appropriate;



- (b) National Grid NTS will consult with and keep informed the Uniform Network Code Committee or any relevant Sub-committee as respects such defence;
  - (c) National Grid NTS will be entitled to recover (in accordance with Section F4.5.3(a)(iii)) the costs and expenses reasonably incurred by it in such defence and any amount paid by it (whether in settlement or satisfaction of any such claim) to such person or other amount for which it may be liable in connection therewith.
- 2.3.8 National Grid NTS shall not for any purposes be treated as a User in respect of the unclaimed account referred to in paragraph 2.3.2 (and any quantity allocated to such account will not be taken into account in determining any User's Daily Imbalance nor in calculating Balancing Neutrality Charges under Section F, and is not required to be cleared under Section F).

### 3 OUTPUT QUANTITIES

#### 3.1 Supply Point UDQO

- 3.1.1 For a nominating User the UDQO in respect of a Registered Supply Point for the Gas Flow Day shall be:
- (a) in the case of a NDM Supply Point, the NDM Supply Meter Point Demands (in accordance with Section H2) for the Class 3 or 4 Supply Meter Point comprised in that NDM Supply Point;
  - (b) in the case of a DM Supply Point, the User SPDQ in accordance with paragraph 3.1.2.
- 3.1.2 The “**User SPDQ**” for a User in respect of a Registered DM Supply Point shall be the sum of:
- (a) subject to paragraph (b), the Supply Meter Point Daily Quantity;
  - (b) in the case of a Shared Supply Meter Point, the portion of that Supply Meter Point Daily Quantity determined in respect of that User in accordance with the Shared Supply Meter Notification pursuant to Section G1.7.
- 3.1.3 The provisions of paragraph 4 shall apply in respect of the User SPDQ in respect of any Supply Point for which the Registered User was a non-nominating User.

#### 3.2 Connected System Exit Points

- 3.2.1 For each nominating User the UDQO in respect of each Connected System Exit Point shall be determined in accordance with the applicable CSEP Network Exit Provisions and/or (where not inconsistent with the CSEP Network Exit Provisions) this paragraph 3.2.
- 3.2.2 In respect of each Metered Connected System Exit Point, each nominating User shall and any non-nominating User may submit to the Transporter, not later than the Exit Close-out Date, a statement (“**Exit Allocation Statement**”) specifying:
- (a) the identity of the User;

- (b) the identity of the Connected System Exit Point;
  - (c) the Gas Flow Day; and
  - (d) the quantity of gas offtaken by that User from the Total System on the Gas Flow Day at that Connected System Exit Point.
- 3.2.3 A User may, not later than the Exit Close-out Date, revise its Exit Allocation Statement, provided that where the conditions in paragraph 3.2.6 were satisfied in respect of the first submitted Exit Allocation Statements, no revision may be made thereto unless revisions are made in aggregate such that such conditions remain satisfied following such revisions.
- 3.2.4 For the avoidance of doubt, but without prejudice to paragraph 3.3, no person who is not a User may submit an Exit Allocation Statement or otherwise may claim to have offtaken gas from the Total System and the Transporter will disregard any such purported submission or claim.
- 3.2.5 If for the Gas Flow Day in respect of a Connected System Exit Point both of the conditions in paragraph 3.2.6 are satisfied:
- (a) each User who submitted an Exit Allocation Statement shall be an Offtaking CSEP User;
  - (b) the UDQO for each nominating User shall be the quantity stated in the User's Exit Allocation Statement; and
  - (c) paragraph 4 shall apply in respect of any non-nominating User who submitted an Exit Allocation Statement.
- 3.2.6 The conditions referred to in paragraph 3.2.3 and 3.2.5 are:
- (a) that by the Exit Close-out Date, Exit Allocation Statements have been submitted by or on behalf of all nominating Users (whether or not also submitted by or on behalf of any non-nominating User); and
  - (b) that the aggregate of the quantities stated in all Exit Allocation Statements (submitted by nominating Users and non-nominating Users) is equal to the CSEP Daily Quantity Offtaken.
- 3.2.7 If for the Gas Flow Day in respect of a Connected System Exit Point either condition in paragraph 3.2.6 above is not satisfied, subject to paragraph 3.2.8:
- (a) each nominating User shall be an Offtaking CSEP User; and
  - (b) the UDQO for each Offtaking CSEP User shall be determined by allocating the CSEP Daily Quantity Offtaken between the Offtaking CSEP Users in proportion to the Nominated Quantities under their respective Output Nominations for the Gas Flow Day in respect of that Connected System Exit Point.
- 3.2.8 If no User made an Output Nomination for the Connected System Exit Point for the Gas Flow Day (and accordingly C2.2.6 applies), or where all the Output Nominations

for the Connected System Exit Point for the Gas Flow Day are submitted as zero, and gas was offtaken from the System at the point:

- (a) each User who was (whether or not by virtue of this paragraph 3.2.8) an Offtaking CSEP User on the Preceding Day shall be an Offtaking CSEP User; and
- (b) the CSEP Daily Quantity Offtaken shall be allocated to the Offtaking CSEP Users in the proportions in which the equivalent quantity was (whether or not by virtue of this paragraph 3.2.8) allocated on the Preceding Day.

3.2.9 In relation to an Unmetered Connected System Exit Point, the UDQO for an Offtaking CSEP User for a Day shall be the aggregate of the UDQOs for the User's Registered CSEP Supply Meter Points (comprised within that Unmetered Connected System Exit Point) for the Day.

### 3.3 Exit Allocation Agents

3.3.1 In accordance with Section V6 a User may appoint a User Agent for the purposes of submitting Exit Allocation Statements in respect of a Metered Connected System Exit Point in accordance with paragraph 3.2.

3.3.2 Where the same person has been appointed as User Agent by more than one User for such purposes, the User Agent may make a composite submission containing the Exit Allocation Statements in respect of the Connected System Exit Point for each such User.

### 3.4 Daily Read Errors

3.4.1 Where pursuant to Section M6.6 an Error Revised Quantity is established in respect of a Class 1 or 2 Supply Point for a Daily Read Error Day after the Exit Close-out Date:

- (a) the Transporter will, as soon as reasonably practicable, determine (as nearly as may be) the amount (the “**Error Revised UDQO**”) of the UDQO for the relevant DM Supply Point for the Day on the basis of such Metered Quantity;
- (b) adjustments will be made in respect of any Overrun Charges or Supply Point Ratchet Charges in accordance with Section B1.11 and in respect of certain Balancing Charges in accordance with Section F1.4;
- (c) except as provided in paragraph (b), in accordance with paragraph 1.8.2 no revision or recalculation of the quantities treated as offtaken from the System by Users, Users' Daily Imbalances or any Balancing Charges on or for the Daily Read Error Day will be made.

### 3.5 Gas illegally taken

3.5.1 Where:

- (a) gas offtaken from the Total System has been illegally taken at or at a point downstream of the point of offtake (in accordance with Section J3.7) at a Supply Point, insofar as the quantity of gas so taken has not been properly metered, and except as permitted by the Meter By-Pass Policy; and

- (b) the case is not one in which the Transporter is (pursuant to paragraph 9(2) of the Gas Code) entitled to recover the value of the gas,

subject to paragraph 3.5.3, a Consumption Adjustment shall be made as is required to ensure that the quantity of gas so taken is treated as offtaken by the Registered User and an Offtake Reconciliation will be carried out.

3.5.2 In a case referred to in paragraph 3.5.1, the Registered User must:

- (a) notify the CDSP and determine the Estimated Consumption as soon as it becomes aware of gas illegally taken from the Total System; and
- (b) if requested to justify the Estimated Consumption, provide the CDSP with all relevant Meter Readings and all information in relation to the consumption or Estimated Consumption of gas at the relevant Supply Point Premises during the period of the illegal offtake of gas, as requested by the CDSP.

3.5.3 Paragraph 3.5.1 shall not apply in a case to which Standard Condition 7(5) of National Grid NTS's Transporter's Licence applies; and further, to give effect to that Condition (insofar as it relates to Energy Balancing Charges payable by Users):

- (a) National Grid NTS may pay to the Registered User, in respect of gas which has been or will be treated (pursuant to the Code) as offtaken by the User but is to be treated (pursuant to that Condition) as not having been taken out of the Total System, an amount estimated by National Grid NTS to be the amount which has been or will be payable by way of Reconciliation Clearing Charges in respect of such quantity of gas; and
- (b) Users acknowledge that it is not feasible to make any adjustment (beyond what is provided for in paragraph (a)) in respect of any amount by which such gas may have contributed to the User's Daily Imbalance for or Energy Balancing Charges payable in respect of any Day.

## 4 UNAUTHORISED GAS FLOWS

### 4.1 Unauthorised Gas Flow

4.1.1 Where a User is a non-nominating User for a Day in respect of a System Point, any delivery (in the circumstances under paragraph 2.1.6 or 2.1.9) or offtake (in accordance with paragraph 3.1.3 or in the circumstances under paragraph 3.2.5 or 3.2.8) of gas to or from the Total System by that User at that point on that Day is an **“Unauthorised Gas Flow”**, the amount of which shall be:

- (a) in respect of a System Entry Point, the quantity of gas stated in the User's Entry Allocation Statement or as the case may be allocated under paragraph 2.1.9;
- (b) in respect of a DM Supply Point, the amount of the User SPDQ;
- (c) in respect of a Metered Connected System Exit Point, the quantity of gas stated in the User's Exit Allocation Statement or as the case may be allocated under paragraph 3.2.8.

4.1.2 Subject to paragraph 4.1.3, an Unauthorised Gas Flow shall be an UDQI or (as the case may be) an UDQO for the User for the purposes of the Code.

4.1.3 The Unauthorised Gas Flow shall not be taken into account and shall not be treated as an UDQI or UDQO for the purposes of determining the User's Daily Imbalance under paragraph 5, and shall not be a relevant UDQI or relevant UDQO for the purposes of determining Balancing Neutrality Charges under Section F4 or for the purposes of calculating the UDQI under Section B3.12.9.

#### **4.2 Treatment of Unauthorised Gas Flows**

4.2.1 The quantity of gas comprising an Unauthorised Gas Flow shall be deemed to have been sold and purchased pursuant to a System Clearing Contract.

4.2.2 For the purposes of such System Clearing Contract:

(a) where the Unauthorised Gas Flow occurs at a System Entry Point:

- (i) the seller is the User and the buyer is National Grid NTS; and
- (ii) the Clearing Charge is the amount determined as the quantity of gas comprising the Unauthorised Gas Flow multiplied by the System Marginal Sell Price;

(b) where the Unauthorised Gas Flow occurs at a System Exit Point:

- (i) the seller is National Grid NTS and the buyer is the User; and
- (ii) the Clearing Charge is the amount determined as the quantity of gas comprising the Unauthorised Gas Flow multiplied by the System Marginal Buy Price.

4.2.3 The System Clearing Contract shall be deemed to have been performed fully except as to payment.

4.2.4 The Unauthorised Gas Flow shall be extinguished by the System Clearing Contract.

4.2.5 The buyer shall pay the Clearing Charge in respect of the gas comprising the Unauthorised Gas Flow to the seller in accordance with Section S.

### **5 IMBALANCE**

#### **5.1 Daily Imbalance**

5.1.1 The Daily Imbalance for each User shall be calculated in respect of each Day as the difference between:

(a) the sum of:

- (i) the aggregate of the User's UDQIs;
- (ii) the aggregate of the Trade Nomination Quantities under any Acquiring Trade Nominations made by the User; and

- (b) the sum of:
  - (i) the aggregate of the User's UDQOs;
  - (ii) the aggregate of the Trade Nomination Quantities under any Disposing Trade Nominations made by the User; and
  - (iii) the User's Aggregate User Unidentified Gas.

5.1.2 The Daily Imbalance is positive where the quantity under paragraph 5.1.1(a) is greater than the quantity under paragraph 5.1.1(b), and negative where the quantity under paragraph 5.1.1(b) is greater than the quantity under paragraph 5.1.1(a).

## 5.2 Treatment of Daily Imbalances

A User's Daily Imbalances will be extinguished under System Clearing Contracts in accordance with Section F2.2.

## 5.3 Incentivised Nomination Charges

5.3.1 At each Forecast Daily Imbalance Time (in respect of a Day) if a User's Prevailing Forecast Daily Imbalance differs from the User's Daily Imbalance for the Day the User shall pay a charge ("**Incentivised Nomination Charge**") in accordance with this paragraph 5.3.

5.3.2 For the purposes of this paragraph 5.3:

- (a) "**Forecast Daily Imbalance**" is, in respect of a Day and in relation to a User, the User's projection of its Daily Imbalance for that Day;
- (b) "**Forecast Daily Imbalance Time**" is, in respect of a Day, each of 02:00 hours on the Preceding Day and 12:00 hours, 18:00 hours and 22:00 hours on the Day;
- (c) "**Initial**" Forecast Daily Imbalance is, in respect of a Day and in relation to a User, the Forecast Daily Imbalance prevailing at 17:00 hours on the Preceding Day;
- (d) "**Prevailing Forecast Daily Imbalance**" is, in respect of a Day and in relation to a User, the User's current Forecast Daily Imbalance (calculated in accordance with this paragraph 5) at a Forecast Daily Imbalance Time; and
- (e) "**Prevailing Provisional Daily Imbalance**" shall mean the projected Daily Imbalance of a User in respect of a Day (recorded on the UK Link System) at 17:00 hours on the Preceding Day determined by National Grid NTS by reference to Nomination information available to it at such time, excluding the Forecast Daily Imbalance referred to in paragraph (a) above.

5.3.3 Each User may submit a notice ("**Forecast Daily Imbalance Nomination**") specifying its Forecast Daily Imbalance for a Day.

5.3.4 Each Forecast Daily Imbalance Nomination shall specify:

- (a) the identity of the User;
  - (b) the Gas Flow Day; and
  - (c) the Forecast Daily Imbalance for the Gas Flow Day.
- 5.3.5 A Forecast Daily Imbalance Nomination may be submitted no earlier than 30 Days before the Gas Flow Day and no later than 03:00 hours on a Gas Flow Day.
- 5.3.6 A User may revise an Initial Forecast Daily Imbalance Nomination in respect of a Gas Flow Day by submitting a further Forecast Daily Imbalance Nomination and where a User submits a further Forecast Daily Imbalance Nomination it shall replace the Initial Forecast Daily Imbalance Nomination or any subsequent Forecast Daily Imbalance Nomination (but without prejudice to the application of this paragraph 5.3 in respect of the Prevailing Forecast Daily Imbalance in respect of any earlier Forecast Daily Imbalance Time).
- 5.3.7 Without prejudice to paragraph 5.3.6, where a User does not submit a Forecast Daily Imbalance Nomination in respect of a Day by 17:00 hours on the Preceding day the User will be deemed to have submitted an Initial Forecast Daily Imbalance Nomination equal to the Prevailing Provisional Daily Imbalance.
- 5.3.8 For the purposes of the further provisions of this paragraph 5.3:

- (a) a User's **"Forecast Performance Measure"** at a Forecast Daily Imbalance Time in respect of a Day shall be calculated as follows:

$$FPM_t = \text{abs}(N_t - A)$$

where:

$FPM_t$  is the Forecast Performance Measure at Forecast Daily Imbalance Time 't';

$N_t$  is the User's Prevailing Forecast Daily Imbalance at Forecast Daily Imbalance Time 't';

$A$  is the User's Daily Imbalance in respect of the Day; and

- (b) the **"Incentivised Nomination Price"** is, in respect of a relevant Day, the price (in pence/kWh) calculated as follows:

- (i) where the User's Daily Imbalance is positive for the relevant Day:

$$INP = PSFS * (SAP - SMSP)$$

- (ii) where the User's Daily Imbalance is negative for the relevant Day:

$$INP = PSPB * (SMBP - SAP)$$

where:

$INP$  is the Incentivised Nomination Price for the relevant Day;



PSFS is the Sell Price Scaling Factor for the relevant Day;

PSFB is the Buy Price Scaling Factor for the relevant Day;

SAP is the System Average Price for the relevant Day;

SMBP is the System Marginal Buy Price for the relevant Day;

SMSP is the System Marginal Sell Price for the relevant Day; and

(iii) the Sell Price Scaling Factor for the relevant Day is zero;

(iv) the Buy Price Scaling Factor for the relevant Day is zero; and

(c) the “**scaling factor**” in respect of each Forecast Daily Imbalance Time in respect of a Day is 0.25.

5.3.9 The Incentivised Nomination Charge payable by a User in respect of a Daily Imbalance Nomination Time shall be calculated as follows:

$$INS_t = (FPM_t * SF_t * INP)$$

where:

INSt is the Incentivised Nomination Charge;

FPMt is the User's Forecast Performance Measure;

SFt is the scaling factor; and

INP is the Incentivised Nomination Price

in each case in respect of Forecast Daily Imbalance Time 't'.

5.3.10 In respect of a User and in relation to a Day, the “**Total Incentivised Nomination Charge**” payable by a User is the sum of the Incentivised Nomination Charges payable (if any) by the User in respect of the Day and calculated as follows:

$$TINC = \sum_{t=1}^n INC_t$$

where:

TINC is the Total Incentivised Nomination Charge; and

INC is the Incentivised Nomination Charge payable by the User in respect of each Forecast Daily Nomination Time 't'

where 'n' is the number of Forecast Daily Nomination Times in respect of a Day.

5.3.11 Total Incentivised Nomination Charges shall be invoiced and are payable in accordance with Section S.

- 5.3.12 In the event that National Grid NTS does not undertake a Market Balancing Action on a Day then the Total Incentivised Nomination Charge payable by a User, in respect of that day, will be zero.

## 6 OFFTAKE RECONCILIATION

### 6.1 Introduction

- 6.1.1 Upon each Reconciliation Meter Reading in respect of a System Exit Point, Offtake Reconciliation will be carried out for all Days in the Reconciliation Metered Period.

- 6.1.2 Where Offtake Reconciliation is carried out in respect of a Supply Meter Point following a Supply Point Confirmation, in the circumstances specified in paragraph 6.1.3, the Reconciliation Values will be attributed entirely to the Registered User(s) following such Supply Point Confirmation, notwithstanding that a part of the Reconciliation Values may (or may be considered to) relate to a period before the Supply Point Registration Date; and accordingly such Registered User(s) will obtain the benefit and bear the risk (and the User(s) who formerly were Registered User(s) of the Supply Meter Point will neither obtain the benefit nor bear the risk) of the Reconciliation Quantities insofar as relating to the period before the Supply Point Registration Date.

- 6.1.3 The circumstances are:

- (a) in the case of a Class 1 or 2 Supply Meter Point, where the Supply Point Registration Date was a Failed Daily Read Day, or was not the Day of a Check Read, and an Offtake Reconciliation is subsequently carried out as provided in Section M5.11.3 or M5.12.7;
- (b) in the case of a Class 3 or 4 Supply Meter Point, where:
  - (i) no Opening Meter Reading was submitted, and accordingly an estimated Meter Reading was used (for the first Offtake Reconciliation following the Supply Point Confirmation) in accordance with Section M5.13.8, and was not replaced by an Agreed Opening Meter Reading, and
  - (ii) upon the next Valid Meter Reading, the next Offtake Reconciliation is carried out

(because the effect of the estimation under Section M5.4.2 is that, for the purposes of the first Offtake Reconciliation referred to in paragraph (b), the Daily Reconciliation Factor is one (1), but except to the extent that a Proposing User Read was used for such estimation).

### 6.2 Reconciliation Calculations

- 6.2.1 In relation to an Offtake Reconciliation:

- (a) the “**Reconciliation Metered Period**” is the period (ending with the Read Date of the Reconciliation Meter Reading) specified in or determined in accordance with the provision of the Code and/or (in the case of a Connected

System Exit Point) of the CSEP Network Exit Provisions which requires that Offtake Reconciliation;

- (b) the “**Reconciliation Metered Volume**” is the Metered Volume determined (pursuant to the Reconciliation Meter Reading) for the Reconciliation Metered Period.

6.2.2 For the purposes of an Offtake Reconciliation in respect of a relevant System Exit Point, in relation to any Day (D) in the Reconciliation Metered Period:

- (a) the “**Daily Reconciliation Quantity**” ( $DRQ_D$ ) shall be determined as follows:

$$DRQ_D = PRDQO_D * (DRF_D - 1)$$

where:

$PRDQO_D$  is the Prevailing Reconciled Daily Quantity Offtaken for the Day (as determined prior to the Reconciliation Meter Reading)

$DRF_D$  is the Daily Reconciliation Factor for the Day

- (b) the “**Daily Reconciliation Factor**” ( $DRF_D$ ) is a factor in respect of the Reconciliation Metered Period, calculated as:

$$DRF_D = RMV / PMV$$

where for that Reconciliation Metered Period:

$RMV$  is the Reconciliation Metered Volume

$PMV$  is the Prevailing Metered Volume

6.2.3 The “**Prevailing Metered Volume**” for a Reconciliation Metered Period is calculated as follows:

- (a) if the Reconciliation Metered Period is a single Day

$$PMV = PRDQO_D / CV_D$$

- (b) if the Reconciliation Metered Period is more than one Day:

$$PMV = \Sigma (PRDQO_D / CV_D)$$

where

$\Sigma$  is the sum over all Days in the Reconciliation Metered Period

and where, for each Day in the Reconciliation Metered Period

$CV_D$  is the relevant calorific value

$PRDQO_D$  is the Prevailing Reconciled Daily Quantity Offtaken.

- 6.2.4 Following each Offtake Reconciliation, the Prevailing Reconciled Daily Quantity Offtaken for each Day in the Reconciliation Metered Period shall be adjusted by the Daily Reconciliation Factor for that Day.
- 6.2.5 In respect of each Offtake Reconciliation, the Reconciliation Clearing Value (“RCV”) shall be calculated as follows:

$$RCV = \Sigma (DRQ_D * SAP_D)$$

where

$\Sigma$  is the sum over all Days in the Reconciliation Metered Period

and where, for each such Day

$DRQ_D$  is the Daily Reconciliation Quantity

$SAP_D$  is the System Average Price.

- 6.2.6 In respect of each Offtake Reconciliation, each of the Reconciliation Transportation Charge Adjustments (“RTCA”) shall be calculated as follows:

$$RTCA = \Sigma (DRQ_D * ACR_D)$$

where

$\Sigma$  is the sum over all Days in the Reconciliation Metered Period

and where, for each such Day

$DRQ_D$  is the Daily Reconciliation Quantity

$ACR_D$  is the Applicable Commodity Rate of the NTS Commodity Charge, the LDZ Commodity Charge or (as the case may be) the Commodity Variable Component (if any) of the Customer Charge for such Day.

### 6.3 Reconciliation Clearing

Upon each Offtake Reconciliation, the Reconciliation Quantity shall be extinguished by a System Clearing Contract in accordance with Section F5.

### 6.4 Transportation Charge Adjustments

- 6.4.1 Upon each Offtake Reconciliation the Reconciliation Transportation Charge Adjustments shall be payable by way of adjustment in respect of the NTS Commodity Charges, LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges overpaid or underpaid by the User in respect of gas offtaken during the relevant period.
- 6.4.2 The Reconciliation Transportation Charge Adjustments shall be payable:
- (a) where the Reconciliation Quantity is negative:

- (i) in the case of the adjustment to the NTS Commodity Charges, by the User to National Grid NTS;
- (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the User to the Transporter;
- (b) where the Reconciliation Quantity is positive:
  - (i) in the case of the adjustment to the NTS Commodity Charges, by National Grid NTS to the User;
  - (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the Transporter to the User

and shall be invoiced and are payable in accordance with Section S.

## 6.5 Agreed Opening Meter Readings

### 6.5.1 Where in relation to a Class 2, 3 or 4 Supply Meter Point:

- (a) upon the Offtake Reconciliation in respect of an Opening Meter Reading (including an estimate in accordance with Section M5.13.8) Reconciliation Values (the “**original Reconciliation Values**”) are determined under this paragraph 6; and
- (b) the Transporter subsequently accepts an Agreed Opening Meter Reading pursuant to Section M5.13.14

then paragraph 6.5.2 shall apply.

### 6.5.2 In the circumstances in paragraph 6.5.1:

- (a) the Transporter will redetermine (on the basis of the Agreed Opening Meter Reading) the Reconciliation Metered Volume for the Reconciliation Metered Period, and the Reconciliation Values;
- (b) the Reconciliation Values determined under paragraph (a) will replace the original Reconciliation Values, and the redetermined adjusted value (under paragraph 6.2.4) of Prevailing Reconciled Daily Quantity Offtaken for each Day in the Reconciliation Meter Period will replace the original adjusted value;
- (c) where the original Reconciliation Values have already been invoiced, the Transporter will determine and invoice (in accordance with Section S) such adjustments in respect thereof as are necessary to give effect to paragraph (b).

## 6.6 Shared Supply Meter Point Reconciliation: Reconciliation Values

### 6.6.1 This paragraph 6.6 applies in respect of Offtake Reconciliation in respect of Shared Supply Meter Points.

- 6.6.2 In the case of a Shared Supply Meter Point Notification under Section G1.7.6(a), upon any Offtake Reconciliation, the Reconciliation Values shall be allocated between the Sharing Registered Users in the prevailing percentages which, at the time at which the Offtake Reconciliation is carried out, are notified to the Transporter under Section G1.7.7(b).
- 6.6.3 In the case of a Shared Supply Meter Point Notification under Section G1.7.6(b), upon any Offtake Reconciliation:
- (a) the Transporter will notify the Reconciliation Quantity to the Sharing Registered User Agent;
  - (b) if, within twenty (20) Business Days after such notification, the Sharing Registered User Agent notifies to the Transporter amounts, equal in aggregate to the Reconciliation Quantity, to be allocated to the Sharing Registered Users:
    - (i) the Reconciliation Quantity shall be allocated between the Sharing Registered Users in the amounts so notified;
    - (ii) the Reconciliation Clearing Value and each of the Reconciliation Transportation Charge Adjustments shall be allocated between the Sharing Registered Users in the same proportions as the Reconciliation Quantity;
  - (c) if the Sharing Registered User does not notify an allocation by the time required and otherwise in accordance with paragraph (b), the Reconciliation Values will be allocated between the Sharing Registered Users in accordance with the prevailing Default Allocation Methodology under Section G1.7.10(b)(iv).

## **6.7 Retrospective Data Update: Offtake Reconciliation**

- 6.7.1 This paragraph 6.7 applies where, in relation to a Supply Meter Point:
- (a) a Retrospective Data Update is carried out in respect of the Supply Meter, Supply Meter Installation or Supply Meter Point; and
  - (b) either:
    - (i) Offtake Reconciliation(s) were carried out for which the Reconciliation Values would have been different had the Updated Data been registered at the time such Offtake Reconciliation(s) were carried out; or
    - (ii) if the Updated Data had been registered at the Update Effective Date, it would have given rise to an additional Offtake Reconciliation.
- 6.7.2 Paragraph 6.7.1(b)(i) may apply because the Updated Data results in a change (as compared with the data used in the Affected Offtake Reconciliations) in one or more of the following:
- (a) Reconciliation Meter Reading;

- (b) Reconciliation Metered Period;
- (c) Reconciliation Metered Volume.

6.7.3 For the purposes of this paragraph 6.7, in relation to a Retrospective Data Update, **“Affected Offtake Reconciliation”** means:

- (a) in a case in paragraph 6.7.1(b)(i), the two Offtake Reconciliations for which the Reconciliation Metered Periods end and start respectively with the Read Date of a Meter Read affected by the Updated Data;
- (b) in a case in paragraph 6.7.1(b)(ii), the Offtake Reconciliation (or latest Offtake Reconciliation) in relation to which the Update Effective Date falls within the Reconciliation Metered Period.

6.7.4 Where a Retrospective Data Update is carried out, subject to paragraph 6.7.5:

- (a) the Transporter will:
  - (i) in a case within paragraph 6.7.1(b)(i), re-determine the Reconciliation Values, on the basis of the Updated Data, for each Affected Offtake Reconciliation;
  - (ii) in a case within paragraph 6.7.1(b)(ii), determine Reconciliation Values, by reference to the Updated Data, on the basis of two Offtake Reconciliations for which the Reconciliation Metered Periods are the Reconciliation Metered Period for the Affected Offtake Reconciliation divided into two periods ending and starting respectively with the Read Date of the Meter Read comprised in the Updated Data;
- (b) the Reconciliation Values under the Affected Offtake Reconciliation(s) shall be replaced by the Reconciliation Values determined under paragraph (a)(i) or (a)(ii);
- (c) the Transporter will determine and invoice such adjustments in respect of the Reconciliation Values determined under the Affected Offtake Reconciliation(s) as are necessary to give effect to paragraph (b).

6.7.5 Where (after the first Day of any Reconciliation Metered Period to which paragraph 6.7.4 applies) there has been a change in Registered User of the Supply Meter Point:

- (a) the replacement of Reconciliation Values under paragraph 6.7.4(b), and adjustment invoicing under paragraph 6.7.4(c), will apply automatically in relation to any period on or after the Supply Point Registration Date of the Supply Point Registration under which the current Registered User became Registered User;
- (b) in relation to any earlier period, the replacement of Reconciliation Values under paragraph 6.7.4(b), and adjustment invoicing under paragraph 6.7.4(c), will apply only if the User which was Registered User of the Supply Meter Point at the relevant time submits to the Transporter a request to that effect.

## 6.8 Updated Meter Readings: Offtake Reconciliation



- 6.8.1 This paragraph 6.8 applies where in relation to a Supply Meter Point:
- (a) an Updated Meter Reading is a Valid Meter Reading; and
  - (b) Offtake Reconciliation(s) were carried out for which the Reconciliation Values would have been different had the Updated Meter Reading been used at the time such Offtake Reconciliation(s) were carried out.
- 6.8.2 For the purposes of this paragraph 6.8, in relation to an Updated Meter Reading, **“Affected Offtake Reconciliation”** means any Offtake Reconciliation for which the Reconciliation Metered Period ends or starts respectively with the Read Date of the Updated Meter Reading.
- 6.8.3 Where an Updated Meter Reading replaces a Valid Meter Reading the Transporter will:
- (a) re-determine the Reconciliation Values, on the basis of the Updated Meter Reading, for each Affected Offtake Reconciliation;
  - (b) the Reconciliation Values under the Affected Offtake Reconciliation shall be replaced by the Reconciliation Values determined under paragraph (a);
  - (c) the Transporter will determine and invoice such adjustments in respect of the Reconciliation Values determined under the Affected Offtake Reconciliation as are necessary to give effect to paragraph (b).
- 6.8.4 Subject to paragraph 6.8.5, where (after the first Day or before the last Day of any Reconciliation Metered Period to which paragraph 6.8.3 applies) there has been a change in the Registered User of the Supply Meter Point the replacement of the Reconciliation Values under paragraph 6.8.3(b) and the adjustment invoicing under paragraph 6.8.3(c), will only apply in relation to such part of the Reconciliation Metered Period in respect of which the User submitting the Updated Meter Reading was Registered User of the Supply Meter Point.
- 6.8.5 Where an Updated Meter Reading replaces a Valid Meter Reading which is an Opening Meter Reading the Reconciliation Values under paragraph 6.8.3(b) and the adjustment invoicing under paragraph 6.8.3(c) will automatically apply in respect of each Affected Offtake Reconciliation.

## 7 ~~UNIDENTIFIED GAS~~SETTLEMENT ERROR RECONCILIATION

### 7.1 Introduction

#### 7.1.1 The Parties agree and acknowledge that:

- (a) ~~the quantity of gas determined pursuant to Section H2.6 as Unidentified Gas in a LDZ for a Day (D) will depend on the estimation of demand (for Class 3 and 4 Supply Meter Points) pursuant to the provisions of Section H2.2 (as well as the quantities determined as offtaken at Class 1 and 2 Supply Meter Points); (as described in paragraph [1.5.5]) settlement error is reflected in the magnitude of the Scaling Factor SF<sub>i</sub> for a LDZ and a Day in Section H[2.5.1];~~
- (b) each Offtake Reconciliation ~~for which the Reconciliation Metered Period includes Day D~~represents a correction in respect of settlement error, and

therefore implies an adjustment in ~~the Unidentified Gas for the relevant LDZ for that Day (and accordingly in respect of the quantity of gas allocated to each User as User LDZ Unidentified Gas), as does any LDZ Reconciliation in accordance with paragraph 7~~ pursuant to the application of the Scaling Factor in determining NDM Supply Meter Point Demand under Section H2.2.1;

- (c) in accordance with paragraph 1.8.2, no change is to be made in respect of ~~User LDZ Unidentified Gas~~ any UDQO after the Exit Close-Out Date;
- (d) accordingly, ~~Unidentified Gas~~ Settlement Error Reconciliation shall be carried out as a reconciliation and adjustment in respect of the implied adjustments ~~in Unidentified Gas~~ referred to in paragraph (b);
- (e) the quantities subject to ~~Unidentified Gas~~ Settlement Error Reconciliation are quantities equal in aggregate and opposite to the net aggregate quantities subject to Offtake Reconciliation in an LDZ over the Reconciliation Billing Period.

7.1.2 Subject to paragraph 7.5, for each Reconciliation Billing Period and for each LDZ:

- (a) the “~~Unidentified Gas~~ Settlement Error **Reconciliation Period**” is the period of 12 months ending with (and including) the Reconciliation Billing Period;
- (b) each month in the Settlement Error Reconciliation Period is a “Settlement Error Reconciliation Month”;
- (c) ~~(b)~~ the “**Aggregate Reconciliation Quantity**” and “**Aggregate Reconciliation Clearing Value**” are the net aggregate respectively of the Reconciliation Quantities and of the Reconciliation Clearing Values:
  - (i) for System Exit Points in that LDZ for which Offtake Reconciliation was undertaken (as referred to in Section S1.1.3(f)); and/or
  - (ii) in respect of LDZ Reconciliation in respect of that LDZ which was undertaken

in that Reconciliation Billing Period;

- (d) ~~(e)~~ for the purposes of paragraph (b), Reconciliation Quantities and Reconciliation Clearing Values include adjustments to Reconciliation Values made in a Reconciliation Billing Period pursuant to paragraph 6.5.2(c);

~~(d) — for each User the “User Aggregate LDZ Quantity” is the amount determined as:~~

(e) in relation to each Settlement Error Reconciliation Month:

(i) the “Aggregate Monthly Reconciliation Quantity” is one twelfth (1/12) of the Aggregate Reconciliation Quantity;

(i) the “Aggregate Monthly Reconciliation Clearing Value” is one twelfth (1/12) of the Aggregate Reconciliation Clearing Value;

- (f) in relation to each Settlement Error Reconciliation Month (month M), "Relevant" System Exit Points are:
- (i) subject to paragraph (ii), System Exit Points (other than Supply Meter Points which were Isolated before the first Day of month M) for which Offtake Reconciliation was not carried out in the Settlement Error Reconciliation Month;
- (ii) if either:
- (1) the threshold condition in paragraph [(ji)] is not satisfied in relation to the Settlement Error Reconciliation Month, or
- (2) when Settlement Error Reconciliation was carried out in relation to any prior Reconciliation Billing Period for which month M was a Settlement Error Reconciliation Month, the threshold condition in paragraph [(j)] was not satisfied in relation to month M.
- all System Exit Points (other than Supply Meter Points which were Isolated before the first Day of month M);
- (g) for the avoidance of doubt:
- (i) an Offtake Reconciliation carried out on the basis of an estimated Meter Reading in accordance with [Section M5.13.8] counts as an Offtake Reconciliation for the purposes of paragraph (a)(i);
- (ii) the redetermination of Reconciliation Values (under paragraph 6.8) carried out in a Reconciliation Billing Period on the basis of an Updated Meter Reading does not count as an Offtake Reconciliation carried on that Settlement Error Reconciliation Period;
- (h) for each User and each Settlement Error Reconciliation Month, the "User Aggregate Monthly Relevant LDZ Quantity" is the amount determined as:

$$\sum_d - \sum_r \sum_d \text{AUPRDQO}_{rd}$$

where

- $\sum_d$  is the sum over all Days (d) in the ~~Unidentified Gas~~ Settlement Error Reconciliation Period ~~Month~~;
- $\sum_r$  is the sum over all Relevant System Exit Points in the relevant LDZ ~~which are~~ Supply Meter Points (other than Isolated Supply Meter Points) in the relevant LDZ of which the User is Registered User on Day 'd' ~~and all or~~ Metered Connected System Exit Points in the relevant LDZ in relation to which the User is a CSEP User on Day 'd';

and where, for each Relevant System Exit Point 'r' and each Day 'd',  $\text{AUPRDQO}_{rd}$  is the Prevailing Reconciled Daily Quantity Offtaken as

determined as at the 10<sup>th</sup> Day of the month following the Reconciliation Billing Period, or (in the case of a Shared Supply Meter Point) the amount of the Prevailing Reconciled Daily Quantity Offtaken allocated to the User, adjusted by the SER allocation factor specified in ~~Annex E-1~~ the prevailing AUG Table in respect of the category (as set out in Annex E-1) to which that System Exit Point belongs on Day 'd';

- (i) ~~(e) for each Settlement Error Reconciliation Month~~ the “**Aggregate Monthly Relevant LDZ Quantity**” is the sum for all Users of the User Aggregate Monthly Relevant LDZ Quantities;
- (j) ~~for each Settlement Error Reconciliation Month, the threshold condition is that, if the User Aggregate Monthly Relevant LDZ Quantity is determined on the basis of paragraph (f)(i), the magnitude of the Aggregate Monthly Reconciliation Quantity is not greater than the simplified Aggregate Monthly Relevant LDZ Quantity;~~
- (k) ~~for the purposes of paragraph (j), the simplified Aggregate Monthly Relevant LDZ Quantity is calculated on the basis that in paragraph (h) (for each User and each LDZ) AUPRDO<sub>rd</sub> is the User's UDQO for a Relevant System Exit Point without adjustment (as provided in paragraph 1.1.8) pursuant to Offtake Reconciliations and without adjustment by SER allocation factors.~~

7.1.3 For each User, Reconciliation Billing Period, Settlement Error Reconciliation Month and LDZ:

- (a) the “**User UGR Monthly SER Quantity**” (~~UUGRQ~~ UMSERQ) is the quantity determined as:

$$\del{UUGRQ} = - \del{ARQ} * \del{UALQ} / \del{ALQ} \quad \text{UMSERQ} = - \text{AMRQ} * \text{UAMRLQ} / \text{AMRLQ}$$

- (b) the “**User UGR Monthly SER Clearing Value**” (~~UUGRCV~~ UMSERCV) is the amount determined as:

$$\del{UUGRCV} = - \del{ARCV} * \del{UALQ} / \del{ALQ} \quad \text{UMSERCV} = - \text{AMRCV} * \text{UAMRLQ} / \text{AMRLQ}$$

where

~~ARQ~~ AMRQ is the Aggregate Monthly Reconciliation Quantity

~~ARCV~~ AMRCV is the Aggregate Monthly Reconciliation Clearing Value

~~UALQ~~ UAMRLQ is the User Aggregate Monthly Relevant LDZ Quantity

~~ALQ~~ AMRLQ is the Aggregate Monthly Relevant LDZ Quantity.

## 7.2 ~~Unidentified Gas~~ Settlement Error Reconciliation

7.2.1 ~~Unidentified Gas~~ Settlement Error Reconciliation shall be carried out for each LDZ in respect of each Reconciliation Billing Period.

7.2.2 Upon each ~~Unidentified Gas~~ Settlement Error Reconciliation, for each Settlement Error Reconciliation Month, the User ~~UGR~~ Monthly SER Quantity (irrespective of amount

and sign) shall be extinguished by a System Clearing Contract in accordance with Section F5.

7.2.3 For the purposes of Section F5, the Reconciliation Clearing Charge in respect of a System Clearing Contract under paragraph 7.2.2 shall be the User ~~UGR~~ Monthly SER Clearing Value.

7.2.4 ~~Unidentified Gas~~ Settlement Error Reconciliation shall not give rise to any adjustment in respect of Transportation Charges.

### 7.3 LDZ Reconciliation

7.3.1 A reconciliation shall be carried out between the Transporter and the NTS Shrinkage Provider in respect of the relevant quantity of gas, where:

- (a) after the Exit Close-out Date in relation to any Day, an adjustment is made in respect of the LDZ Daily Quantity Input for an LDZ, in respect of an amount calculated by multiplying such adjustment quantity of gas by the System Average Price for the Day on which such adjustment was deemed by the Transporter to relate; or
- (b) pursuant to Section N3.4, an adjustment is made in respect of the aggregate amount of LDZ Shrinkage for any LDZ in any Gas Year, in respect of an amount as provided in the LDZ Shrinkage Adjustments Methodology.

7.3.2 For the purposes of this paragraph 7:

- (a) “**LDZ Reconciliation**” means a reconciliation pursuant to paragraph 7.3.1;
- (b) in relation to any LDZ Reconciliation, for the purposes of ~~Unidentified Gas~~ Settlement Error Reconciliation:
  - (i) the quantities and amounts referred to in paragraph 7.3.1 shall be treated as being respectively a Reconciliation Quantity and a Reconciliation Clearing Value for the purposes of paragraph 7.1.2(b);
  - (ii) such quantity and amount shall be negative where the LDZ Daily Quantity Input is increased by such adjustment, and positive where the LDZ Daily Quantity Input is reduced by such adjustment.

7.3.3 Except pursuant to this paragraph 7, any such adjustment as is referred to in paragraph 7.3.1 shall have no effect for the purposes of the Code.

### 7.4 No retrospective adjustments

7.4.1 For the avoidance of doubt, each ~~Unidentified Gas~~ Settlement Error Reconciliation shall be carried out on the basis of User Aggregate LDZ Quantities calculated by reference to Prevailing Reconciled Daily Quantity Offtaken determined (in accordance with paragraph 7.1.2(d)) as at 10<sup>th</sup> Day of the month following the Reconciliation Billing Period; and no adjustment shall be made in respect of such ~~Unidentified Gas~~ Settlement Error Reconciliation by reason of any subsequent adjustments (pursuant to paragraph 6.2.4) to the Prevailing Reconciled Daily Quantity Offtaken for any Day in the ~~Unidentified Gas~~ Settlement Error Reconciliation Period.

## 7.5 Qualifying LDZ Reconciliation

7.5.1 For the purposes of this paragraph 7.5:

- (a) “**particular**” LDZ Reconciliation is LDZ Reconciliation under paragraph 7.3.1(a) in respect of adjustments (as referred to in that paragraph) made as a result of a particular failure or error in measurement equipment or other particular cause;
- (b) in relation to particular LDZ Reconciliation:
  - (i) the “**relevant period**” is the continuous period of Days (as referred to in paragraph 7.3.1(a) in respect of which such adjustments were made;
  - (ii) the “**relevant quantity**” is the aggregate quantity which is subject to such adjustment over the whole of the relevant period;
- (c) “**Qualifying**” LDZ Reconciliation is particular LDZ Reconciliation for which the relevant quantity is not less than 50 GWh;
- (d) in relation to Qualifying LDZ Reconciliation, an “**LDZ Reconciliation Month**” is a calendar month which commences and/or ends in the relevant period.

7.5.2 In relation to Qualifying LDZ Reconciliation, ~~Unidentified Gas~~Settlement Error Reconciliation shall be carried out separately (and the Qualifying LDZ Reconciliation shall be excluded from the ordinary ~~Unidentified Gas~~Settlement Error Reconciliation carried out in respect of each Reconciliation Billing Period)) by reference to quantities, values and proportions determined separately for each LDZ Reconciliation Month; and accordingly, for the purposes of paragraphs 7.1.2 and 7.1.3:

- (a) references in those paragraphs:
  - (i) to Reconciliation Billing Period are to each LDZ Reconciliation Month;
  - (ii) to LDZ Reconciliation carried out in a Reconciliation Billing Period are to LDZ Reconciliation carried out in respect of each LDZ Reconciliation Month;
  - (iii) to Aggregate Monthly Reconciliation Quantity and Aggregate Monthly Reconciliation Clearing Value are to the sum, for all Days in each LDZ Reconciliation Month, of the Reconciliation Quantity and Reconciliation Clearing Value determined for each such Day in accordance with paragraph 7.3.2(b) and
- (b) ~~the Unidentified Gas~~for each LDZ Reconciliation Month, there is a single Settlement Error Reconciliation Period which is the LDZ Reconciliation Month.

7.5.3 ~~Unidentified Gas~~Settlement Error Reconciliation in relation to Qualifying LDZ Reconciliation shall be invoiced in accordance with Section S, issued as soon as reasonably practicable after the carrying out of such LDZ Reconciliation.

- 7.5.4 Where a User that was a User at any time during the ~~Unidentified Gas~~Settlement Error Reconciliation Period determined pursuant to paragraph 7.5.2(a)(i) becomes a Discontinuing User on or before the date of submission of the relevant Ancillary Invoice, then to the extent that the amounts determined in accordance with paragraph 7.1.3 cannot be recovered from or paid to the Discontinuing User (or from or to any other User that is responsible for the payment of, or entitled to receive, such amounts), such amounts shall be payable by or to all other Users in the proportions that would be determined in accordance with paragraph 7.1.3 (as modified by paragraph 7.5.2) as if User Aggregate Monthly Relevant LDZ Quantity for the Discontinuing User were zero.

## 8 CLASS A CONTINGENCIES

### 8.1 Class A Contingencies

#### 8.1.1 During the period of a Class A Contingency:

- (a) access to information pursuant to paragraph 1.6;
- (b) submission of the Entry Allocation Statement pursuant to paragraph 2.1: and
- (c) submission of the Unclaimed Entry Allocation Statement pursuant to paragraph 2.3;

will be processed in accordance the relevant Contingency Procedures.

## 9 UNIDENTIFIED GAS ~~–ALLOCATION FACTORS~~AND SETTLEMENT ERROR

### 9.1 Interpretation

#### 9.1.1 For the purposes of this paragraph 9:

- (a) the “**AUGE Document**” is the document entitled 'Framework for the appointment of an Allocation of Unidentified Gas Expert' which sets out:
  - (i) the procedure for the appointment of the AUG Expert;
  - (ii) what qualifications and competencies the AUG Expert is required to hold;
  - (iii) the criteria for selection of the AUG Expert;
  - (iv) the terms of the AUG Expert Contract;
  - (v) procedures for preparing the AUG Statement and the AUG Table; and
  - (vi) such other matters (consistent with this paragraph 9) as the Committee and the Transporters may agree;
- (b) “**AUG Expert**” means the person from time to time appointed pursuant to paragraph 9.2;



- (c) **“AUG Expert Contract”** means the contract appointing a person to act as the AUG Expert;
- (d) **“AUG Statement”** means the statement prepared in respect of an AUG Year pursuant to paragraph 9.4;
- (e) **“AUG Table”** means the table prepared for an AUG Year pursuant to paragraph 9.4 in the form set out in Annex E1;
- (f) **“AUG Year”** means the period from 1 October in any year until and including 30 September in the following year and in relation to any AUG Year the “Preceding AUG Year” is the AUG Year ending at the start of such AUG Year;
- (g) **“Unidentified Gas Source”** means a particular set of circumstances in respect of a Category of System Exit Point which give rise to Unidentified Gas;
- (h) **“Category”** of System Exit Point means a category, defined:
  - (i) in the case of a Supply Point, by Class and End User Category, as set out in the pro-forma table in Annex E-1; and
  - (ii) in the case of a Metered Connected System Exit Point, as specified in the pro-forma table in Annex E-1;

being a category for the purposes of paragraph 1.1.6(c) (and Section C1.5.2(c)).

9.1.2 For the purposes of this paragraph 9 references to System Exit Points excludes NTS System Exit Points.

9.1.3 The AUG Document is a UNC Related Document and a reference to the AUG Document is to such document as from time to time in force.

9.1.4 In this paragraph 9 a reference to the Committee is to the Uniform Network Code Committee.

9.1.5 The Committee shall have the functions set out in this paragraph 9 and the AUG Document.

## 9.2 Appointment of AUG Expert

9.2.1 A person shall be appointed by the CDSP, in accordance with this paragraph 9.2, for the purposes of:

- (a) preparing the AUG Statement or (as the case may be) modifying the AUG Statement for the Preceding AUG Year, and recommending it to the Committee; and
- (b) preparing the AUG Table, and recommending it to the Committee, in relation to each AUG Year.

9.2.2 The CDSP shall, subject to and in accordance with the AUG Document and the requirements of the Committee:

- (a) prepare arrangements and documentation for a tender for the appointment of a person as AUG Expert;
  - (b) conduct such tender on the basis of such arrangements and documentation;
  - (c) review and assess the proposals made by persons tendering for appointment as the AUG Expert ("bidders") pursuant to the tender;
  - (d) where appropriate (for the purposes of the selection of a bidder) enter into discussions with one or more bidders;
  - (e) use reasonable endeavours to enter into an AUG Expert Contract with the selected bidder; and
  - (f) perform the CDSP obligations, and exercise the CDSP rights, in accordance with the AUG Expert Contract.
- 9.2.3 Without prejudice to the requirements of the AUG Document, the CDSP may seek guidance or direction of the Committee in relation to anything they propose to do or any other matter arising in connection with their activities under paragraph 9.2.1, and may act in accordance with such guidance or direction.
- 9.2.4 This paragraph 9.2 shall apply on each occasion on which an AUG Expert is to be appointed.
- 9.3 Terms of engagement of AUG Expert and cost recovery**
- 9.3.1 Nothing in this paragraph 9 shall require the CDSP to enter into an AUG Expert Contract on terms which in the CDSP's reasonable opinion:
- (a) would be unlawful for the CDSP; or
  - (b) would give rise to the CDSP incurring any liability, other than in respect of its own wilful misconduct, gross negligence or fraud.
- 9.3.2 The CDSP may enter into an AUG Expert Contract on terms which:
- (a) limit or exclude the liability (as to such matters as may be provided in such contract) of the AUG Expert;
  - (b) provide that if a Party or any supplier or consumer makes any claim or takes any legal proceedings (as to such matters as may be provided in such contract) against the AUG Expert, the CDSP will indemnify the AUG Expert in respect of such claim or proceeding,
- and in such a case each Party undertakes that it shall not, and in the case of a User it shall procure that each supplier and consumer does not, make such a claim or take such proceedings against the AUG Expert, and shall indemnify the CDSP in respect of any liability to the AUG Expert if such Party or any such supplier or relevant customer does make such a claim or take such proceedings.
- 9.3.3 For the avoidance of doubt, the CDSP shall not be the agent or trustee of any Party for the purposes of the AUG Expert Contract, and the CDSP shall owe no duties or

responsibilities to any Party in respect of the AUG Expert Contract other than as provided in this paragraph 9 and the AUG Document.

#### 9.4 Establishing the AUG Statement and AUG Table

9.4.1 For each AUG Year a statement (including a methodology covering matters which may include research, sampling, data, modelling, analysis, criteria) shall be prepared by the AUG Expert which sets out a basis for:

- (a) ~~identifies~~identifying each Unidentified Gas Source;
- (b) ~~estimates~~estimating the total quantity of Unidentified Gas by LDZ; and
- (c) ~~specifies~~determining the proportionate contribution of each Unidentified Gas Source to the total quantity of Unidentified Gas;
- (d) determining the relative contribution of different Categories of System Exit Point to settlement error;

~~(d)~~ (and in relation to AUG Years other than the first, such methodology shall be established by modifying the methodology for the preceding AUG Year); which methodology shall be such as, in the opinion of the Committee, is calculated to facilitate (or in the case of a modification to the methodology, better facilitate as compared with the prevailing methodology) the achievement of the relevant objectives in Standard Special Condition A11 of the Transporters' Licence.

9.4.2 For each AUG Year following preparation of the AUG Statement the AUG Expert shall

(a) make a determination (“AUG Determination”) which: (i) for each LDZ, specifies a factor ("UG Factor") representing (as an average for the AUG Year) unidentified gas as a proportion of LDZ Daily Quantity Offtaken;

~~(a)~~ (ii) identifies each Unidentified Gas Source; ~~(b)~~ (iii) specifies the proportionate contribution of each Unidentified Gas Source to the total quantity of ~~Unidentified Gas~~unidentified gas (“UGS Proportionate Contribution”); and ~~(e)~~ (iv) specifies for each Unidentified Gas Source and for each Category of System Exit Point a weighting factor (“UGS Weighting Factor”) reflecting that Category of System Exit Point's contribution to the Unidentified Gas Source, provided for each Unidentified Gas Source the UGS Weighting Factors must satisfy:

$$\Sigma \text{ WFUGS} = 1$$

where:

WFUGS is for an Unidentified Gas Source the UGS Weighting Factor;

$\Sigma$  is sum over all Categories of System Exit Point,

~~(d)~~ (v) calculates the UG allocation factor for purposes of paragraph 1.1.6(c) for each Category of System Exit Point as:

$$\text{AF} = \Sigma (\text{PCUGS} * \text{WFUGS})$$

where:

AF is the allocation factor;

PCUGS is the UGS Proportionate Contribution for the Unidentified Gas Source;

WFUGS is the UGS Weighting Factor for the Category of System Exit Point in which the System Exit Points falls; and

$\Sigma$  is sum over all Unidentified Gas Sources;

~~and the AUG Expert shall~~ (vi) specifies for each Category of System Exit Point, the SER allocation factor for the purposes of paragraph [7.1.2(e)], being a factor which reflects the relative contribution of System Exit Points of that Category to settlement error; and

(b) prepare a table in the form in Annex E-1 which sets out:

(i) for each LDZ, the ~~allocation factor~~ UIG Factor;

(ii) for each Category of System Exit Point ~~so determined~~ the UIG allocation factors and SER allocation factors.

#### 9.4.3 In respect of each AUG Year:

- (a) the AUG Expert shall prepare a proposed AUG Statement;
- (b) the Committee shall consult with Users and Transporters (and such other persons as they may agree) in respect of the proposed AUG Statement;
- (c) the proposed AUG Statement may be modified by the AUG Expert following such consultation;
- (d) such further steps or iterations (if any) as are set out in the AUG Document shall be taken in relation to the proposed AUG Statement;
- (e) the Committee approve and publish the AUG Statement;
- (f) the AUG Expert shall make a proposed AUG Determination and prepare a proposed AUG Table on the basis of the approved AUG Statement;
- (g) such steps as are set out in the AUG Document shall be taken in relation to the proposed AUG Determination and AUG Table, following which the AUG Expert shall make a final AUG Determination and submit a final AUG Table to the Committee for approval;
- (h) the Committee shall approve the final AUG Table submitted by the AUG Expert pursuant to paragraph (g) unless by unanimous resolution the Committee determines:
  - (i) to approve a modified AUG Table; or

- (ii) to require any further iteration of any steps as referred to in paragraph (g), in which case paragraph (g) and this paragraph (h) shall further apply;
- (i) the Committee shall publish the AUG Table approved in accordance with paragraph (h);

all in accordance with and subject to the annual timetable set out in the AUG Document.

9.4.4 For the purposes of the Code:

- (a) the AUG Statement and the AUG Table established for an AUG Year for the purposes of paragraph 9.4.1 shall be those approved the Committee under paragraph 9.4.3, and shall not be subject to later modification in relation to such AUG Year;
- (b) the approved AUG Statement and the AUG Table shall be binding for the purposes of the Code.

9.4.5 Each Transporter and User shall, to the extent provided in the AUG Statement, cooperate with and provide data to the AUG Expert in connection with the preparation of the AUG Table.

**Annex E-1****FORM OF AUG TABLE**

This is the AUG Table applying pursuant to TPD Section E9 of the Uniform Network Code for AUG Year [/.]

**1. ~~UIG Allocation Adjustment~~ Factors**

<u>LDZ</u>	<u>UIG Factor</u>

**2. ~~UIG allocation factors~~**

<del>FORM OF AUG TABLE</del> <u>UIG allocation factors</u>						
Supply Points					Metered CSEPs	
	Class 1	Class 2	Class 3	Class 4	Category	Allocation factor
EUC	Allocation factor				All Metered CSEPs as a single category	
1						
2						
3						
4						
5						
6						
7						
8						
9						

**2. SER allocation factors**

<u>SER allocation factors</u>						
<u>Supply Points</u>					<u>Metered CSEPs</u>	
	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Category</u>	<u>Allocation factor</u>
<u>EUC</u>	<u>Allocation factor</u>				<u>All Metered CSEPs as a single category</u>	
<u>1</u>						
<u>2</u>						
<u>3</u>						
<u>4</u>						
<u>5</u>						
<u>6</u>						
<u>7</u>						
<u>8</u>						
<u>9</u>						





Document comparison by Workshare 9 on 26 January 2018 15:55:12

Input:	
Document 1 ID	interwovenSite://UK-DMS/UK_ACTIVE/56668579/1
Description	#56668579v1<UK_ACTIVE> - TPD Section E - Daily Quantities, Imbalances and Reconciliation_0
Document 2 ID	interwovenSite://UK-DMS/UK_ACTIVE/56542956/8
Description	#56542956v8<UK_ACTIVE> - 0643 - SECTION E
Rendering set	Standard

Legend:	
<u>Insertion</u>	
<del>Deletion</del>	
<del>Moved from</del>	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	161
Deletions	76
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	237