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## An appeal under section 173 Energy Act 2004

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**E.ON UK plc**

**-and-**

**GEMA**

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### Glossary of technical terms

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Term	Meaning
1 in 20 obligation	The licence obligation on gas transporters to develop the gas transportation system to meet the peak aggregate daily demand for gas to be conveyed to premises that is likely to be exceeded (whether on one or more days) only in one year out of 20.
Advanced Reservation of Capacity Agreement	Agreements negotiated between users and NGG NTS (subject to dispute resolution by Ofgem) where the user seeks incremental capacity and the request is judged by NGG NTS to trigger additional investment. The purpose of the agreement is primarily to protect NGG NTS from the risk that investment is undertaken unnecessarily by binding the user to pay for the capacity whether or not it is ultimately needed. Such agreements also provide project developers or NTS users with a commitment that offtake will be made available by NGG NTS from a given date (e.g. for the commissioning of a new gas-fired power station). Disputes regarding the terms of an ARCA are subject to determination by Ofgem. Ofgem's policy is that ARCAs should generally involve a commitment of no more than one year.
ARCA	see Advanced Reservation of Capacity Agreement
CBA	means Cost Benefit Analysis
CCGT	see Combined Cycle Gas Turbine
Combined Cycle Gas Turbine	Plant where a gas turbine generates electricity and the waste heat from the turbine is used to make steam to generate additional electricity via a steam turbine.

Connected System Exit Point	Includes interconnectors and independently-owned gas transportation systems that are directly connected to the NTS.
CSEP	see Connected System Exit Point
Decision	Ofgem's decision on 5 April 2007 directing that Mod 116V should be implemented and that Mods 116A, 116BV, 116CVV and 116DV not be implemented.
Development and Implementation Steering Group	Body established by Ofgem in January 2004 to assist in determining whether the sale of GDNs should proceed.
Direct connect offtake points	Offtake points on the NTS save for NTS/GDN Transfer Points. This term is not always used consistently. Ofgem sometimes uses "direct connects" to refer to TCCs.
DISG	See Development and Implementation Steering Group
Diurnal storage	Storage capability within the gas transportation network used by gas transporters to support within-day offtake flow variations. Linepack is an example of one form of diurnal storage.
DNO	Distribution Network operator, i.e. operator of a GDN.
Enduring offtake arrangements	New offtake arrangements desired by Ofgem to replace the "interim" offtake arrangements set to expire on 30 September 2010.
Enduring Offtake Working Group	Body established by Ofgem which met between January 2006 and August 2006 and operated outside the formal modification process.
EOWG	Enduring Offtake Working Group
ERAG	See Exit Reform Advisory Group
ERF	See Exit Regime Forum
Exit Reform Advisory Group	A body established by Ofgem principally to consider possible changes to the interruption arrangements outside the formal UNC modification process.
Exit Regime Forum (or Exit Reform Development Forum)	Body established by NGG in November 2004 outside the formal Network Code modification process.
Firm capacity	A right to offtake gas from the NTS that is not generally subject to restriction or curtailment. To be contrasted with Interruptible capacity.
Flat Capacity product	A product proposed under Mod 116V that would give NTS users the right to offtake gas from the NTS at a constant rate over the gas day.
Flexibility	Can refer either to Diurnal Storage or to the ability of users to offtake gas from the NTS according to a profile that varies over the gas day.

Flexibility Capacity product	A product proposed under Mod 116V that would give NTS users the right to vary their rate of offtake from the NTS. The amount of Flexibility Capacity product required was calculated by subtracting 2/3 of the user's total end of day allocated quantity from the cumulative allocated quantity it has offtaken between 06:00 and 22:00, including a tolerance of 1.5% on measurements of the cumulative flow.
Gas Distribution Network	Eight low pressure distribution networks connected to the NTS. Four are owned by NGG ("Retained GDNs or RDNs") and four were sold to third party owners on 1 June 2005 ("Independent GDNs" or "IDNs").
GDN	see Gas Distribution Network
GDN Shippers	Shippers who offtake gas from GDNs.
IA	A statutory Impact Assessment.
Interconnector	Facilities directly connected to the NTS which transport gas from the NTS to other transportation systems, such as the Northern Irish transportation network and the transportation networks of other EU Member States.
Interim offtake arrangements	The arrangements for offtake of gas from the NTS applicable from 1 May 2005. Set to expire on 30 September 2010 by virtue of sunset clauses in the UNC.
Interruptible capacity	A right to take gas off the NTS which is subject to restriction or complete curtailment by NGG in the event of network capacity constraints, in an emergency for supply-demand balancing purposes, or for testing purposes.
Linepack	In broad terms, linepack is the capability of a pipeline system to store gas and is used by gas transporters to support offtake flow variations. Linepack depends on a number of factors, including the size of the pipelines that make up the relevant system, the maximum operating pressure of those pipelines, input flows, and how each gas transporter chooses to compress gas and direct gas around its own system.
Maximum Daily Quantity	Under the "interim" offtake arrangements, the maximum quantity of gas which an NTS Shipper may offtake from the NTS during a given day. Calculated as 24 times the maximum hourly quantity of offtake permitted to a TCC.
Mod 0745	Modification Proposal to the Network Code, which had the effect of removing virtually all of the operative text of the Network Code and replacing it with text incorporating the provisions of the new UNC by reference.

Mod 46	UNC Modification Proposal 046 made by Transco in August 2005 to extend the sunset clauses on the interim offtake arrangements in the UNC from September 2008 to September 2010.
Mod 116A	UNC Modification Proposal 0116A made by E.ON in October 2006. This would extend the sunset clauses in the UNC so that the "interim" offtake arrangements would continue to apply indefinitely. Received 9-1 support from the UNC Modification Panel but rejected by Ofgem in the Decision.
Mod 116BV	UNC Modification Proposal 0116BV made by RWE Trading. A variant modification proposal to Mod 116V.
Mod 116CVV	UNC Modification Proposal 0116C made by British Gas Trading. The key distinction with Mod 116V is that it deletes the Flexibility Capacity product.
Mod 116DV	UNC Modification Proposal 0116DV made by Scotia Gas Networks. A variant on Mod 0116V.
Mod 116V	UNC Modification Proposal 0116V made by NGG. In broad summary, NTS exit offtake capacity would be sold to both GDNs and other direct connect users as two separate products: a Flat Capacity product and a Flexibility Capacity product. Increases in users' allocation of the Flat Capacity Product would be obtained through a long-term allocation process and users would be bound to the increase for periods of 4 years. Interruptible capacity would be made available only on a day-ahead basis.
Mod 142	Modification Proposal raised by NGG in April 2007 extending the sunset clauses in the UNC until 30 September 2011.
National Grid Gas	The licensed gas transporter responsible for the gas transmission system and for four of the Gas Distribution Networks
National Transmission System	The high pressure gas transmission system in Great Britain.
Network Code	The contractual document on the basis of which NGG/Transco entered into arrangements with shippers for offtake of gas prior to the establishment of the UNC.
Network Exit Agreements	Ancillary documents to the Network Code which might specify "rate change notice periods" and "ramp rates" limiting the rights of large customers to vary their rate of offtake.
NExAs	See Network Exit Agreements
NGG NTS	The transmission arm of NGG.
NTS	see National Transmission System
NTS exit point	Point at which gas is offtaken from the NTS.

NTS/GDN Transfer (or Exit) Points	Points at which gas is offtaken by GDNs from the NTS
NTS Shippers	Shippers who offtake gas directly from the NTS to TCCs, storage facilities, interconnectors and other CSEPs.
Offtake	The flow of gas out of a transportation system, whether for direct consumption by a customer, or to another transportation system, or to a storage facility.
Overrun charges	Penalty charges that may be levied against users who offtake more gas from the NTS than their NTS exit offtake capacity allowance permits.
Shippers	Companies who buy gas in the wholesale markets on behalf of suppliers and are licensed (under s. 7A(2) of the Gas Act 1986) to arrange with gas transporters for its transportation through the pipeline networks.
Stranded assets	Pipeline assets built by NGG NTS which turn out not to be required.
Sunset clauses	Provisions in section B of the Transport Principal Document of the UNC setting a final date after which NTS offtake capacity can no longer be allocated under the "interim" arrangements. Originally set at 30 September 2008, then extended to 30 September 2010. Mod 142 would extend them further to 30 September 2011.
Suppliers	Companies licensed (under s. 7A(1) of the Gas Act 1986) to supply gas to domestic and business customers at their premises.
TCC	see Transmission Connected Customer
TPCR	see Transmission Price Control Review
Transco or National Grid Transco	The name of NGG prior to October 2005.
Transmission Connected Customer	An end-customer directly connected to the NTS, such as gas-fired generators and large industrial customers. Gas offtaken by TCCs is directly consumed rather than offtaken for the purposes of gas storage or onward transportation.
Transmission Price Control Review	A review established under the aegis of Ofgem for the purpose of establishing price controls for the three electricity transmission licensees and for NGG NTS. Ofgem also pursued reform to the offtake arrangements as part of the TPCR.
Transporters	Companies licensed (under s. 7 of the Gas Act 1986) to convey gas through the pipeline networks.
UNC	see Uniform Network Code
UNC Development Forum	Body established by NGG in about September 2004 outside the Network Code Modification procedures to assist with drafting the UNC.

UNC Modification Panel	Representative body of gas transporters and shippers with the right under the UNC to make recommendations regarding the implementation of modification proposals to the UNC.
Uniform Network Code	The contractual framework for the NTS, GDNs and shippers which replaced the Network Code on 1 May 2005.