

Stage 02: Workgroup Report

0449:

Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures

At what stage is this document in the process?

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

This proposal seeks to facilitate compliance with Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks with regards to the Congestion Management Procedures.



The Workgroup recommends that this modification should now proceed to consultation.



High Impact: Shippers and Transporters



Medium Impact: -



Low Impact: -

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~~14 June~~ 22 April 2013

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About this document:

This report will be presented by the Workgroup to the Panel on **18 July~~20~~June 2013**.

The Panel will consider whether the modification is sufficiently developed to proceed to Consultation and to submit any further recommendations in respect of the definition and assessment of this modification.



Any questions?

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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification.

Why Change?

Congestion in gas pipelines has been identified as an obstacle to a well-functioning, open and integrated gas market across the European Union. On 24 August 2012 the European Commission adopted rules to reduce congestion in European gas transmission pipelines. These rules amend the existing Annex I to the Gas Regulation (EC) no. 715/2009 and require a number of Congestion Management Procedures to be implemented by 01 October 2013. The GB arrangements set out in the UNC need to be modified to deliver this.

Solution

This modification will introduce a new classification of System Entry Point and NTS Exit Point within the UNC. It will also put in place an oversubscription process for the AMSEC Auction, new transparency obligations and new NTS Entry and Exit Capacity surrender processes for the following entry and exit capacity products:

- NTS Entry Capacity
 - Quarterly System Entry Capacity
 - Monthly System Entry Capacity (excluding the RMSEC Auction)
- NTS Exit Capacity
 - Enduring Annual NTS Exit (Flat) Capacity
 - Annual NTS Exit (Flat) Capacity

As the CMP regulations are closely linked to the proposed Capacity Allocation Mechanism (CAM) Regulation any solution will need to be reviewed as part of CAM, the CMP oversubscription and surrender solution detailed within this Modification Proposal will be facilitated via a combination of operational processes and existing Gemini system functionality.

Relevant Objectives

Implementation of this Modification would better facilitate the following relevant objective:

g) "Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators".

Implementation

No implementation timescales are proposed. The EU has specified that its measures to address congestion should be implemented by 1 October 2013.

Introduction of new processes will be necessary to facilitate implementation of this Modification and will be based on the use of existing system functionality. [Xoserve input awaited].

2 Why Change?

On 24 August 2012 the European Commission adopted rules to reduce congestion in European gas transmission pipelines as Congestion in gas pipelines, has long been viewed as an obstacle to a well-functioning, open and integrated gas market across the European Union. The rules amend the existing Annex I to the Gas Regulation (EC) no. 715/2009 and require a number of the Congestion Management Procedures to be implemented by 01 October 2013.

The Congestion Management Procedures are to be applied only at "Interconnection Points" which is a classification of System Point that is not currently defined within the Uniform Network Code, and will cover a number of requirements:

- Long Term use it or lose it
- Firm Day Ahead use it or lose it
- Oversubscription and Buyback
- Surrender
- Transparency

However of the above, only the Oversubscription and Buyback, Surrender processes and Transparency obligations are required for 1 October 2013. Whilst oversubscription and buyback are processes that are currently catered for within the UNC the AMSEC Auction will require an oversubscription process to be put in place, a number of new surrender processes and Transparency obligations will be required in order to enact the regulation.

The oversubscription and surrender processes introduced by this modification will need to be reviewed as part of the implementation of the Capacity Allocation Mechanism (CAM) Regulation, potentially requiring the development of a CMP solution that can be applied to the CAM processes when implemented. The definition of Interconnection Points, Transparency obligations, oversubscription and surrender processes will need to be reviewed as part of the CAM implementation process.

3 Solution

It is proposed that a number of new processes and defined terms be introduced into the UNC:

New Defined Terms

- “Annual Release Process” means the release of:
 - NTS Entry Capacity following an annual capacity invitation
 - NTS Exit (Flat) Capacity following an annual capacity notification
- “Surrender Invitation” means an invitation made in advance of an annual release process informing Users that they may make surrender offers
- “Surrender Offer” means an offer to surrender System Capacity
- “Surrender Window” means the period of five Business Days specified in a in a surrender invitation during which Users may submit surrender offers
- “Surrendered Capacity” is in relation to a relevant quarter, month or year, the aggregate amount of System Capacity in respect of which Users have submitted surrender offers in response to a surrender invitation
- “Interconnection Point” (IP) is:
 - An Aggregate System Entry Point at which gas is delivered to the Total System through an interconnector(s) connecting the Total System to the national gas transmission system of another EU member state(s); or
 - An NTS Exit Point at which gas is offtaken from the Total System through an interconnector(s) connecting the Total System to the national gas transmission system of another EU member state(s); or
 - Any such point as is designated by the Authority

Interconnection Points

An Interconnection Point may be defined as a cross-border interconnection point, whether it is physical or virtual, between two or more European Union Member States as well as to interconnections between adjacent entry exit systems within the same Member State, insofar as the points are subject to booking procedures by users. Exit points to end consumers and DNO’s, entry points to supply only networks, entry points from LNG terminals and production facilities, and entry/exit points to or from storage facilities will not be defined as an Interconnection Point. An Interconnection Point may be either an Aggregate System Entry Point or a NTS Exit Point.

Where an Interconnection Point forms part of an existing ASEP the Interconnection Point will remain part of this ASEP, however such an ASEP will be an Interconnection Point ASEP (IP-ASEP).

Capacity Oversubscription and Surrender Processes

National Grid NTS shall only accept the surrender of a Users Available or Registered System Firm NTS Entry Capacity and Firm NTS Exit (Flat) Capacity held by a User at an Interconnection Point, where:

- All Available Firm Capacity has been allocated

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- The quantity offered for surrender surrendered is for a minimum of 1 calendar month but shall reflect (depending on the product) and in aggregate with other surrender offers can satisfy one or more sub-transaction periods of the allocation process for which the capacity has been offered for surrender
- the Unsold NTS Entry Capacity made available for the period in the relevant Annual Release Process, for which the Surrender Offer applies, is exceeded by the aggregate Capacity Bids received in the relevant Annual Release Process (i.e. it is oversubscribed)
- the Remaining Available NTS Exit (Flat) Capacity for the period in the relevant Annual Release Process, for which the Surrender Offer applies, exceeded by the aggregate applications received in the relevant Annual Release Process (i.e. it is oversubscribed)

Available System Capacity is the System Capacity which a User holds at an IP after taking into account any System Capacity Transfer under UNC TPD B5.

For the avoidance of doubt where an IP is an ASEP, System Capacity will be NTS Entry Capacity and where an IP is an NTS Exit Point, System Capacity will be NTS Exit (Flat) Capacity, unless otherwise specified.

NTS Entry Capacity Surrender and Oversubscription Processes

QSEC Auction Surrender Process

- No less ~~more~~ than {fifteen (15)} Business Days prior to a notification the issuing of the Annual Invitation for Quarterly NTS Entry Capacity in a Capacity Year QSEC annual invitation, National Grid NTS will invite Users to surrender Available System Firm NTS Entry Capacity at an IP ASEP (the "QSEC Surrender Invitation,"); for allocation to Users requesting capacity in the QSEC auction being held within that Capacity Year. (for the purposes of this Modification such capacity will be described as Surrendered Capacity) at that IP ASEP.
- A surrendering User shall remain liable for all charges and liabilities associated with NTS Entry Capacity Charges for the Surrendered Firm NTS Entry Capacity irrespective of whether it is subsequently allocated.
- Until Where Surrendered Firm NTS Entry Capacity is not allocated the surrendering Users Available System Firm NTS Entry Capacity shall remain unchanged.
- The Surrender Invitation(s) Process invitation will state:
 - The IP-ASEP(s)
 - The duration of the Surrender Window surrender window, which shall be a minimum of {five consecutive (5)} Business Days and shall open no less than five Business Days after the Surrender Invitation is issued
 - The details of how Users can provide their Surrender Offer offer(s) to surrender capacity at an IP
 - The Minimum Eligible Amount Interconnection Point ASEP which shall be via {Fax}
 - The minimum eligible quantity of QSEC NTS Entry Capacity which will be 100,000 kWh/day.
 - That a User cannot offer to surrender a quantity greater than their Available Firm NTS Entry Capacity i.e. net of NTS Entry Capacity trades at that IP ASEP for the Quarter(s) that they are offering to surrender capacity for.

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- Users wishing to take part in the QSEC auctionAuction Surrender processProcess must, between 0800 and 1700 on the dates specified in the Surrender Invitation, provide the following information, for each Surrender Offer, to National Grid NTS: -via [fax]:
 - The IP-ASEP
 - User ID
 - The amount maximum quantity of Firm NTS Entry Capacity per IP ASEP that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount minimum eligible amount of 100,000kWh/day
 - The minimum amount quantity of Firm NTS Entry Capacity per IP ASEP that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount minimum eligible amount of 100,000kWh/day and less than or equal to the amount that is being offered for surrendermaximum quantity detailed above
 - The calendar quarter(s) for which the Surrender Offer surrender offer applies (these do not have to be consecutive quarters).); and
- National Grid NTS will not accept a Surrender Offer for a calendar quarter(s)Confirmation that is not oversubscribed
- By submitting a Surrender Offer the surrendering User agrees to surrender Available System Capacity up toholds the amount offeredFirm NTS Entry capacity and is confirming that they have sufficient Available System Capacity to fulfillwill continue to hold the Surrender Offer.
 - WhenFirm NTS entry Capacity until the User does not have sufficient Available System Capacity to fulfillallocation process is complete.
- Where such confirmation required in the Surrender Offerabove paragraph is not received National Grid NTS maywill not accept the NTS Entry Capacity Surrender Offer.
- Users may submit more than one Surrender Offer but may not submit more than one (1) Surrender Offer per calendar quarter per IP. A-ASEP, a submitted offer may cover multiple calendar quarters and must fall within the calendar quarters that can be allocated within the relevant QSEC auction
- Users can amend or withdraw their Surrender Offersoffers at any time between 08:00 and 17:00 hours on each Day of the Surrender Window invitation date until 17:00 hours on the last Dayday of the Surrender Windowsurrender window
- After the Surrender Window closes Users will be informed by the first QSEC invitation letter issued after the Surrender Window of the Available Systemaggregate quantity of Firm NTS Entry Capacity that has been offered for surrenderprovisionally surrendered and the quarter(s) in whichthat it hasas been offeredmade available for.
- WhenWhere National Grid NTS has received Capacity Bidsbids that in aggregate exceed the quantity of Unsoldunsold obligated NTS Entry Capacity that has been made available in the QSEC auction, surrendered Available SystemAuction, Surrendered Firm NTS Entry Capacity will be allocated as Additional Quarterly NTS Entry Capacity before both any other such Additional QuarterlyDiscretionary NTS Entry Capacity that National Grid NTS in its own discretion may make available to Users and Incremental NTS Entry Capacity (which for the avoidance of doubt includes substitution).;
- The allocation of surrendered Available SystemFirm NTS Entry Capacity is allocated to Users as Additional Quarterlywho have requested Firm NTS Entry Capacity will be effected through the release of Discretionary NTS Entry

Capacity and such allocated capacity will feed into the entry capacity Capacity-neutrality arrangements as a Relevant Capacity Revenue.

- A User(s) will pay in respect of each Day, when due, NTS Entry Capacity Charges for any Additional QuarterlyFirm NTS Entry Capacity allocated i.e. the quantity multiplied by the Applicable Daily Rate. For the avoidance of doubtthrough this will be either the applicable Reserve Price or Cleared process i.e. the quantity of NTS-EntryPrice.
- Surrendered Available System Capacity allocated multiplied by the QSEC Auction cleared price multiplied by the relevant period for which capacity has been allocated. The surrendering User will receive the cleared price paid for the surrendered Firm NTS-Entry Capacity allocated.
- Surrendered Firm NTS-Entry Capacity allocated through this process shall be;
 - utilised in respect of overrun calculations i.e. atthe User’s Available NTS Entry Capacity will reflect either the Quarterly NTS Entry Capacity bought or Available System Capacity surrendered, as applicable, and the allocated price will be considered infeed through to the overrun price-calculation of the System Entry Overrun Charge.
 - subject to the provisions of UNC Section V3, as for all other allocation processes,now if a User fails to meet these provisions then their NTS-Entry-Capacity Bidsbids will be rejected.
- Each Surrender Offer submitted, will on receipt by National Grid NTS, be time stamped
- A time stamp will be specific to a Surrender Offer when it is submitted, if a Surrender Offer is withdrawn and resubmitted or amended it will receive a new time stamp
- WhenWhere more than one User has surrendered Available System Capacity, the UnsoldFirm NTS Entry Capacity can be allocated and the aggregate quantity of surrendered Available System, all unsold Firm NTS-Entry Capacity exceeds the remaining Bid quantities, the Surrender Offers will be accepted (subject to the surrendering Users specified minimum amount) in order of time stamp i.e. Surrender Offers will be taken based on the time and date that they were received by National Grid NTS with the earliest received taken first.

If for any reason two or more Surrender Offers have the same time stamp and more than one User has surrendered Available System Capacity, the Unsold NTS Entry Capacity made available has been allocated and the aggregate quantity of surrendered Available SystemNTS-Entry Capacity exceeds the remaining unsatisfied bid quantities, the Surrender Offers will be prorated. Where a Surrender Offersthe resulting prorated quantity is less than the minimum amountMinimum Amount specified by the User then the Surrender Offeroffer will be rejected and the prorationpro-ration recalculated for the remaining Surrender Offerseffers.

- WhenWhere Surrendered Available SystemFirm NTS-Entry Capacity is to be allocated National Grid NTS will undertakeeffect the surrenderNTS-Entry Capacity Surrender on the Userstheir behalf
- National Grid NTS will undertakeeffect the capacity surrender through aan-amended Forward Agreement(s). This will not require the User(s) to undertake any actions on National Grid NTS’ systems or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.
- National Grid NTS will use aan-amended Forward Agreement(s) to adjust the surrendering Users Available SystemFirm NTS-Entry Capacity to reflect the Users quantity of surrendered Available SystemFirm NTS-Entry Capacity allocated as Additional Quarterly NTS Entry Capacity in the QSEC auctionAuction for the relevant quarter(s).;
- National Grid NTS will update its computer system(s) with the detailssystems on-behalf of the Forward Agreement(s)each surrendering User within [Five (5)]

Business Days of the allocation of the Additional Quarterly surrendered NTS Entry Capacity

- Each Forward Agreement Contract will detail:
 - IP-ASEP
 - User ID
 - The duration, this may be for a quarter or number of quarters (non consecutive quarters may be reflected through the use of multiple Forward Agreements contracts)
 - The Maximum Forward Quantity (kWh/day) – The Users Available System Firm NTS Entry Capacity that has been surrendered (and subsequently allocated as Additional Quarterly NTS Entry Capacity)
 - Capacity Management Charge Price— the amount payable price that is paid to the User Users for the surrendered Available System NTS Entry Capacity which in this instance will be the relevant Cleared Price or Reserve Price price of the relevant quarter(s) in the relevant QSEC auction Auction
- Once National Grid NTS has updated its computer system(s) the relevant systems it will provide each surrendering User at the IP ASEP—details of their accepted Surrender Offers Surrenders i.e.
 - The duration
 - IP ASEP
 - The Maximum Forward Quantity (kWh/day) – The Available System Firm NTS Entry Capacity that has been surrendered (and subsequently allocated as Additional Quarterly NTS Entry Capacity)
 - Price Capacity Management Charge
—Additional Quarterly
- Allocated surrendered Firm NTS Entry Capacity that is allocated shall be included in the allocated User's aggregate Available NTS Entry Capacity (determined as fully adjusted) to determine the Users Overrun Quantity overrun quantity and be considered when calculating the System Entry Overrun Charge Price.
- A Users Available System Capacity that is allocated as Additional Quarterly NTS Entry Allocated surrendered Capacity shall be deducted from their the surrendering Users aggregate Available NTS Entry Capacity (determined as fully adjusted) for the period for which it has been surrendered, to determine the Users Overrun Quantity overrun quantity and be considered when calculating the System Entry Overrun Charge Price.
- The Forward Agreement will be treated as a Relevant an NTS Entry Capacity Constraint Management Cost and feed into the NTS Entry Capacity Neutrality Arrangements in accordance with UNC TPD B2.13.2. For the avoidance of doubt the Relevant Capacity Costs feed into the National Grid NTS constraint management incentive.
- —and the Constraint Management Incentive.—Amounts payable from the Surrender Forward Agreement will be treated as NTS Entry Capacity Surrender Charges and be invoiced and payable in accordance UNC TPD Section S.
- The surrendering surrender User will be invoiced for their Registered original NTS Entry Capacity (which is unaffected by the surrender of Available System Capacity) allocation and will then receive a credit for their the surrendered Available System Capacity allocated as Additional Quarterly NTS Entry

Capacity, that is allocated to another User via the QSEC auction. This will be done via the existing invoicing processes.

AMSEC Auction Surrender and Oversubscription processes

- No less more than {fifteen (15)} Business Days prior to a notification the issuing of the Annual Invitation for Monthly System Entry Capacity, AMSEC annual invitation National Grid NTS will invite Users to surrender Available System Firm NTS Entry Capacity at an IP ASEP (the "AMSEC Surrender Invitation"), for allocation to Users requesting capacity in the AMSEC auction being held within (for the purposes of this Modification such NTS Entry Capacity will be described as Surrendered Capacity) at that Capacity Year. IP ASEP.
- A surrendering User shall remain liable for all charges and liabilities associated with NTS Entry Capacity Charges for the Surrendered Firm NTS Entry Capacity irrespective of whether it is subsequently allocated.
- Until Where Surrendered Firm NTS Entry Capacity is not allocated then the surrendering Users Available System Firm NTS Entry Capacity shall remain unchanged.
- The Surrender Invitation(s) Process invitation will state:
 - The IP ASEP(s)
 - The duration of the Surrender Window surrender window, which shall be a minimum of {five consecutive(5)} Business Days and shall open no less than five Business Days after the Surrender Invitation is issued
 - The details of how Users can provide their Surrender Offer offer(s) to surrender capacity at an IP ASEP, which shall be via {Fax}.
 - The Minimum Eligible Amount minimum eligible quantity of AMSEC NTS Entry Capacity surrender offers which will be 100,000 kWh/day.
 - That a User cannot offer to surrender a quantity greater than their Available Firm NTS Entry Capacity i.e. net of NTS Entry Capacity at that IP ASEP for the month(s) that they are offering to surrender AMSEC capacity for.
- Users wishing to take part in the AMSEC auction surrender process Auction Surrender Process must, between 0800 and 1700 on the dates specified in the Surrender Invitation, provide the following information to National Grid NTS, for each Surrender Offer: via {Fax}:
 - The IP ASEP
 - User ID
 - The amount maximum quantity of Firm NTS Entry Capacity per IP ASEP that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount minimum eligible amount of 100,000 kWh/day
 - The minimum amount quantity of Firm NTS Entry Capacity per IP ASEP that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount minimum eligible amount of 100,000 kWh/day and less than or equal to the amount that is being offered for surrender maximum quantity detailed above
 - The calendar month(s) for which the Surrender Offers surrender offer applies (these do not have to be consecutive months).; and

~~Confirmation that the User holds the Firm NTS Entry Capacity and will continue to hold the Firm NTS Entry Capacity until the allocation process is complete.~~

- ~~Where such confirmation required in the above paragraph is not received National Grid NTS will not accept a Surrender Offer for a month(s) that is not oversubscribed~~
- ~~By submitting a Surrender Offer the surrendering User agrees to surrender Available System Capacity up to the amount offered and is confirming that they have sufficient Available System Capacity to fulfil the Surrender Offer.~~
- ~~When the surrendering User does not have sufficient Available System Capacity to fulfil the Surrender Offer National Grid NTS may not accept the Firm NTS Entry Capacity Surrender Offer.~~
- ~~Users may submit more than one (1) Surrender Offer but may not submit more than one (1) Surrender Offer per calendar month per IP. A-ASEP, a submitted offer may cover multiple months and must fall within the months that can be allocated within the relevant AMSEC auction.~~
- ~~Users can amend or withdraw their Surrender Offers offers at any time between 08:00 and 17:00 hours on each Day of the Surrender Window invitation date until 17:00 hours on the last Day day of the Surrender Window surrender window~~
- ~~After the Surrender Window closes Users will be informed by the first AMSEC invitation letter issued after the Surrender Window closes, of the aggregate quantities quantity of Available System Firm NTS Entry Capacity that have has provisionally been offered for surrender surrendered and the calendar months in which that it has been offered made available for.~~
- ~~National Grid NTS may also choose to make additional Discretionary Firm NTS Entry Capacity available through this process as Discretionary NTS Entry Capacity.~~
- ~~When Where National Grid NTS has received Capacity Bids bids that in aggregate exceed the quantity of Unsold unsold obligated NTS Entry Capacity that has been made available in tranche 4 of the AMSEC auction, unsatisfied Tranche 4 Capacity Bids will be allocated surrendered Available System Capacity as Registered System Capacity.~~
- ~~If there is no or insufficient surrendered Available System Capacity National Grid NTS may also allocate unsatisfied tranche 4 bids Discretionary Auction, Surrendered Firm NTS Entry Capacity which National Grid NTS in its sole discretion may make available to Users.~~
- ~~The allocation of surrendered Available System Capacity as Registered System Capacity will be allocated and Discretionary NTS Entry Capacity will be may also be allocated to any unsatisfied tranche 4 bids via an adhoc allocation process (the AMSEC Surrender and Oversubscription Auction)~~
- ~~National Grid NTS will undertake enact the AMSEC Surrender and Oversubscription Auction on behalf of Users via a through the use of an amended DRSEC auction Auction.~~
- ~~National Grid NTS will place all unsatisfied AMSEC tranche 4 Capacity Bids bid quantities in the Surrender and Oversubscription Auction and each Capacity Bid bid shall specify (please note that these bids will be the same as the original AMSEC bid(s) submitted in tranche 4 of the AMSEC auction except where pro-rated in the tranche 4 allocation):~~
 - ~~o User ID~~
 - ~~o The IP ASEP~~
 - ~~o The Month(s) for which Firm NTS Entry Capacity is applied for~~
 - ~~o The amount applied for, which shall not be less than the Minimum Eligible Amount a minimum eligible amount of 100,000kWh/day~~

- The minimum amount which the User is willing to be allocated (except where a bid has been part allocated within Tranche 4), which shall not be less than the Minimum Eligible Amount 100,000kWh/day
- The Bid Pricebid-price which the User is willing to pay by way of NTS Entry Capacity Charges, which shall not be less than the Reserve prevailing AMSEC reserve-pricePrice at the IP ASEP-at which the User had placed its original Capacity Bidbid
- National Grid NTS will reject a bid where:
 - Any requirements of the paragraph above are not complied with
 - In accordance with UNC TPD Section V3
- Surrendered Available SystemFirm-NTS-Entry Capacity and any Discretionary NTS Entry Capacity that National Grid NTS releases, will be allocated as follows:
 - All Capacity Bidsbids will be ranked in order of bid-price with the highest ranked first
 - Surrendered Available SystemFirm-NTS-Entry Capacity will be allocated first to the highest priced bid(s)
 - Where the amount of Firm-NTS Entry Capacity applied for under a Bidbid exceeds any remaining unallocated Surrendered SystemFirm-NTS-Entry Capacity, after allocation to higher priced bids and National Grid NTS does not choose to release Discretionary NTS Entry Capacity, the User will be allocated an amount equal to the remaining unallocated amount (subject to the minimum amount criteria unless previously part allocated within Tranche 4)
 - Where two or more bids specify the same Bid Pricebid-price and the amount of Firm-NTS Entry Capacity applied for exceeds any remaining unallocated Surrendered SystemNTS-Entry Capacity, where National Grid NTS does not choose to release Discretionary NTS Entry Capacity, the bids will be allocated prorata to the amounts applied for in each such bid (subject to the minimum amount criteria unless previously part allocated within Tranche 4). Where any such bids are rejected (due to the minimum amountMinimum Amount) the remaining bid(s) at that price shall be allocated/pro-rated.
 - Bids may be allocated with a combination of both Surrendered Available System Capacity and Discretionary Firm-NTS Entry Capacity however Discretionary NTS Entry Capacity will be only be allocated whenutilised where:
 - National Grid NTS in its sole discretion chooses to make it available; and
 - no Available SystemNTS-Entry Capacity has been surrendered; or
 - the available-surrendered Available SystemNTS-Entry Capacity has been allocated
 - Each User whose Capacity Bidbid is allocatedaccepted will be registered as holding Firm-NTS Entry Capacity (for the amount allocated) for the relevant Month(s) at that IP-ASEP
- For the avoidanceThe allocation of doubt surrendered Available SystemFirm-NTS-Entry Capacity to Users who have requested Firm-NTS-Entry Capacity allocated to Users will also be via the release of Discretionary Firm-NTS-Entry Capacity and will feed into the entry capacity neutrality arrangements as a Relevant Capacity Revenue
- A User(s) will pay in respect of each Day, when due,allocated Firm NTS Entry Capacity will pay NTS-Entry-Capacity-Charges for any Firm-NTS Entry Capacity allocated through this process i.e. the quantity of Firm-NTS Entry Capacity allocated multiplied by the bidBid price tendered multiplied by the relevant period-for-which-capacity-has-been-allocated.

- The surrendering User will receive the Weighted Average Price of all the bids allocated surrendered Available System Firm NTS Entry Capacity for that month at that IP ASEP.
- Surrendered Available System Firm NTS Entry Capacity allocated through this process shall be:
 - utilised in respect of System NTS Entry Overrun Charge overrun calculations i.e. at the User's Available System Firm NTS Entry Capacity will reflect either the NTS Entry Capacity bought or Available System Capacity surrendered as applicable and the allocated price will be considered in feed through to the overrun price calculation of the System Entry Overrun Charge.
 - subject to the provisions of UNC Section V3, as for all other allocation processes, now if a User fails to meet these provisions then their NTS Entry Capacity Bids bids will be rejected.
- No later than two (2) Business Days prior to the first day of the period to which the AMSEC auction Auction relates, National Grid NTS will inform each User of:
 - those of its Capacity Bidse capacity bids that have been accepted,
 - the amount of Firm NTS Entry Capacity which it is registered as holding for the IP ASEP and the relevant period (for clarification the relevant period will be the period for which the capacity has been allocated) via the AMSEC Surrender process and of Oversubscription process.
- No later than one (1) Business Day prior to the first day of the period to which the AMSEC relates, National Grid NTS will provide information to all Users in accordance with UNC Section B paragraph 2.14.2 other than sub paragraphs (a), (b) and (h).
- Each Surrender Offer submitted, will on receipt by National Grid NTS, be time stamped
- A time stamp will be specific to a Surrender Offer when it is submitted, if a Surrender Offer is withdrawn and resubmitted or amended it will receive a new time stamp
- When Where more than one User has surrendered Available System Capacity, the Unsold Firm NTS Entry Capacity can be and all unsold Firm NTS Entry Capacity has been allocated and, if the aggregate quantity of surrendered Available System Capacity exceeds the remaining Bid quantities, the Surrender Offers will be accepted (subject to the surrendering Users specified minimum amount) in order of time stamp i.e. Surrender Offers will be taken based on the time and date that they were received by National Grid Firm NTS with the earliest received taken first.
- If for any reason two or more Surrender Offers have the same time stamp and the aggregate quantity of surrendered Available System Entry Capacity exceeds the remaining unsatisfied bid quantities, the Surrender Offers will be prorated. When a Surrender Offers Where the resulting prorated quantity is less than the minimum amount Minimum Amount specified by the surrender User then the AMSEC Surrender Offer offer will be rejected and the proration recalculated for the remaining Surrender Offers offers.
- When Where Surrendered Available System Firm NTS Entry Capacity is required to be re-allocated National Grid NTS will undertake effect the surrender on the Users Firm NTS Entry Capacity Surrender on their behalf.
- National Grid NTS will reject or prorate pro-rate a Surrender Offers surrender offer where a User does not hold sufficient Available System Firm NTS Entry Capacity at that IP ASEP for the period for which the Surrender Offer has been made.
- National Grid NTS will undertake effect the capacity surrender on behalf of the surrendering User through an amended Forward Agreement(s). This will not

- require the User(s) to undertake any actions on National Grid NTS' computer system(s) or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.
- National Grid NTS will use the Forward Agreement(s) Contract to adjust the surrendering Users Available System Firm NTS Entry Capacity to reflect the Users quantity of surrendered Available System Capacity allocated as Firm NTS Entry Capacity allocated in the AMSEC Surrender and Oversubscription Auction for the relevant month(s)
 - National Grid NTS will update its computer system(s) with the details systems on behalf of the Forward Agreement(s) each surrendering User within {Five (5)} Business Days of the allocation of the surrendered Firm NTS Entry Capacity in the AMSEC Surrender and Oversubscription Auction
 - Each Forward Agreement Contract will detail:
 - IP ASEP
 - User ID
 - The duration, this may be for a Month or consecutive months
 - The Maximum Forward Quantity (kWh/day) for each month(s), the Users Available System} —The Firm NTS Entry Capacity that has been surrendered (and subsequently re-allocated as Discretionary NTS Entry Capacity)
 - Capacity Management Charge, Price— the amount payable price that is paid to the User for the surrendered Available System Firm NTS Entry Capacity which in this instance will be the Weighted Average Price (WAP) in respect of all Capacity Bids bids that were allocated with surrendered Available System Firm NTS Entry Capacity for the relevant month in the AMSEC Surrender and Oversubscription Auction
 - A separate WAP may be applicable for each relevant month
 - Once National Grid NTS has updated the relevant systems it will provide each surrendering User at the IP-ASEP details of their accepted Surrenders i.e.
 - The duration
 - The duration
 - IP-ASEP
 - The Maximum Forward Quantity (kWh/day)
 - Price Capacity Management Charge
 -
 - Allocated surrendered Firm NTS Entry Capacity that is allocated shall be included in the allocated Users aggregate Available Firm NTS Entry Capacity (determined as fully adjusted) to determine the Users Overrun Quantity NTS Entry Capacity overrun quantity and be considered when calculating the System Entry Overrun Charge overrun price.
 - A surrendering Users Available System Allocated surrendered Capacity that is allocated as NTS Entry capacity shall be deducted from their the surrendering Users aggregate Available NTS Entry Capacity (determined as fully adjusted) to determine the User's Overrun Quantity NTS Entry Capacity overrun quantity and be considered when calculating the System Entry Overrun Charge overrun price.
 - The Forward Agreement will be treated as a Relevant an NTS Entry Capacity Constraint Management Cost and feed into the NTS Entry Capacity Neutrality Arrangements in accordance with UNC TPD B2.13.2. For and the avoidance of

doubt the Relevant Capacity Cost feeds into the National Grid NTS Constraint Management Incentive.

- –Amounts payable underfrom the Forward Agreement will be treated as NTS Entry Capacity Surrender Charges and be invoiced and payable in accordance with UNC TPD Section S.
- The surrendering User will be invoicedbilled for their Registered NTS Entry Capacity (which is unaffected by the surrender of Available System Capacity)original allocation and will then receive a credit for theirits surrendered Available System Capacity allocated as NTS Entry Capacity allocated to another User via the AMSEC surrender auction. This will be done via the existing invoicing processes.

NTS Exit Capacity Surrender Processes

Enduring Annual NTS Exit (Flat) Capacity Surrender Process

- No lessmore than {fifteen (15)} Business Days prior to a notificationthe issuing of the invitation to participate in the NTS Exit (Flat) Capacity Annual Application Window (the July Application Window) in a Capacity Year, National Grid NTS will invite Users to surrender Enduring Annual NTS Exit (Flat) Capacity at an Interconnection Point (IP) NTS Exit Point from their Registered SystemFirm NTS Exit (Flat) Capacity (the "Enduring Annual Surrender Invitation,"); for allocation to Users requesting Enduring Annual NTS Exit (Flat) Capacity in thatthe July Application Window (for the purposes of this Modification such capacity will be described as Surrendered Capacity) at that IP-NTS Exit Point.
- Where Surrendered SystemNTS Exit Capacity that is not allocated as part of this process shall remain as part of the surrendering Users Registered SystemUser shall remain the holder of the Enduring Annual NTS Exit (Flat) Capacity. for all purposes.
- The Surrender InvitationsProcess invitation will state:
 - The IP-NTS Exit Point(s)
 - The duration of the Surrender Windowsurrender window, which shall be a minimum of {five consecutive(5)} Business Days and shall open no less than five Business Days after the Surrender Invitation is issued
 - The details of how Users can provide their Surrender Offeroffers to surrender capacity at an IP.
 - The Minimum Eligible Amount-NTS Exit Point which willshall be 100,000 kWh/day.via {Fax}.
—The minimum eligible quantity of Enduring Annual NTS Exit (Flat) Capacity surrender offers which shall be 100,000 kWh.
 - That a UserUsers cannot offer to surrender a quantity greater than their Available SystemEnduring Annual NTS Exit (Flat) Capacity -i.e. net of NTS Exit Capacity Transferstrades, Reductions and Assignments at that IP for the period that they are offering to surrender Registered System Capacity for
 - For the avoidance of doubt a(including any Reduction Notice(s)Notices that have been or are submitted within atthe July Reduction Window, to which National Grid NTS has not yet given effect will take precedence over a Surrender Offer(s))-at that IP-NTS Exit Point that they are offering to surrender Firm Enduring Annual NTS Exit (Flat) Capacity for

- Users may submit four Surrender Offers for each of Gas Years Y+4, Y+5 and Y+6 (twelve offers in total)
- Users wishing to take part in the surrender processSurrender Process must, between 0800 and 1700 on the dates specified in the Surrender Invitation, provide the following information, for each Surrender Offer, to National Grid NTS: -via [Fax]:
 - The IP NTS Exit Point
 - User ID
 - User ID
 - The amount maximum quantity of Enduring Annual NTS Exit (Flat) Capacity per IP NTS Exit Point that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount minimum eligible amount of 100,000kWh/day
 - The minimum amount quantity Enduring Annual NTS Exit (Flat) Capacity per IP NTS Exit Point that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount minimum eligible amount of 100,000kWh/day and less than or equal to the amount that is being offered for surrendermaximum quantity detailed above
 - The start date for which the Surrender Offersurrender offer applies, which must be the 1st day of a calendar month and cannot be earlier than the 1 October Y+4 or later than 1 SeptemberOctober Y+6 ; and
 - Whether the start date is fixed or flexible. Fixed will mean that the Surrender Offer can only be taken from the start date specified, flexible will mean that National Grid NTS may utilise the Surrender Offer from a later start date within that Gas Year, than that requested in the Surrender Offer.
 - The Gas Year
 - Confirmation that the User holds the Enduring Annual NTS Exit (Flat) Capacity and will continue to hold the Enduring Annual NTS Exit (Flat) Capacity until the allocation process is complete.
- Where confirmation required by the above paragraph is not received National Grid NTS will not accept at the Enduring Annual NTS Exit (Flat) Capacity Surrender Offer for a period that is not oversubscribed ;
- By submitting a Surrender Offer the surrendering User agrees to surrender Registered System Capacity up to the amount offered and is confirming that they have sufficient Registered and Available System Capacity to fulfil the Surrender Offer.
- When the surrendering User does not have sufficient Registered and/or Available System Capacity, as applicable, to fulfil the Surrender Offer National Grid NTS may not accept the Surrender Offer.
- For the avoidance of doubt anAn allocated Surrender Offersurrender offer cannot result in a User havingholding a negative Registered and/or Available Systemquantity of Enduring Annual NTS Exit (Flat) Capacity
- Users may submit no more than one (1) Surrender Offer per start date per IP in this surrender processIP NTS Exit Point for Enduring Annual NTS Exit (Flat) Capacity
- Users can amend or withdraw their NTS Exit Capacity Surrender Offer(s)offers at any time between 08:00 and 17:00 hours on each Day of the Surrender

~~Window invitation date until 17:00 hours on the last Dayday of the Surrender Windowsurrender window.~~

- ~~After the Surrender Window closes Users will be informed of the aggregate quantities of Registered SystemEnduring Annual NTS Exit (Flat) Capacity that have been offered for surrender, and the calendar month(s) from which it is has been offered and the Gas Yearavailable, via the first NotificationInvitation to participate in the July Application Window issued after the Surrender Window.-~~
- ~~WhenWhere National Grid NTS has received applications for Enduring Annual NTS Exit (Flat) Capacity that in aggregate exceed the quantity of Remaining Availableunsold Enduring Annual NTS Exit (Flat) Capacity that has been made available at an IP in the July Application Window, surrendered Registered System Capacity will be allocated after the Remaining AvailableSurrendered Enduring Annual NTS Exit (Flat) Capacity and prior to any other means of allocatingwill be allocated before incremental Enduring Annual NTS Exit (Flat) Capacity (which for the avoidance of doubt includes substitution)~~
- ~~Surrendered Registered SystemThe allocation of surrendered capacity will be through the release of Enduring Annual NTS Exit (Flat) Capacity will be~~
- ~~Enduring Annual NTS Exit (Flat) Capacity allocated as Enduring Annual NTS Exit (Flat) Capacity~~
- ~~For the avoidance of doubt allocated Enduring Annual NTS Exit (Flat) Capacity via this process will be subject to user commitmentUser Commitment as determined in accordance with the principles of the prevailing Exit Capacity Release Methodology Statement (which may be amended to accommodate this Modification)~~
- ~~A User allocated surrendered Registered System Capacity as Enduring Annual NTS Exit (Flat) Capacity, will pay the Applicable Daily Rate at the IP NTS Exit Point~~
- ~~Surrendered Registered SystemEnduring Annual NTS Exit (Flat) Capacity allocated through this process shall be;~~
 - ~~Utilised in determining whether there is a Chargeable NTS Exit (Flat) Overrun and the NTS Exit (Flat) Overrun Chargesrespect of overrun calculations i.e. at the User's Registered and Available Enduring Annual NTS Exit (Flat) Capacity will reflect the amount of Enduring Annual NTS Exit (Flat) Capacity allocated either bought or surrendered as applicable. - And the allocated price will feed through to the overrun price calculation~~
 - ~~subject to the provisions of UNC Section V3, as for all other allocation processes, now if a User fails to meet these provisions then their Enduring Annual NTS Exit (Flat) Capacity application will be rejected.~~
- ~~Each Surrender Offer submitted, will on receipt by National Grid NTS, be time stamped~~
- ~~A time stamp will be specific to a Surrender Offer when it is submitted, if a Surrender Offer is withdrawn and resubmitted or amended it will receive a new time stamp~~
- ~~WhenWhere more than one User has surrendered Registered System Capacity, the Remaining AvailableEnduring Annual NTS Exit (Flat) Capacity and all unsold Enduring Annual NTS Exit (Flat) Capacity can be allocated and. If the aggregate quantity of surrendered Registered SystemEnduring Annual NTS Exit (Flat) Capacity exceeds the remaining application quantities, the Surrender Offers will be accepted (subject to the surrendering Users specified minimum amount) in order of time stamp i.e. Surrender Offers will be taken based on the time and date that they were received by National Grid NTS with the earliest received taken first.~~

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- If for any reason two or more Surrender Offers have the same time stamp and the aggregate quantity of surrendered Registered System Capacity exceeds the remaining application quantities, the Surrender Offers will be prorated. When the resulting prorated quantity is less than the minimum amount specified by the surrendering User then the Surrender Offer will be rejected and the proration recalculated for the remaining Surrender Offers with that time stamp.
 - National Grid NTS will undertake the surrender of Registered System Capacity on behalf of the surrendering Users through the existing Enduring Annual NTS Exit (Flat) Capacity Reduction process functionality. This will not require the surrendering User(s) to undertake any actions on the National Grid NTS computer system.
 - National Grid NTS will update its computer system on behalf of each surrendering User after the closure of the July Application Window and no later than five Business Days after the completion of the Enduring Annual NTS Exit (Flat) Capacity allocation process on 30 September in Gas Year Y.
 - National Grid NTS will then notify the surrendering User of the following in relation to its Surrender Offer(s):
 - IP NTS-Exit Point
 - The User Reduction Date, which must be the 1st Day of a calendar month and cannot be earlier than 1 October Y+4 or later than 1 September Y+6
 - The amount of Enduring Annual NTS Exit (Flat) Capacity that the User will be registered as holding at the IP NTS-Exit Point from the User Reduction Date
- ~~Allocated surrendered Enduring Annual NTS Exit (Flat) Capacity shall be included in the Users Registered and Available Enduring Annual NTS Exit (Flat) Capacity (determined as fully adjusted), at the IP NTS Exit Point, to determine the User's overrun quantity.~~
- ~~Allocated surrendered Enduring Annual NTS Exit (Flat) Capacity shall be deducted from the surrendering Users Registered and Available NTS Exit (Flat) Capacity (determined as fully adjusted), at the IP NTS Exit Point, to determine the Users overrun quantity.~~
- The surrendering User shall not be invoiced or credited for any surrendered Registered System Capacity that is allocated through this process.

Annual NTS Exit (Flat) Capacity Surrender Process

- No less than fifteen (15) Business Days prior to a notification the issuing of the invitation to participate in the NTS Exit (Flat) Capacity Annual Application Window (the July Application Window) National Grid NTS will invite Users to surrender Annual NTS Exit (Flat) Capacity at an IP NTS-Exit Point from their Available System Annual NTS Exit (Flat) Capacity at an IP Holdings (the "Annual Surrender Invitation"), for allocation to Users requesting Annual NTS Exit (Flat) Capacity in that the July Application Window (for the purposes of this Modification such capacity will be described as Surrendered Capacity) at that IP NTS-Exit Point.
- A surrendering User shall remain liable for all charges and liabilities associated with NTS Exit Capacity Charges for the Surrendered Annual NTS Exit (Flat) Capacity irrespective of whether it is subsequently allocated.

- ~~Until Surrendered~~ ~~Where surrendered Annual NTS Exit (Flat) Capacity is not allocated then the surrendering Users Available System~~ ~~Annual NTS Exit (Flat) Capacity shall remain unchanged.~~
- ~~The Surrender Invitations~~ ~~Process invitation~~ will state:
 - ~~IP-NTS Exit Point(s)~~
 - ~~The duration of the Surrender Windows~~ ~~surrender window, which shall be a minimum of {five consecutive(5)} Business Days and shall open no less than five Business Days after the Surrender Invitation is issued~~
 - ~~The details of how Users can provide their Surrender Offer(s)~~ ~~offer to surrender capacity at an IP-NTS Exit Point which shall be via {Fax}.~~
 - ~~The Minimum Eligible Amount~~ ~~minimum eligible quantity of Annual NTS Exit (Flat) Capacity~~ ~~surrender offers which will be 100,000 kWh/day.~~
 - ~~That a User~~ ~~Users cannot offer to surrender a quantity greater than their Available System~~ ~~Annual NTS Exit (Flat) Capacity i.e. net of NTS Exit Capacity Transfers, Reduction~~ ~~trades and Assignments for that Gas Year at that IP~~
 - ~~For the avoidance of doubt a Reduction Notice(s) that have been or are submitted within a July Reduction Window, to which National Grid NTS has not yet given effect, will take precedence over a Surrender Offer(s)~~
- ~~Users may submit one Surrender Offer for each of Gas Year Y+1, Y+2 and Y+3 (three offers in total) NTS Exit Point~~
- ~~Users wishing to take part in the surrender process~~ ~~Surrender Process~~ ~~must, between 0800 and 1700 on the dates specified in the Surrender Invitation, provide the following information, for each Surrender Offer, to National Grid NTS: via {Fax}:~~
 - ~~User ID~~
 - ~~User ID~~
 - ~~The IP-NTS Exit Point;~~
 - ~~The amount~~ ~~maximum quantity of Annual NTS Exit (Flat) Capacity per IP-NTS Exit Point that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount~~ ~~minimum eligible amount of 100,000kWh/day~~
 - ~~The minimum amount~~ ~~quantity of Annual NTS Exit (Flat) Capacity per IP-NTS Exit Point that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount~~ ~~minimum eligible amount of 100,000kWh/day and less than or equal to the amount that is being offered for surrender~~ ~~maximum quantity detailed above~~
 - ~~The start date of the surrender offer which shall be 1 October Y+1~~
 - ~~The Gas Year which shall be one of Y+1, Y+2 or Y+3~~
- ~~By submitting a Surrender Offer~~ ~~Confirmation that the surrendering User agrees to surrender Available System~~ ~~holds the Annual NTS Exit (Flat) Capacity up to the amount offered and is confirming that they have sufficient Available System~~ ~~will continue to hold the Annual NTS Exit (Flat) Capacity to fulfil the Surrender Offer.~~
 - ~~When~~ ~~until the surrendering User does not have sufficient Available System Capacity to fulfil~~ ~~allocation process is complete.~~

- ~~Where such confirmation required in the Surrender Offer above paragraph is not received National Grid NTS may will not accept the Annual NTS Exit (Flat) Capacity Surrender Offer.~~
- ~~Users may submit no more than one Surrender Offer, per start date, per IP in this surrender process (for clarification where a Surrender Offer has been withdrawn a new Surrender Offer may be submitted for that start date)(1) Surrender Offer per IP NTS Exit Point for Annual NTS Exit (Flat) Capacity~~
- ~~Users can amend or withdraw their Surrender Offer(s) at any time between 08:00 and 17:00 hours on each Day of the Surrender Window invitation date until 17:00 hours on the last Day day of the Surrender Windowsurrender window~~
- ~~Users will be informed of the aggregate quantity of Available SystemAnnual NTS Exit (Flat) Capacity made available for surrender and the Gas Year (period i.e. from 1 October to 30 September in Y+1, Y+2 or Y+3) via the notification Invitation to participate in the July Application Window.~~
- ~~WhenWhere National Grid NTS has received Annual NTS Exit (Flat) applications for Annual NTS Exit (Flat) Capacity that in aggregate exceed the quantity of Remaining Availableunsold Annual NTS Exit (Flat) Capacity that has been made available in the July Application Window for Y+1, , Surrendered Annual NTS Exit (Flat) Capacity will then be allocated.~~
- ~~National Grid NTS may also allocate additional Discretionary NTS Exit (Flat) Capacity after the allocation of surrendered Annual NTS Exit (Flat) Capacity.~~
- ~~The allocation of surrendered Annual NTS Exit (Flat) Capacity will also be effected through the release of Discretionary Annual NTS Exit (Flat) Capacity.~~
- ~~Surrendered Available System Capacity will be allocated after the Remaining Available NTS Exit (Flat) Capacity as additional Annual NTS Exit (Flat) Capacity above the Baseline NTS Exit (Flat) Capacity.~~
- ~~Surrendered Available System Capacity allocated through this process shall be;~~
 - ~~Utilised in determining whether there is a Chargeable NTS Exit (Flat) Overrun and the NTS Exit (Flat) Overrun Charger respect of overrun calculations i.e. at the User's Registered and/or Available Annual NTS Exit (Flat) Capacity will reflect the amount of Annual NTS Exit (Flat) Capacity either bought or surrendered as applicable.appropriate and the allocated price will feed through to the overrun price calculation.~~
 - ~~subject to the provisions of UNC Section V3, as for all other allocation processesnow if a User fails to meet these provisions then their NTS Exit (Flat) Capacity applications will be rejected.~~
- ~~Each Surrender Offer submitted, will on receipt by National Grid NTS, be time stamped~~
- ~~A time stamp will be specific to a Surrender Offer when it is submitted, if a Surrender Offer is withdrawn and resubmitted or amended it will receive a new time stamp~~
- ~~WhenWhere the unsold Annual NTS Exit (Flat) Capacity has been allocated, more than one User has surrendered Available System Capacity, the Remaining AvailableAnnual NTS Exit (Flat) Capacity can be allocated and the aggregate quantity of surrendered Available System Capacity exceeds the remaining application quantities, the Surrender Offers will be accepted (subject to the surrendering Users specified minimum amount) in order of time stamp i.e. Surrender Offers will be taken based on the time and date that they were received by National Grid NTS with the earliest received taken first.~~
- ~~If for any reason two or more Surrender Offers have the same time stamp and the aggregate quantity of surrendered Available System CapacityNTS capacity~~

~~exceeds the requested application quantities, the Surrender Offers will be prorated. When a Surrender Offers resulting prorated quantity accordingly. Where this proration is less than the minimum amount~~Minimum Amount specified by the surrender User then the Surrender Offer will be rejected and the proration will be recalculated for the~~those~~ remaining Surrender Offer(s) with that time stamp~~Offers~~.

- ~~When~~Where Surrendered Available System~~Annual NTS Exit (Flat) Capacity~~ is to be allocated National Grid NTS will undertake~~effect~~ the surrender~~Annual NTS Exit (Flat) Capacity Surrender~~ on the User~~s~~their behalf
- National Grid NTS will reject or prorate a Surrender Offer~~an Annual NTS Exit (Flat) Capacity surrender offer~~ where a User does not hold sufficient Available System~~Annual NTS Exit (Flat) Capacity~~ at that IP NTS Exit Point~~for the period for which the Surrender Offer has been made~~.
- National Grid NTS will undertake~~effect~~ the Capacity~~surrender~~ through ~~an amended Forward Agreement~~. This will not require the User(s) to undertake any actions on National Grid NTS' computer systems or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.
- National Grid NTS will use ~~an amended Forward Agreement~~ to adjust the surrendering Users Available System~~Annual NTS Exit (Flat) Capacity~~ to reflect the Users quantity of surrendered Available System~~Annual NTS Exit (Flat) Capacity~~ allocated as additional~~in the Annual NTS Exit (Flat) Capacity Application process~~.
- National Grid NTS will update its computer system(s) with the details~~systems on behalf of the Forward Agreement(s) each Surrendering User within five~~[Five (5)] Business Days of the allocation of the surrendered~~Annual NTS Exit (Flat) Capacity~~
- Each Forward Agreement~~Contract~~ will detail:
 - User ID
 - ~~— User ID~~
 - IP NTS Exit Point
 - The duration,~~—~~ which will be 1 October ~~Y+1~~ to 30 September in ~~Y+1, Y+2 or Y+3~~
 - The Maximum Forward Quantity (kWh/day) (i.e. the Users Available System~~The Annual NTS Exit (Flat) Capacity~~ that has been surrendered (and subsequently re-allocated as additional Annual NTS Exit (Flat) Capacity))
 - The amount~~Price~~~~—~~the price that is paid to the User for the surrendered Available System~~NTS Exit (Flat) Capacity~~, which will be based on the prevailing Firm~~NTS Exit (Flat) Capacity~~ charge applicable for the period~~Gas Year~~ for which the Available System Capacity was~~capacity has been surrendered~~
- ~~—~~Once National Grid NTS has updated the relevant systems it ~~Where a User has been allocated surrendered Annual NTS Exit (Flat) Capacity~~ it shall be included in that Users aggregate Available NTS Exit Capacity (determined as fully adjusted) to determine the User's overrun quantity and be considered when calculating the overrun price
- ~~—~~Allocated surrendered Annual NTS Exit (Flat) Capacity shall be deducted from the surrendering Users aggregate Available Annual NTS Exit (Flat) Capacity (determined as fully adjusted) to determine the User's NTS Exit Capacity overrun quantity and be considered when calculating the overrun price.
- Amounts payable from the Surrender Forward Agreement will provide each surrendering User at the IP details of their accepted Surrenders i.e.

- The duration
- IP
- The Maximum Forward Quantity (kWh/day)
- Amounts payable under Forward Agreement will be treated as Capacity Surrender Charges and be invoiced and payable in accordance UNC TPD Section S.
- The surrendering User will be invoiced for their Registered Annual NTS Exit (Flat) Capacity (which is unaffected by the surrender of Available System Capacity) original allocation and will receive a credit for their the surrendered Available System Capacity allocated as additional Annual NTS Exit (Flat) Capacity that is allocated to another User via the Surrender process. This will be done via existing invoicing processes.

Transparency Obligations

The CMP transparency obligations require and it is proposed that National Grid NTS will publish for IPs only, no later than 5 Business Days after the last Day of each calendar month: on a quarterly basis:

- Details of each At an IP NTS Exit Point For Enduring Annual NTS Exit (Flat) Capacity application and Annual NTS Exit (Flat) Capacity application, that were either not allocated NTS Exit (Flat) Capacity or partially allocated NTS Exit (Flat) Capacity, for each of these applications the following information will be published: the occurrences and volumes of valid requests for Firm Capacity with a duration of one month or longer including the number and volume of unsuccessful requests i.e.:
 - The IP
 - The class of NTS Exit (Flat) Capacity Point
 - Contract type, which will be whether the occurrence is an application for Enduring Annual NTS Exit (Flat) Capacity or Annual NTS Exit (Flat) Capacity
 - Application start date, which is the first month and Gas Year for in respect of which the application applies made
 - Application Amount quantity, which is the amount of NTS Exit (Flat) Capacity subject to the capacity application applied for
 - Allocated amount, which is the amount of NTS Exit (Flat) Capacity allocated in relation to the capacity application
- For allocations of At an IP NTS Exit Point the total Firm NTS Exit (Flat) Capacity made available via:
 - The CMP surrender process[es]
 - The CMP oversubscription and buyback process[es]
- At an IP ASEP the total Firm NTS Entry Capacity made available via:
 - The CMP surrender process[es]
 - The CMP oversubscription and buyback process[es]
- The above information will be published no later than [5 Business Days] after the last Day of each calendar quarter:
- At an IP ASEP for Firm Quarterly NTS Entry Capacity where capacity bids have been allocated at a step price that is in excess of the reserve price and Monthly NTS Entry Capacity where capacity bids have been allocated above the reserve price allocation processes i.e. Auctions with a duration of one

~~month or longer, where and when they have cleared at prices higher than the Reserve Price, National Grid NTS will publish;~~

- ~~o The IP ASEP~~
- ~~o The allocation process, which will be either an Annual NTS Entry Capacity auction or Rolling Monthly NTS Entry Capacity auction~~
- ~~o The reserve price~~
- ~~o The QSEC auction step cleared price as applicable, which will be:
—The relevant QSEC clearing (Step) price~~
- ~~o The AMSEC auction Weighted Average [WAP] [Maximum Price] by tranche as applicable~~
- ~~o The Rolling Monthly NTS Entry Capacity auction Weighted Average Price as applicable
—For clarification the first month that such The RMSEC [WAP] [Maximum Price]~~
- ~~This information will be published (outside of any existing UNC requirements) will be the first month no later than {5 Business Days} after the allocation of the relevant auction. process~~
- ~~For At IP-ASEPs and IP NTS Exit (Flat) Points, where and when no Firm Capacity application processes, Annual NTS Entry Capacity auctions and Rolling Monthly NTS Entry Capacity auctions with a duration of one month or longer has been offered in the allocation process, National Grid NTS, in instances where no capacity has been made available, will publish the following;:~~
 - ~~o The IP-ASEP and/or IP NTS Exit Point~~
 - ~~o The relevant NTS Exit (Flat) application or NTS Entry Capacity auction process allocation process~~

~~The CMP transparency obligations require and it is proposed that National Grid NTS This information will, publish for IPs only, be published no later than {5 Business Days} after allocation of the last Day of each calendar quarter:~~

- ~~The aggregate Firm NTS Exit (Flat) Capacity made available via:~~
 - ~~o The Enduring Annual NTS Exit (Flat) Capacity surrender process; relevant auction and~~
 - ~~o The Annual NTS Exit (Flat) Capacity surrender/or application process.~~
- ~~The aggregate amount of additional Annual NTS Exit (Flat) Capacity allocated~~
- ~~The aggregate Firm NTS Entry Capacity made available via:~~
 - ~~o The QSEC Auction surrender process; and~~
 - ~~o The AMSEC Auction surrender and oversubscription process~~

It is proposed that ...:

Start with a set of proposed new defined terms?

Interconnection Points

~~An Interconnection Point may (or may not) be defined as a cross border interconnection point (can you really define an Interconnection Point as an interconnection point?), whether it is physical or virtual (how is this defined? What does it mean?), between two or more European Union Member States (is this a UNC defined term?) as well as to interconnections between adjacent entry exit systems (how is this defined? What does it mean?) within the same Member State (is this a UNC defined term?), insofar as the points are subject to booking procedures by users (not Users?). Exit points to end~~

consumers (define?) and DNO's, entry points to supply only networks (define?), entry points from LNG-terminals and production facilities (define?), and entry/exit points to or from storage facilities will not be defined as an Interconnection Point. An Interconnection Point may be either an Aggregate System Entry Point or a NTS Exit Point (not both?).

Where an Interconnection Point forms part of an existing ASEP the Interconnection Point will remain part of this ASEP, however such an ASEP will be an Interconnection Point ASEP (IP-ASEP).

Overview Capacity Oversubscription and Surrender Processes

National Grid NTS shall accept the surrender of Firm NTS Entry Capacity and Firm NTS Exit (Flat) Capacity held by a User at an Interconnection Point, where provided: registered? Entitlement? Holding?

- All Available Firm Capacity in the relevant period being considered has been allocated
- The quantity surrendered is for a minimum of 1 calendar month (depending on the product, see below) and in aggregate with other surrender offers can satisfy one or more sub-transaction periods of the allocation process for which the capacity has been offered for surrender.

NTS Entry Capacity Surrender and Oversubscription Processes

QSEC Auction Surrender Process

- No more less than [fifteen (15)] Business Days prior to the issuing of the QSEC annual invitation, National Grid NTS will invite Users to surrender Firm NTS Entry Capacity at an IP-ASEP (the "QSEC Surrender Invitation") [tie timing into the reservation timetable, a single invitation to both surrender and reserve], (this would then be available for allocation to Users requesting capacity in the QSEC auction (for the purposes of this Modification such capacity will be described as Surrendered Capacity) at that IP-ASEP). [possibly move to intro.]
- A surrendering User shall remain liable for all charges and liabilities associated with the capacity holding, including NTS Entry Capacity Charges, for the Surrendered Firm NTS Entry Capacity irrespective of whether or not it is subsequently allocated. Where Until Surrendered Firm NTS Entry Capacity is not allocated the surrendering User's Available Firm NTS Entry Capacity shall remain unchanged. For the avoidance of date, overruns
- The Surrender Process invitation will state:
 - The IP-ASEP(s)
 - The duration of the surrender window, which shall be a minimum of [five (5)] Business Days
 - The details of how Users can provide their Surrender Offer(s) to surrender capacity at an Interconnection Point ASEP which shall be via [Fax].
 - The minimum eligible quantity of QSEC NTS Entry Capacity, which will be 100,000 kWh per day.
 - That a User cannot offer to surrender a quantity greater than their Available Firm NTS Entry Capacity i.e. net of NTS Entry Capacity trades at that IP-ASEP for the Quarter(s) that they are offering to surrender capacity for.
- Users wishing to take part in the QSEC Auction Surrender Process must, between 0800 and 1700 on the dates specified, provide the following information to National Grid NTS via [fax]:
 - The IP-ASEP
 - User ID

- The maximum quantity of Firm NTS Entry Capacity per IP ASEP that they are offering to surrender. This must be equal to or greater than the minimum eligible amount of 100,000kWh/day
 - The minimum quantity of Firm NTS Entry Capacity per IP ASEP that they are offering to surrender. This must be equal to or greater than the minimum eligible amount of 100,000kWh/day and less than or equal to the maximum quantity detailed above
 - The calendar quarter(s) for which the surrender offer applies (these do not have to be consecutive quarters); and
 - Confirmation that the User holds the Firm NTS Entry capacity [and will continue to hold the Firm NTS entry Capacity until the QSEC allocation process is complete].
- Where such confirmation required in the above paragraph is not received National Grid NTS will not accept the NTS Entry Capacity Surrender Offer.
 - Users may submit more than one Surrender Offer but may not submit more than one (1) Surrender Offer per calendar quarter per IP ASEP. A submitted offer may cover multiple quarters and must fall within the quarters that can be allocated within the relevant QSEC auction
 - Users can amend or withdraw their offers at any time between 08:00 and 17:00 hours on each invitation date until 17:00 hours on the last day of the Surrender Window
 - Users will be informed by the QSEC invitation letter of the aggregate quantity of Firm NTS Entry Capacity that has been provisionally offered for surrendered and the quarter(s) that it has been offered made available for.
 - Where National Grid NTS has received bids that in aggregate exceed the quantity of unsold obligated NTS Entry Capacity that has been made available in the QSEC Auction, Surrendered Firm NTS Entry Capacity will be allocated before both Discretionary NTS Entry Capacity and Incremental NTS Entry Capacity.
 - The allocation of surrendered Firm NTS Entry Capacity to allocated other Users who have requested Firm NTS Entry Capacity will be effected through the released by National Grid NTS of as Discretionary NTS Entry Capacity and, consequently, will feed into the Capacity Neutrality arrangements.
 - A User(s) will pay, when due, NTS Entry Capacity Charges for any Firm NTS Entry Capacity allocated through this process i.e. the quantity of NTS Entry Capacity allocated multiplied by the QSEC Auction cleared price multiplied by the relevant period for which capacity has been allocated. The surrendering User will receive the cleared price paid for the surrendered Firm NTS Entry Capacity allocated when its time comes. [Ensure this matches the period for the capacity charge and the credit for surrendering.]
 - Surrendered Firm NTS Entry Capacity allocated through this process shall be;
 - utilised in respect of overrun calculations i.e. the [Surrendering] User's Available NTS Entry Capacity will reflect either both the NTS Entry Capacity bought or surrendered and the allocated price will feed through to be considered in the overrun price calculation.
 - subject to the provisions of UNC Section V3, as now for all other allocation processes, if a User fails to meet these provisions then their NTS Entry Capacity bids will be rejected.
 - Where more than one User has surrendered Firm NTS Entry Capacity, all unsold Firm NTS Entry Capacity has been allocated and the aggregate quantity of surrendered NTS Entry Capacity exceeds the remaining unsatisfied bid

quantities, the Surrender Offers will be prorated. Where the resulting prorated quantity is less than the Minimum Amount specified by the User then the Surrender offer will be rejected and the proration recalculated for the remaining Surrender offers. If this means it doesn't work, then go for first come first served.

- Where Surrendered Firm NTS Entry Capacity is to be allocated National Grid NTS will effect the NTS Entry Capacity Surrender on the Users behalf
- National Grid NTS will effect the capacity surrender through a n amended Forward Agreement(s). This will not require the User(s) to undertake any actions on National Grid NTS' systems or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.
- National Grid NTS will use a n amended Forward Agreement(s) to adjust the surrendering Users Available Firm NTS Entry Capacity to reflect the quantity of surrendered Firm NTS Entry Capacity allocated in the QSEC Auction for the relevant quarter(s)
- National Grid NTS will update its systems on behalf of each surrendering User within [Five (5)] Business Days of the allocation of the surrendered NTS Entry Capacity
- Each Forward Contract will detail:
 - IP ASEP
 - User ID
 - The duration, this may be for a quarter or number of quarters (non consecutive quarters may be reflected through the use of multiple contracts)
 - The Maximum Forward Quantity (kWh/day) — The Firm NTS Entry Capacity that has been surrendered and allocated
 - Price — the price that is paid to Users for the surrendered NTS Entry Capacity which in this instance will be the Cleared price of the relevant quarter(s) in the relevant QSEC Auction
- Once National Grid NTS has updated the relevant systems it will provide each surrendering User at the IP ASEP details of their accepted Surrenders i.e.
 - The duration
 - IP ASEP
 - The Maximum Forward Quantity (kWh/day) — The Firm NTS Entry Capacity that has been surrendered and allocated
 - Price
- Allocated surrendered Firm NTS Entry Capacity shall be included in the User's aggregate Available NTS Entry Capacity (determined as fully adjusted) to determine the Users overrun quantity and be considered when calculating the Overrun Price.
- Allocated surrendered Capacity shall be deducted from the surrendering Users aggregate Available NTS Entry Capacity (determined as fully adjusted) to determine the Users overrun quantity and be considered when calculating the Overrun Price.
- The Forward Agreement will be treated as an NTS Entry Capacity Constraint Management Cost and feed into NTS Entry Capacity Neutrality in accordance with UNC TPD B2.13.2 and the Constraint Management Incentive. Amounts payable from the Surrender Forward Agreement will be treated as NTS Entry Capacity Surrender Charges and be invoiced and payable in accordance UNC TPD Section S. The surrender User will be invoiced for their original NTS

~~Entry Capacity allocation and will then receive a credit for the surrendered NTS Entry Capacity that is allocated to another User via the QSEC auction. This will be done via the existing invoicing processes and hopefully at the same time with luck.~~

AMSEC Auction Surrender and Oversubscription processes

- ~~No more than [fifteen (15)] Business Days prior to the issuing of the AMSEC annual invitation National Grid NTS will invite Users to surrender Firm NTS Entry Capacity at an IP ASEP (the "AMSEC Surrender Invitation"), for allocation to Users requesting capacity in the AMSEC auction (for the purposes of this Modification such NTS Entry Capacity will be described as Surrendered Capacity) at that IP ASEP.~~
- ~~A surrendering User shall remain liable for NTS Entry Capacity Charges for the Surrendered Firm NTS Entry Capacity irrespective of whether it is subsequently allocated. Where Surrendered Firm NTS Entry Capacity is not allocated then the surrendering Users Available Firm NTS Entry Capacity shall remain unchanged.~~
- ~~The Surrender Process invitation will state:~~
 - ~~The IP ASEP(s)~~
 - ~~The duration of the surrender window, which shall be a minimum of [five (5)] Business Days~~
 - ~~The details of how Users can provide their offer(s) to surrender capacity at an IP ASEP, which shall be via [Fax].~~
 - ~~The minimum eligible quantity of AMSEC NTS Entry Capacity surrender offers which will be 100,000 kWh.~~
 - ~~That a User cannot offer to surrender a quantity greater than their Available Firm NTS Entry Capacity i.e. net of NTS Entry Capacity at that IP ASEP for the month(s) that they are offering to surrender AMSEC capacity for.~~
- ~~Users wishing to take part in the AMSEC Auction Surrender Process must, between 0800 and 1700 on the dates specified, provide the following information to National Grid NTS via [Fax]:~~
 - ~~The IP ASEP~~
 - ~~User ID~~
 - ~~The maximum quantity of Firm NTS Entry Capacity per IP ASEP that they are offering to surrender. This must be equal to or greater than the minimum eligible amount of 100,000kWh/day~~
 - ~~The minimum quantity of Firm NTS Entry Capacity per IP ASEP that they are offering to surrender. This must be equal to or greater than the minimum eligible amount of 100,000kWh/day and less than or equal to the maximum quantity detailed above~~
 - ~~The calendar month(s) for which the surrender offer applies (these do not have to be consecutive months); and~~
 - ~~Confirmation that the User holds the Firm NTS Entry Capacity and will continue to hold the Firm NTS Entry Capacity until the allocation process is complete.~~
- ~~Where such confirmation required in the above paragraph is not received National Grid NTS will not accept the Firm NTS Entry Capacity Surrender Offer.~~
- ~~Users may submit more than one (1) Surrender Offer but may not submit more than one (1) Surrender Offer per calendar month per IP ASEP, a~~

submitted offer may cover multiple months and must fall within the months that can be allocated within the AMSEC auction

- Users can amend or withdraw their offers at any time between 08:00 and 17:00 hours on each invitation date until 17:00 hours on the last day of the surrender window
- Users will be informed by the AMSEC invitation letter of the aggregate quantity of Firm NTS Entry Capacity that has provisionally been surrendered and the months that it has been made available for.
- National Grid NTS may also choose to make additional Discretionary Firm NTS Entry Capacity available through this process.
- Where National Grid NTS has received bids that in aggregate exceed the quantity of unsold obligated NTS Entry Capacity that has been made available in tranche 4 of the AMSEC Auction, Surrendered Firm NTS Entry Capacity will be allocated and Discretionary NTS Entry Capacity may also be allocated to any unsatisfied tranche 4 bids via an adhoc allocation process (the AMSEC Surrender and Oversubscription Auction)
- National Grid NTS will enact the AMSEC Surrender and Oversubscription Auction on behalf of Users through the use of an amended DRSEC Auction.
- National Grid NTS will place all unsatisfied AMSEC tranche 4 bid quantities in the Surrender and Oversubscription Auction and each bid shall specify (please note that these bids will be the same as the original AMSEC bid(s) submitted in tranche 4 of the AMSEC auction except where pro-rated in the tranche 4 allocation):
 - User ID
 - The IP ASEP
 - The Month(s) for which Firm NTS Entry Capacity is applied for
 - The amount applied for, which shall not be less than a minimum eligible amount of 100,000kWh/day
 - The minimum amount which the User is willing to be allocated (except where a bid has been part allocated within Tranche 4), which shall not be less than 100,000kWh/day
 - The bid price which the User is willing to pay by way of NTS Entry Capacity Charges, which shall not be less than the prevailing AMSEC reserve price at the IP ASEP at which the User had placed its original bid
- National Grid NTS will reject a bid where:
 - Any requirements of the paragraph above are not complied with
 - In accordance with UNC TPD Section V3
- Surrendered Firm NTS Entry Capacity and any Discretionary NTS Entry Capacity that National Grid NTS releases, will be allocated as follows:
 - All bids will be ranked in order of bid price with the highest ranked first
 - Surrendered Firm NTS Entry Capacity will be allocated first to the highest priced bid(s)
 - Where the amount of Firm NTS Entry Capacity applied for under a bid exceeds any remaining unallocated Surrendered Firm NTS Entry Capacity, after allocation to higher priced bids and National Grid NTS does not choose to release Discretionary NTS Entry Capacity, the User

- will be allocated an amount equal to the remaining unallocated amount (subject to the minimum amount criteria unless previously part allocated within Tranche 4)
- Where two or more bids specify the same bid price and the amount of Firm NTS Entry Capacity applied for exceeds any remaining unallocated Surrendered NTS Entry Capacity, where National Grid NTS does not choose to release Discretionary NTS Entry Capacity, the bids will be allocated prorata to the amounts applied for in each such bid (subject to the minimum amount criteria unless previously part allocated within Tranche 4). Where any such bids are rejected (due to the Minimum Amount) the remaining bid(s) at that price shall be allocated/pro-rated.
- Bids may be allocated with a combination of both Surrendered and Discretionary Firm NTS Entry Capacity however Discretionary NTS Entry Capacity will be only be utilised where:
 - National Grid NTS in its sole discretion chooses to make it available; and
 - no NTS Entry Capacity has been surrendered; or
 - the available surrendered NTS Entry Capacity has been allocated
- Each User whose bid is accepted will be registered as holding Firm NTS Entry Capacity (for the amount allocated) for the relevant Month(s) at that IP-ASEP
- The allocation of surrendered Firm NTS Entry Capacity to Users who have requested Firm NTS Entry Capacity will also be via the release of Discretionary Firm NTS Entry Capacity and will feed into the capacity neutrality arrangements
- A User(s) allocated Firm NTS Entry Capacity will pay NTS Entry Capacity Charges for any Firm NTS Entry Capacity allocated through this process i.e. the quantity of Firm NTS Entry Capacity allocated multiplied by the Bid price multiplied by the relevant period for which capacity has been allocated.
- The surrendering User will receive the Weighted Average Price of all the bids allocated surrendered Firm NTS Entry Capacity for that month at that IP-ASEP.
- Surrendered Firm NTS Entry Capacity allocated through this process shall be;
 - utilised in respect of NTS Entry overrun calculations i.e. the User's Available Firm NTS Entry Capacity will reflect either the NTS Entry Capacity bought or surrendered and the allocated price will feed through to the overrun price calculation.
 - subject to the provisions of UNC Section V3, as now if a User fails to meet these provisions then their NTS Entry Capacity bids will be rejected.
- No later than two (2) Business Days prior to the first day of the period to which the AMSEC Auction relates, National Grid NTS will inform each User of:
 - those of its capacity bids that have been accepted;
 - the amount of Firm NTS Entry Capacity which it is registered as holding for the IP-ASEP and the relevant period (for clarification the relevant period will be the period for which the capacity has been allocated) via the AMSEC Surrender process and or Oversubscription process.
- No later than one (1) Business Day prior to the first day of the period to which the AMSEC relates, National Grid NTS will provide information to all Users in accordance with UNC Section B paragraph 2.14.2 other than sub paragraphs (a), (b) and (h).
- Where more than one User has surrendered Firm NTS Entry Capacity and all unsold Firm NTS Entry Capacity has been allocated, if the aggregate quantity

~~of surrendered Firm NTS Entry Capacity exceeds the remaining unsatisfied bid quantities, the Surrender Offers will be prorated. Where the resulting prorated quantity is less than the Minimum Amount specified by the surrender User then the AMSEC Surrender offer will be rejected and the proration recalculated for the remaining Surrender offers.~~

- ~~• Where Surrendered Firm NTS Entry Capacity is required to be re-allocated National Grid NTS will effect the Firm NTS Entry Capacity Surrender on their behalf.~~
- ~~• National Grid NTS will reject or pro-rate a surrender offer where a User does not hold sufficient Available Firm NTS Entry Capacity at that IP ASEP for the period for which the Surrender Offer has been made.~~
- ~~• National Grid NTS will effect the capacity surrender on behalf of the surrendering User through an amended Forward Agreement. This will not require the User(s) to undertake any actions on National Grid NTS' systems or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.~~
- ~~• National Grid NTS will use the Forward Contract to adjust the surrendering Users Available Firm NTS Entry Capacity to reflect the quantity of surrendered Firm NTS Entry Capacity allocated in the AMSEC Surrender and Oversubscription Auction for the relevant month(s)~~
- ~~• National Grid NTS will update its systems on behalf of each surrendering User within [Five (5)] Business Days of the allocation of the surrendered Firm NTS Entry Capacity~~
- ~~• Each Forward Contract will detail:
 - ~~○ IP ASEP~~
 - ~~○ The duration, this may be for a Month or consecutive months~~
 - ~~○ The Maximum Forward Quantity (kWh/day) for each month(s) The Firm NTS Entry Capacity that has been surrendered and re-allocated~~
 - ~~○ Price the price that is paid to the User for the surrendered Firm NTS Entry Capacity which in this instance will be the Weighted Average Price (WAP) in respect of all bids that were allocated with surrendered Firm NTS Entry Capacity for the relevant month in the AMSEC Surrender and Oversubscription Auction
 - ~~* A separate WAP may be applicable for each relevant month~~~~~~
- ~~• Once National Grid NTS has updated the relevant systems it will provide each surrendering User at the IP ASEP details of their accepted Surrenders i.e.
 - ~~○ The duration~~
 - ~~○ IP ASEP~~
 - ~~○ The Maximum Forward Quantity (kWh/day)~~
 - ~~○ Price~~~~
- ~~• Allocated surrendered Firm NTS Entry Capacity shall be included in the Users aggregate Available Firm NTS Entry Capacity (determined as fully adjusted) to determine the Users NTS Entry Capacity overrun quantity and be considered when calculating the overrun price.~~
- ~~• Allocated surrendered Capacity shall be deducted from the surrendering Users aggregate Available NTS Entry Capacity (determined as fully adjusted) to determine the User's NTS Entry Capacity overrun quantity and be considered when calculating the overrun price.~~

- The Forward Agreement will be treated as an NTS Entry Capacity Constraint Management Cost and feed into NTS Entry Capacity Neutrality in accordance with UNC TPD B2.13.2 and the Constraint Management Incentive. Amounts payable from the Forward Agreement will be treated as NTS Entry Capacity Surrender Charges and be invoiced and payable in accordance with UNC TPD Section S. The surrendering User will be billed for their original allocation and will then receive a credit for its surrendered NTS Entry Capacity allocated to another User via the AMSEC surrender auction. This will be done via the existing invoicing processes.

NTS Exit Capacity Surrender Processes

Enduring Annual NTS Exit (Flat) Capacity Surrender Process

- No more than [fifteen (15)] Business Days prior to the issuing of the invitation to participate in the NTS Exit (Flat) Capacity Annual Application Window (the July Application Window) National Grid NTS will invite Users to surrender Enduring Annual NTS Exit (Flat) Capacity at an Interconnection Point (IP) NTS Exit Point from their Registered Firm NTS Exit (Flat) Capacity (the "Enduring Annual Surrender Invitation"), for allocation to Users requesting Enduring Annual NTS Exit (Flat) Capacity in the July Application Window (for the purposes of this Modification such capacity will be described as Surrendered Capacity) at that IP NTS Exit Point.
- Where Surrendered NTS Exit Capacity is not allocated the surrendering User shall remain the holder of the Enduring Annual NTS Exit (Flat) Capacity for all purposes.
- The Surrender Process invitation will state:
 - The IP NTS Exit Point(s)
 - The duration of the surrender window, which shall be a minimum of [five (5)] Business Days
 - The details of how Users can provide their offers to surrender capacity at an IP NTS Exit Point which shall be via [Fax].
 - The minimum eligible quantity of Enduring Annual NTS Exit (Flat) Capacity surrender offers which shall be 100,000 kWh.
 - That Users cannot offer to surrender a quantity greater than their Available Enduring Annual NTS Exit (Flat) Capacity i.e. net of NTS Exit Capacity trades, Reductions and Assignments (including any Reduction Notices that have been submitted within the July Reduction Window which National Grid NTS has not yet given effect) at that IP NTS Exit Point that they are offering to surrender Firm Enduring Annual NTS Exit (Flat) Capacity for
- Users wishing to take part in the Surrender Process must, between 0800 and 1700 on the dates specified, provide the following information to National Grid NTS via [Fax]:
 - The IP NTS Exit Point
 - User ID
 - The maximum quantity of Enduring Annual NTS Exit (Flat) Capacity per IP NTS Exit Point that they are offering to surrender. This must be equal to or greater than the minimum eligible amount of 100,000kWh/day
 - The minimum quantity Enduring Annual NTS Exit (Flat) Capacity per IP NTS Exit Point that they are offering to surrender. This must be equal to or greater than the minimum eligible amount of 100,000kWh/day and less than or equal to the maximum quantity detailed above

- The start date for which the surrender offer applies, which must be the 1st day of a calendar month and cannot be earlier than the 1 October Y+4 or later than 1 October Y+6; and
- Confirmation that the User holds the Enduring Annual NTS Exit (Flat) Capacity and will continue to hold the Enduring Annual NTS Exit (Flat) Capacity until the allocation process is complete.
- Where confirmation required by the above paragraph is not received National Grid NTS will not accept the Enduring Annual NTS Exit (Flat) Capacity Surrender Offer.
- An allocated surrender offer cannot result in a User holding a negative quantity of Enduring Annual NTS Exit (Flat) Capacity
- Users may submit no more than one (1) Surrender Offer per IP NTS Exit Point for Enduring Annual NTS Exit (Flat) Capacity
- Users can amend or withdraw their NTS Exit Capacity Surrender offers at any time between 08:00 and 17:00 hours on each invitation date until 17:00 hours on the last day of the surrender window.
- Users will be informed of the aggregate quantities of Enduring Annual NTS Exit (Flat) Capacity that have been offered for surrender and the calendar month from which it is available, via the Invitation to participate in the July Application Window.
- Where National Grid NTS has received applications that in aggregate exceed the quantity of unsold Enduring Annual NTS Exit (Flat) Capacity that has been made available in the July Application Window, Surrendered Enduring Annual NTS Exit (Flat) Capacity will be allocated before incremental Enduring Annual NTS Exit (Flat) Capacity
- The allocation of surrendered capacity will be through the release of Enduring Annual NTS Exit (Flat) Capacity
- Enduring Annual NTS Exit (Flat) Capacity allocated via this process will be subject to User Commitment as determined in accordance with the principles of the prevailing Exit Capacity Release Methodology Statement
- A User allocated surrendered Enduring Annual NTS Exit (Flat) Capacity, will pay the Applicable Daily Rate at the IP NTS Exit Point
- Surrendered Enduring Annual NTS Exit (Flat) Capacity allocated through this process shall be;
 - Utilised in respect of overrun calculations i.e. the User's Registered and Available Enduring Annual NTS Exit (Flat) Capacity will reflect the Enduring Annual NTS Exit (Flat) Capacity either bought or surrendered. And the allocated price will feed through to the overrun price calculation
 - subject to the provisions of UNC Section V3, as now if a User fails to meet these provisions then their Enduring Annual NTS Exit (Flat) Capacity application will be rejected.
- Where more than one User has surrendered Enduring Annual NTS Exit (Flat) Capacity and all unsold Enduring Annual NTS Exit (Flat) Capacity can be allocated. If the aggregate quantity of surrendered Enduring Annual NTS Exit (Flat) Capacity exceeds the remaining application quantities, the surrender offers will be prorated. Where the resulting prorated quantity is less than the Minimum Amount specified by the User then the Surrender Offer will be rejected and the proration recalculated for the remaining Surrender Offers.
- National Grid NTS will effect the Enduring Annual NTS Exit (Flat) Capacity surrender through the existing Enduring Annual NTS Exit (Flat) Capacity

~~Reduction process functionality. This will not require the User(s) to undertake any actions on the National Grid NTS system~~

- ~~• National Grid NTS will update its system on behalf of each surrendering User after the closure of the July Application Window and prior to the completion of the Enduring Annual NTS Exit (Flat) Capacity allocation process on 30 September in Gas Year Y.~~
- ~~• National Grid NTS will then notify the surrendering User of the following details:~~
 - ~~○ IP NTS Exit Point~~
 - ~~○ The User Reduction Date, which must be the 1st Day of a calendar Month and cannot be earlier than 1 October Y+4 or later than 1 October Y+6~~
 - ~~○ The amount of Enduring Annual NTS Exit (Flat) Capacity that the User will be registered as holding at the IP NTS Exit Point from the User Reduction Date~~
- ~~• Allocated surrendered Enduring Annual NTS Exit (Flat) Capacity shall be included in the Users Registered and Available Enduring Annual NTS Exit (Flat) Capacity (determined as fully adjusted), at the IP NTS Exit Point, to determine the User's overrun quantity.~~
- ~~• Allocated surrendered Enduring Annual NTS Exit (Flat) Capacity shall be deducted from the surrendering Users Registered and Available NTS Exit (Flat) Capacity (determined as fully adjusted), at the IP NTS Exit Point, to determine the Users overrun quantity.~~
- ~~• The surrendering User shall not be invoiced or credited for any surrender quantity that is allocated through this process.~~

Annual NTS Exit (Flat) Capacity Surrender Process

- ~~• No more than [fifteen (15)] Business Days prior to the issuing of the invitation to participate in the NTS Exit (Flat) Capacity Annual Application Window (the July Application Window) National Grid NTS will invite Users to surrender Annual NTS Exit (Flat) Capacity at an IP NTS Exit Point from their Available Annual NTS Exit (Flat) Capacity holdings (the "Annual Surrender Invitation"), for allocation to Users requesting Annual NTS Exit (Flat) Capacity in the July Application Window (for the purposes of this Modification such capacity will be described as Surrendered Capacity) at that IP NTS Exit Point.~~
- ~~• A surrendering User shall remain liable for NTS Exit Capacity Charges for the Surrendered Annual NTS Exit (Flat) Capacity irrespective of whether it is subsequently allocated. Where surrendered Annual NTS Exit (Flat) Capacity is not allocated then the surrendering Users Available Annual NTS Exit (Flat) Capacity shall remain unchanged.~~
- ~~• The Surrender Process invitation will state:~~
 - ~~○ IP NTS Exit Point(s)~~
 - ~~○ The duration of the surrender window, which shall be a minimum of [five (5)] Business Days~~
 - ~~○ The details of how Users can provide their offer to surrender capacity at an IP NTS Exit Point which shall be via [Fax].~~
 - ~~○ The minimum eligible quantity of Annual NTS Exit (Flat) Capacity surrender offers which will be 100,000 kWh.~~
 - ~~○ That Users cannot offer to surrender a quantity greater than their Available Annual NTS Exit (Flat) Capacity i.e. net of NTS Exit Capacity trades and Assignments for that Gas Year at that IP NTS Exit Point~~

- Users wishing to take part in the Surrender Process must, between 0800 and 1700 on the dates specified, provide the following information to National Grid NTS via [Fax]:
 - User ID
 - The IP NTS Exit Point;
 - The maximum quantity of Annual NTS Exit (Flat) Capacity per IP NTS Exit Point that they are offering to surrender. This must be equal to or greater than the minimum eligible amount of 100,000kWh/day
 - The minimum quantity of Annual NTS Exit (Flat) Capacity per IP NTS Exit Point that they are offering to surrender. This must be equal to or greater than the minimum eligible amount of 100,000kWh/day and less than or equal to the maximum quantity detailed above
 - The start date of the surrender offer which shall be 1 October Y+1
 - Confirmation that the User holds the Annual NTS Exit (Flat) Capacity and will continue to hold the Annual NTS Exit (Flat) Capacity until the allocation process is complete.
- Where such confirmation required in the above paragraph is not received National Grid NTS will not accept the Annual NTS Exit (Flat) Capacity Surrender Offer.
- Users may submit no more than one (1) Surrender Offer per IP NTS Exit Point for Annual NTS Exit (Flat) Capacity
- Users can amend or withdraw their Surrender Offer at any time between 08:00 and 17:00 hours on each invitation date until 17:00 hours on the last day of the surrender window
- Users will be informed of the aggregate quantity of Annual NTS Exit (Flat) Capacity made available for surrender and the period i.e. Y+1 via the Invitation to participate in the July Application Window.
- Where National Grid NTS has received Annual NTS Exit (Flat) applications that in aggregate exceed the quantity of unsold Annual NTS Exit (Flat) Capacity that has been made available in the July Application Window, Surrendered Annual NTS Exit (Flat) Capacity will then be allocated.
- National Grid NTS may also allocate additional Discretionary NTS Exit (Flat) Capacity after the allocation of surrendered Annual NTS Exit (Flat) Capacity.
- The allocation of surrendered Annual NTS Exit (Flat) Capacity will also be effected through the release of Discretionary Annual NTS Exit (Flat) Capacity.
- Surrendered Annual NTS Exit (Flat) Capacity allocated through this process shall be;
 - Utilised in respect of overrun calculations i.e. the User's Registered and/or Available Annual NTS Exit (Flat) Capacity will reflect the Annual NTS Exit (Flat) Capacity either bought or surrendered as appropriate and the allocated price will feed through to the overrun price calculation.
 - subject to the provisions of UNC Section V3, as now if a User fails to meet these provisions then their NTS Exit Capacity applications will be rejected.
- Where the unsold Annual NTS Exit (Flat) Capacity has been allocated, more than one User has surrendered Annual NTS Exit (Flat) Capacity and the aggregate quantity of surrendered NTS capacity exceeds the requested application quantities, the Surrender Offers will be prorated accordingly. Where this proration is less than the Minimum Amount specified by the User then the Surrender Offer will be rejected and the proration will be recalculated for those remaining Surrender Offers.

- ~~Where Surrendered Annual NTS Exit (Flat) Capacity is to be allocated National Grid NTS will effect the Annual NTS Exit (Flat) Capacity Surrender on their behalf~~
- ~~National Grid NTS will reject or prorate an Annual NTS Exit (Flat) Capacity surrender offer where a User does not hold sufficient Available Annual NTS Exit (Flat) Capacity at that IP NTS Exit Point for the period for which the Surrender Offer has been made.~~
- ~~National Grid NTS will effect the Capacity surrender through an amended Forward Agreement. This will not require the User(s) to undertake any actions on National Grid NTS' systems or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.~~
- ~~National Grid NTS will use an amended Forward Agreement to adjust the surrendering Users Available Annual NTS Exit (Flat) Capacity to reflect the quantity of surrendered Annual NTS Exit (Flat) Capacity allocated in the Annual NTS Exit (Flat) Capacity Application process.~~
- ~~National Grid NTS will update its systems on behalf of each Surrendering User within [Five (5)] Business Days of the allocation of the surrendered Annual NTS Exit (Flat) Capacity~~
- ~~Each Forward Contract will detail:~~
 - ~~User ID~~
 - ~~IP NTS Exit Point~~
 - ~~The duration — which will be 1 October Y+1 to 30 September Y+1~~
 - ~~The Maximum Forward Quantity (kWh/day) — The Annual NTS Exit (Flat) Capacity that has been surrendered and re-allocated~~
 - ~~Price — the price that is paid to the User for the surrendered NTS Exit (Flat) Capacity which will be the Firm NTS Exit (Flat) Capacity charge applicable for the Gas Year for which the capacity has been surrendered~~
- ~~Where a User has been allocated surrendered Annual NTS Exit (Flat) Capacity it shall be included in that Users aggregate Available NTS Exit Capacity (determined as fully adjusted) to determine the User's overrun quantity and be considered when calculating the overrun price~~
- ~~Allocated surrendered Annual NTS Exit (Flat) Capacity shall be deducted from the surrendering Users aggregate Available Annual NTS Exit (Flat) Capacity (determined as fully adjusted) to determined the User's NTS Exit Capacity overrun quantity and be considered when calculating the overrun price.~~
- ~~Amounts payable from the Surrender Forward Agreement will be treated as Capacity Surrender Charges and be invoiced and payable in accordance UNC TPD Section 5. The surrender User will be invoiced for their original allocation and will receive a credit for the surrendered Annual NTS Exit (Flat) Capacity that is allocated to another User via the Surrender process. This will be done via existing invoicing processes.~~

Transparency Obligations

The CMP Transparency obligations require that National Grid NTS publish on a quarterly basis;

- ~~At an IP NTS Exit Point — For Enduring Annual NTS Exit (Flat) Capacity and Annual NTS Exit (Flat) Capacity, the occurrences and volumes of valid requests for Firm Capacity with a duration of one month or longer including the number and volume of unsuccessful requests~~
i.e.

- ~~The IP NTS Exit Point~~

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- Contract type, which will be whether the occurrence is an application for Enduring Annual NTS Exit (Flat) Capacity or Annual NTS Exit (Flat) Capacity
- Application start date, which is the Gas Year in respect of which the application is made
- Application quantity, which is the amount of NTS Exit (Flat) Capacity applied for
- Allocated amount, which is the amount of NTS Exit (Flat) Capacity allocated
- At an IP NTS Exit Point the total Firm NTS Exit (Flat) Capacity made available via:
 - The CMP surrender process[es]
 - The CMP oversubscription and buyback process[es]
- At an IP ASEP the total Firm NTS Entry Capacity made available via:
 - The CMP surrender process[es]
 - The CMP oversubscription and buyback process[es]
- The above information will be published no later than [5 Business Days] after the last Day of each calendar quarter.

At an IP ASEP for Firm Quarterly and Monthly NTS Entry Capacity allocation processes i.e. Auctions with a duration of one month or longer, where and when they have cleared at prices higher than the Reserve Price, National Grid NTS will publish;

- The IP ASEP
- The allocation process
- The reserve price
- The cleared price, which will be;
 - The relevant QSEC clearing (Step) price
 - The AMSEC [WAP] [Maximum Price] by tranche
 - The RMSEC [WAP] [Maximum Price]
- This information will be published no later than [5 Business Days] after the allocation of the relevant auction process

At IP ASEPs and IP NTS Exit Points, where and when no Firm Capacity with a duration of one month or longer has been offered in the allocation process, National Grid NTS will publish;

- The IP ASEP and/or IP NTS Exit Point
- The relevant allocation process
- This information will be published no later than [5 Business Days] after allocation of the relevant auction and/or application process.

Classification of the modification as User Pays, or not, and the justification for such classification
This modification is not proposed to be User Pays as existing system functionality will be utilised.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view
NA
Proposed charge(s) for application of User Pays charges to Shippers
NA
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve
NA

4 Relevant Objectives

Impact of the modification on the **Relevant Objectives:**

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Positive

Implementation of this Modification would better facilitate the following relevant objective.

Given the EU has done this for competition, how is competition impacted?

If this is good for IPs, why is it not good everywhere? If it is, why is it not unduly discriminatory to do it at IPs only?

g) "Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators".

5 Implementation

The Workgroup has not proposed a timescale for implementation of this modification, but would suggest that it is implemented at the earliest practical opportunity.

6 Legal Text

Text

[The following Text has been prepared by National Grid NTS [\(published alongside this Workgroup Report\)](#), and no issues were raised by the Workgroup regarding its content.]

7 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be submitted for Consultation.