

Xoserve Proposed MOD 551 Business Rules

Please note that the below constitute proposed business rules as guidance only, and parties should satisfy themselves that the rules are acceptable to their own organisations.

- 1- Subject to the exclusion below, any Supply Meter Point which was registered as a multi metered DM component within a supply point as at [1st April 2014] and which was subsequently reconfirmed as a DM single metered supply point, in line with the rules, requirements and timescales defined in UNC Modification 0428 – *Single Meter Supply Points*, is in scope of this proposal and subject to business rule 2. (i.e. would not be eligible for relief from the relevant ratchet incentive charges applicable for the Winter period 1st October 2015 / 31st May 2016). For clarification, the proposals set out will not apply to any previous or subsequent winter periods.
 - a. Any Supply Meter Points which was reconfirmed as DM from NDM after 1st April 2014 which did not form part of an multi metered supply point are not subject to business rule 2. (i.e. would not be eligible for relief from ratchet incentive charges applicable for the Winter period 1st October 2015 / 31st May 2016).
 - b. NDM Supply Meter Points are excluded.
- 2- The relief from ratchet charges is applicable to disaggregated DM Supply Meter Points where the combined User Daily Quantity Offtake (UDQO) on the relevant gas flow day of the newly configured Supply Meter Points does not exceed the greater of the following two values:
 - a. The previously registered Supply Point SOQ multi-metered DM component of a Supply Meter Point SOQ, or
 - b. The total registered SOQ for the equivalent disaggregated DM Supply Meter Points
- 3- The relief from ratchet incentive charges extends to the invoicing of the incentive charge only, and any consequent increase in SOQ will be maintained.
- 4- As per existing processes, ratchets will be applied to the SOQ of any and all Supply Meter Points where the UDQO breaches the registered SOQ, at Supply Meter Point level.
- 5- As per existing processes, notifications of a ratchet will be provided at D+1 after the breach (and implied ratchet) has been detected through the PRN file. The Shipper is obliged to query the PRN notification within 5CD of being in receipt of the PRN file, to initiate the process of validations and potential subsequent relief from the ratchet incentive charge as per the proposed rules here defined.

- 6- The application of the ratchet charge will be applied without relief as follows;
 - a. Ratchet charges will only apply at each disaggregated DM Supply Meter Point where the combined UDQO exceeds the greater of the values defined in 2a and 2b.. Where this occurs the ratchet quantities for each SMP are calculated as follows;
 - Where any ratchet incentive charges apply then the ratchet quantity for each SMP will be as determined as per the normal rules.
 - Where any ratchet incentive charges apply, the current ratchet incentive charge will apply to all qualifying disaggregated DM Supply Meter Points regardless of transfer of ownership.

- 7- Any disaggregated DM Supply Meter Point which is subject to one or more SOQ reductions within the Winter 2015/2016 Capacity Reduction Period will not be in scope of the proposal and therefore would not be subject to business rule 2 (i.e. would not be eligible for relief from the relevant ratchet incentive charges applicable for the Winter period 1st October 2015 / 31st May 2016). .
 - a. Where a single Shipper is in ownership of all of the disaggregated DM Supply Meter Points for the historic multi-metered configuration, then any reductions in SOQ in accordance with business rule 6 for any relevant DM Supply Meter Point would result in the exclusion from business rule 2. (i.e. would not be eligible for relief from the relevant ratchet incentive charges applicable for the Winter period 1st October 2015 / 31st May 2016).
 - b. Where multiple Shippers are in ownership of the disaggregated DM Supply Meter Points of the historic multi-metered configuration and an SOQ reduction in accordance with business rule 6 occurs at a one of the relevant DM Supply Meter Points, any remaining DM Supply Meter Points of the historic multi-metered configuration within that Shipper's ownership will be excluded from business rule 2 (i.e. would not be eligible for relief from the relevant ratchet incentive charges applicable for the Winter period 1st October 2015 / 31st May 2016)., but any Supply Meter Point of the historic multi-metered configuration which is within a different Shipper's ownership will continue to be eligible for business rule 2 (i.e. would be eligible for relief from the relevant ratchet incentive charges applicable for the Winter period 1st October 2015 / 31st May 2016). .

- 8- Ratchet suppressions will only be valid for any DM Supply Meter Point for 30 business days from the notification of the first ratchet charge provided through the PRN file on D+1. After this point, Modification 0551 rules will not apply to the same DM Supply Meter Point in any circumstances.