

MODIFICATION 0116V

LEGAL TEXT

TPD SECTION B – SYSTEM USE AND CAPACITY

Insert new Annex B-2 to read as follows:

ANNEX B-2

OFFTAKE REDUCTION

1 Offtake Reduction Invitations

- 1.1 Where, in relation to an NTS Exit Constraint, National Grid NTS wishes to reduce the quantities of gas offtaken by Users at an NTS Exit Point or NTS Exit Zone in any period during a Day, National Grid NTS may invite offers (**offtake reduction offers**) from Users to reduce the offtake of gas at such NTS Exit Point or NTS Exit Zone, by issuing notice (**offtake reduction invitation**) of such invitation in accordance with paragraph 1.2.
- 1.2 An offtake reduction invitation shall specify:
- (a) the Day to which the invitation applies;
 - (b) the NTS Exit Point or NTS Exit Zone to which the invitation applies;
 - (c) the quantity (**required reduction quantity**, in kWh) for which offtake reduction offers are invited;
 - (d) the period (**offtake reduction period**) within which Users will be required to reduce the offtake of gas, defined by the times (each an exact hour) at which such period starts (which will not be earlier than two hours after the issue of the offtake reduction invitation) and ends;
 - (e) the time (**offer submission deadline**), being not less than fifteen (15) minutes after the issue of the offtake reduction invitation or sixty (60) minutes before the start of the offtake reduction period, by which offtake reduction offers may be submitted.
- 1.3 An offtake reduction invitation may be issued earlier than the start of the Day to which it relates.

2 Offtake reduction offers

- 2.1 Where National Grid NTS has issued an offtake reduction invitation for any Day in relation to a NTS Exit Point or NTS Exit Zone, Users may submit offtake reduction offers in accordance with paragraph 2.2.
- 2.2 An offtake reduction offer:
- (a) shall be submitted no later than the offer submission deadline;
 - (b) shall specify:
 - (i) the identity of the User;
 - (ii) the offtake reduction invitation and the NTS Exit Point or NTS Exit Zone in respect of which the offer is made;

- (iii) the quantity of gas (**offered reduction quantity**), not being less than 100,000 kWh, subject to the offer;
- (iv) the minimum quantity for which the User is willing to have the offer accepted;
- (v) the amount (**offer price**) in pence/kWh which the User wishes to be paid in respect of the offered reduction in offtake.

2.3 In relation to any offtake reduction invitation, a User may submit up to but no more than ten (10) offtake reduction offers.

2.4 An offtake reduction offer may be withdrawn or modified up to, but not after, the offer submission deadline.

2.5 National Grid NTS may reject any offtake reduction offer where any of the requirements of paragraph 2.2 and 2.3 is not met, in accordance with the System Management Principles or where in National Grid NTS's opinion the NTS Exit Constraint will not be relieved (in whole or in part) by acceptance of the offtake reduction offer.

3 Selection

3.1 In relation to any offtake reduction invitation, National Grid NTS will select offtake reduction offers for acceptance (and allocate the required reduction quantity to such offers) as follows:

- (a) all offtake reduction offers submitted will be ranked in order of offer price (the lowest priced ranking first);
- (b) offtake reduction offers will be selected for acceptance in ascending order, selecting the offer with the lowest offer price first, until such time as the offered reduction quantities for which offers have been selected in aggregate is equal to the required reduction quantity or there are no further offers to satisfy;
- (c) subject to paragraphs (d), (e) and (f), where the offered reduction quantity under an offtake reduction offer exceeds the amount (the "**remaining unallocated amount**") of the required reduction quantity remaining unallocated after the selection of lower priced offers, the offer will be selected as to a quantity equal to the remaining unallocated amount;
- (d) subject to paragraphs (e) and (f), where each of two or more offers ("**equal priced**" offers) specifies the same offer price, and the offered reduction quantities in aggregate under such offers exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the offered reduction quantities in each such offer; and
- (e) where the amount to be allocated in respect of an offtake reduction offer pursuant to paragraph (c) or (d) would be less than the minimum amount specified in the offer, the offer will be disregarded (and of no effect), and next priced offer(s) selected, or (as the case may be) a revised allocation will be made to or between remaining equal priced offer(s) under paragraph (d);
- (f) where the amount to be allocated in respect of any offtake reduction offer would be less than the minimum quantity specified in paragraph 2.2(b)(iii), no allocation shall be made to that offer (and no further allocation shall be made).

3.2 Offtake reduction offers selected in accordance with paragraph 3.1 will be accepted by National Grid NTS.

3.3 Offtake reduction offers shall lapse to the extent not accepted pursuant to paragraph 3.2.

3.4 National Grid NTS will, not less than sixty (60) minutes before the start of the offtake reduction period, inform each User which of its offtake reduction offers were accepted, and for what quantities.

4 Submission of Revised IOPNs

4.1 Where an offtake reduction offer in relation to an NTS Exit Point or NTS Exit Zone in respect of a Day is accepted:

- (a) the User shall, not less than thirty (30) minutes before the start of the offtake reduction period, submit revised IOPN(s) in respect of the NTS Exit Point, or (as the case may be) the NTS Exit Points in the NTS Exit Zone, such that the requirement in paragraph 4.2 is satisfied;
- (b) the amount of the User's Available NTS Exit (Flexibility) Capacity in respect of the NTS Exit Zone or (as the case may be) the NTS Exit Point for such Day shall be reduced by an amount determined as one third of the quantity (in kWh) for which the offer was accepted.

4.2 The requirement in paragraph 4.1(a) is that the Offtake Reduction Period Quantity under the IOPN(s) prevailing at the time of issue of the offtake reduction invitation exceeds the Offtake Reduction Period Quantity under the revised IOPN(s) submitted in respect of the offtake reduction period by not less than the quantity for which the offtake reduction offer was accepted.

4.3 For the purposes of paragraph 4.2 the **Offtake Reduction Period Quantity** means the quantity of gas notified in the User's IOPN(s) as being offtaken by the User from the NTS Exit Point, or (as the case may be) from all NTS Exit Points in the NTS Exit Zone, during the offtake reduction period.

4.4 If a User fails to submit revised IOPNs in compliance with paragraph 4.1(a):

- (a) the offer price under the offtake reduction offer shall be deemed to be zero (and accordingly National Grid NTS shall not be required to make payment to the User in respect of the accepted offer);
- (b) the User's NTS Exit (Flexibility) Capacity shall nevertheless be reduced in accordance with paragraph 4.1(b).

5 Information

Following each offtake reduction invitation in relation to a Day, National Grid NTS will publish information as follows not later than sixty (60) minutes after acceptance of any offtake reduction offer:

- (a) the NTS Exit Point or NTS Exit Zone and the Day to which the invitation related;
- (b) the aggregate quantity for which offtake reduction offers were accepted; and
- (c) the highest offer price for which any offtake reduction offer was accepted.