

MODIFICATION 0116V

LEGAL TEXT

TRANSITION DOCUMENT PART IIC

Insert new paragraphs 3, 4, 5, 6 and 7 to read as follows:

3 NTS EXIT CAPACITY REGIME: INITIALISATION

3.1 Transitional period

3.1.1 For the purposes of paragraphs 3, 4, 5, 6 and 7 the:

- (a) "**exit capacity transition date**" is the date on which the Modification giving effect to this paragraph 3 is effective; and
- (b) "**exit capacity transitional period**" is the period commencing on the date on which such Modification is made and ending on and including the Day before the exit capacity transition date.

3.1.2 For the purposes of giving effect to TPD Section B3 with effect from the exit capacity transitional date:

- (a) Users will be registered as holding Prevailing Annual NTS Exit (Flat) Capacity in accordance with paragraph 3.2; and
- (b) National Grid NTS will invite Users to make capacity bids and capacity offers for NTS Exit Capacity in accordance with paragraph 3.3.

3.1.3 For the purposes of paragraphs 3, 4, 5, 6 and 7 a reference to a paragraph is, unless the context otherwise requires, a reference to a paragraph of this Part IIC.

3.2 Initialisation: Prevailing Annual NTS Exit (Flat) Capacity

3.2.1 Subject to paragraph 3.2.7, with effect from 1 October 2010 a User will be registered as holding Prevailing Annual NTS Exit (Flat) Capacity at an NTS Exit Point in an amount equal to:

- (a) in the case of an NTS Supply Point Component or NTS Connected System Exit Point, the maximum amount of NTS Exit Capacity which the User may utilise in offtaking gas at the NTS Supply Point Component or NTS Connected System Exit Point on any Day in the Gas Year 2005/2006;
- (b) in the case of an NTS/LDZ Offtake, the amount of NTS Offtake Capacity which the User is registered as holding at the NTS/LDZ Offtake for the Gas Year 2009/10 as specified in the Offtake Capacity Statement issued for the Gas Year 2005/2006 in September 2006

(the "**prevailing amount**").

3.2.2 Where in relation to an NTS Exit Point the aggregate amount of NTS Exit Capacity held by Users at an NTS Supply Point Component or NTS Connected System Exit Point on any Day in the Gas Year 2005/2006 exceeds the Baseline NTS Exit (Flat) Capacity for the NTS Exit Point for the Gas Year 2010/2011 (such excess the "**excess amount**") each relevant User will be registered as holding an amount of NTS Exit (Flat) Capacity equal to its prevailing amount, less an amount equal to:

- (a) where the excess amount is less than amount of interruptible NTS Exit Capacity held at the NTS Exit Point, the User's pro rata share of the excess amount determined by reference to amounts of interruptible capacity held by Users at the NTS Exit Point;
- (b) where the excess amount is greater than the amount of interruptible NTS Exit Capacity held at the NTS Exit Point, the sum of the User's interruptible capacity and the User's pro rata share of the remaining excess amount determined by reference to the amounts of Firm NTS Exit Capacity held by Users at the NTS Exit Point.

3.2.3 For the purposes of paragraphs 3.2.1 and 3.2.2, a User's prevailing amount at an NTS Exit Point shall include an amount of NTS Exit Capacity equal to the amount of any Reserved Capacity held by the User at the NTS Exit Point on the last Day of the exit capacity transitional period pursuant to the terms of an NTS Exit ARCA signed prior to the exit capacity transition date.

3.2.4 National Grid NTS shall notify a User of:

- (a) the amount of its Registered Prevailing Annual NTS Exit (Flat) Capacity in accordance with paragraphs 3.2.1 and 3.2.2 by not later than 1 July 2007;
- (b) the amount of any additional Registered Prevailing Annual NTS Exit (Flat) Capacity which the User is deemed to hold in accordance with paragraph 3.2.3 within ten (10) Business Days of the registration of the Reserved Capacity in the name of the User.

3.2.5 Users may apply for further Prevailing Annual NTS Exit (Flat) Capacity (to be registered as held with effect from the start of any Gas Year in respect of which an application may be made) in:

- (a) July 2007 for Gas Years 2010/2011 to 2012/13 (inclusive);
- (b) July 2008 for Gas Years 2011/2012 to 2013/14 (inclusive);
- (c) July 2009 for Gas Years 2012/2013 to 2014/15 (inclusive); and
- (d) July 2010 for Gas Years 2013/2014 to 2015/16 (inclusive)

for which purposes TPD Section B3.2.3 to 3.2.10 (inclusive) and the applicable provisions of TPD Section B Annex B-1 shall apply (and the references in TPD Section B3.2.4(b) and 3.2.10 to Gas Year Y+4, Y+5 and Y+6 shall be treated, in respect of an application under this paragraph 3.2.5, as being as a reference to the Gas Years in respect of which an application may be made).

3.2.6 TPD Section B3.2.11 to 3.2.15 (inclusive) shall apply with effect from 1 July 2007 to enable a User to reduce the amount of Prevailing Annual NTS Exit (Flat) Capacity which it holds at an NTS Exit Point pursuant to the application of this paragraph 3.2.

3.2.7 Where a User's Relevant Code Indebtedness exceeds 85% of the User's Code Credit Limit on the last Day of the exit capacity transitional period the User will not be registered as holding Prevailing Annual NTS Exit (Flat) Capacity in accordance with paragraph 3.2.1 and 3.2.2.

3.3 Initialisation: Annual and Daily NTS Exit Capacity

3.3.1 Users may apply for Annual NTS Exit (Flat) Capacity in:

- (a) August 2008 for Gas Year 2010/2011;
- (b) August 2009 for Gas Years 2010/2011 and 2011/2012; and
- (c) August 2010 for Gas Years 2010/2011 to 2012/2013 (inclusive)

for which purposes TPD Section B3.4 and the applicable provisions of TPD Section B Annex B-1 shall apply.

3.3.2 Users may apply for Annual NTS Exit (Flexibility) Capacity in:

- (a) July 2007 for Gas Years 2010/2011 and 2011/2012;
- (b) July 2008 for Gas Years 2010/2011 to 2012/2013 (inclusive);
- (c) July 2009 for Gas Years 2010/2011 to 2013/2014 (inclusive); and
- (d) July 2010 for Gas Years 2010/2011 to 2014/2015 (inclusive)

for which purposes TPD Section B3.7 and the applicable provisions of TPD Section B Annex B-1 shall apply.

3.3.3 In respect of the annual capacity invitation for Annual NTS Exit (Flexibility) Capacity to be issued by National Grid NTS in June 2007:

- (a) the period between the two invitation dates in July 2007 shall not be less than five (5) Business Days;
- (b) by not later than the fourth Business Day following each invitation date National Grid NTS shall:
 - (i) inform each User of which of its capacity bids were accepted;
 - (ii) publish the information in accordance with Table B-1 in Annex B-1.

3.3.4 TPD Sections B3.5, 3.6, 3.8, 3.12 and 3.13 and TPD Section B Annex B-1 shall apply for the purposes of Users making capacity bids and capacity offers for Daily NTS Exit (Flat) Capacity, Interruptible Daily NTS Exit (Flat) Capacity and Daily NTS Exit (Flexibility) Capacity in respect of a Day following the end of the exit capacity transitional period.

3.3.5 TPD Section B Annex B-2 shall apply for the purposes of Users making offtake reduction offers in respect of a Day following the end of the exit capacity transitional period.

3.3.6 The provisions of TPD Sections B5 and B6 shall apply with effect from 1 August 2009 for the purposes of allowing a User to make System Capacity Transfers and System Capacity Assignments in respect of NTS Exit Capacity for periods following the end of the exit capacity transitional period.

3.3.7 The Assured Offtake Pressures at an NTS/LDZ Offtake for each of Gas Years 2010/2011, 2011/2012 and 2012/2013 in the Offtake Pressure Statement prevailing at the exit capacity transition date, shall be the same as the Assured Offtake Pressures for 2009/10 in the Offtake Capacity Statement issued in September 2006.

3.3.8 National Grid NTS shall issue to DNO Users an Offtake Pressure Statement in:

- (a) September 2007, in respect of Gas Years 2010/2011 to 2012/2013 (inclusive);
- (b) September 2008, in respect of Gas Years 2010/2011 to 2013/2014 (inclusive);
- (c) September 2009, in respect of Gas Years 2010/2011 to 2014/2015 (inclusive); and
- (d) September 2010, in respect of Gas Years 2010/2011 to 2015/2016 (inclusive).

3.3.9 National Grid NTS may apply for a permanent decrease in the Assured Offtake Pressures at an NTS/LDZ Offtake in:

- (a) April 2007 in respect of Gas Years 2010/2011 to 2012/2013 (inclusive);
- (b) April 2008 in respect of Gas Years 2010/2011 to 2013/2014 (inclusive);
- (c) April 2009 in respect of Gas Years 2010/2011 to 2014/2015 (inclusive); and
- (d) April 2010 in respect of Gas Years 2010/2011 to 2015/2016 (inclusive)

for which purposes the relevant provisions of TPD Section J2.5 shall be deemed to apply.

3.3.10 A DNO User may apply for a permanent increase in the Assured Offtake Pressures at an NTS/LDZ Offtake in:

- (a) July 2007 in respect of Gas Years 2010/2011 to 2012/2013 (inclusive);
- (b) July 2008 in respect of Gas Years 2010/2011 to 2013/2014 (inclusive);
- (c) July 2009 in respect of Gas Years 2010/2011 to 2014/2015 (inclusive); and
- (d) July 2010 in respect of Gas Years 2010/2011 to 2015/2016 (inclusive)

for which purposes the relevant provisions of TPD Section J2.5 shall be deemed to apply.

3.4 DNO User

In paragraphs 3.1, 3.2 and 3.3 references to Users include a DNO User.

4 TRANSITIONAL NTS EXIT CAPACITY REGIME: GENERAL

4.1 Introduction

4.1.1 During the exit capacity transitional period:

- (a) except as provided for in paragraph 3, TPD Section B3 and Annexes B-1 and B-2 shall not apply;
- (b) TPD Sections B4, G5 and G6 shall apply in respect of NTS Supply Points.

4.1.2 During the exit capacity transitional period, paragraph 3, this paragraph 4 and paragraphs 5, 6 and 7 shall apply.

4.1.3 In paragraphs 4, 5, 6 and 7 a reference to a paragraph in the TPD and OAD shall be treated as a reference to that paragraph subject to any specific provision made in respect of the paragraph in accordance with this Part IIC.

4.1.4 For the purposes of paragraphs 4, 5, 6 and 7:

- (a) the classes of System Capacity shall include NTS Offtake Capacity;
- (b) subject to paragraph (f), "**NTS Exit Capacity**" at an NTS Exit Point is capacity in the NTS which in the case of a NTS Supply Point Component or NTS Connected System Exit Point, a Shipper User is treated as utilising in offtaking gas from the NTS (and the Total System) at that NTS System Exit Point;
- (c) "**NTS Offtake Capacity**" at an NTS/LDZ Offtake is capacity in the NTS which a DNO User is treated as utilising in causing or permitting the flow of gas from the NTS to an LDZ at a relevant NTS/LDZ Offtake;
- (d) NTS Offtake Capacity comprises:

- (i) **"NTS Offtake (Flat) Capacity"**, which is capacity which a DNO User is treated as utilising in causing or permitting gas to flow from the NTS at a rate which (for a given Daily Quantity) is even over the course of a Day; and
 - (ii) **"NTS Offtake (Flexibility) Capacity"**, which is capacity which a DNO User is treated as utilising or releasing from utilisation, in causing or permitting gas to flow from the NTS to the extent that (for a given Daily Quantity) the rate of offtake or flow is not even over the course of a Day;
- (e) a DNO User may hold NTS Offtake Capacity only at an NTS/LDZ Offtake, and a Shipper User may not hold NTS Offtake Capacity at an NTS/LDZ Offtake;
- (f) in relation to NTS/LDZ Offtakes:
- (i) Shipper Users are not entitled or required to hold capacity in the NTS, and NTS Exit Capacity does not represent capacity in the NTS;
 - (ii) capacity in the NTS is held as NTS Offtake Capacity by DNO Users;
 - (iii) NTS Exit Capacity is allocated to Shipper Users for the purposes of determining the amounts payable by them (in accordance with paragraph 4.5) by way of NTS Exit Capacity Charges (which amounts remunerate National Grid NTS for allocating NTS Offtake Capacity without charge to DNO Users).

4.1.5 Subject to the provisions of the Code, a Shipper User may:

- (a) by offtaking gas from the Total System at an NTS Supply Point Component, require a gas flow out of the NTS at that NTS Supply Point Component; or
- (b) offtake gas from the Total System at a NTS Connected System Exit Point.

4.1.6 No provision of the Code in relation to gas flows at NTS Exit Points confers on any Shipper User any rights or obligations in respect of the offtake of gas from the Total System other than at System Exit Points.

4.1.7 In any case where there is more than one NTS Exit Point (including NTS/LDZ Offtakes) in respect of one Exit Zone, any reference in this paragraph 4 to an NTS Exit Point is a reference to all such NTS Exit Points.

4.2 Registration: NTS CSEPS

4.2.1 A User may at any time apply for NTS Exit Capacity ("**DM NTS Exit Capacity**") (subject to paragraph 4.4) at any NTS Connected System Exit Point, subject to and in accordance with this paragraph 4.2.

4.2.2 An application for DM CSEP Exit Capacity at an NTS Connected System Exit Point:

- (a) shall specify:
 - (i) the identity of the User;
 - (ii) the Exit Zone;
 - (iii) the amount of DM NTS Exit Capacity applied for; and
 - (iv) the proposed date of registration (in accordance with paragraph 4.2.3);
- (b) shall be submitted not earlier than 6 months nor later (other than in accordance with paragraph 4.2.12) than 4 Days before the proposed date of registration.

- 4.2.3 Subject to TPD Section B5.4.2(b), a User may only be registered as holding DM NTS Exit Capacity in respect of an NTS Connected System Exit Point with effect from an Eligible Capacity Registration Date.
- 4.2.4 National Grid NTS may reject an application for DM NTS Exit Capacity in respect of an NTS Connected System Exit Point:
- (a) where the requirements of paragraph 4.2.2 are not complied with;
 - (b) in accordance with TPD Section V3; or
 - (c) in accordance with paragraph 6.14.2.
- 4.2.5 A User may withdraw an application for NTS Exit Capacity at an NTS Connected System Exit Point by so notifying National Grid NTS by no later than 17.00 hours on the Day preceding the proposed date of registration (provided that where the User proposes a System Capacity Transfer for which the Transferred System Capacity comprises all or part of the NTS Exit Capacity in any application the User shall not be permitted to withdraw such application after notifying National Grid NTS of such proposed System Capacity Transfer).
- 4.2.6 The application will be approved unless withdrawn under paragraph 4.2.5 or rejected in accordance with paragraph 4.2.4 within 3 Days after the application was made.
- 4.2.7 The User (if its application is approved) will be registered as holding DM NTS Exit Capacity at the relevant NTS Connected System Exit Point with effect from the date of registration for the period (the "**capacity period**") established in accordance with paragraph 4.2.9.
- 4.2.8 A User may apply at any time (in accordance with paragraph 4.2.1) to increase its Registered DM NTS Exit Capacity at a NTS Connected System Exit Point in which case (if its application is approved) paragraph 4.2.7 shall apply in respect of the increased or new DM NTS Exit Capacity.
- 4.2.9 The capacity period, in respect of an NTS Connected System Exit Point, shall be:
- (a) 12 months after the date of the registration; or
 - (b) where the User has increased its Registered DM NTS Exit Capacity at the NTS Connected System Exit Point (in accordance with paragraph 4.2.8) 12 months after the date of the latest such registration.
- 4.2.10 During the capacity period a User's Registered DM NTS Exit Capacity at an NTS Connected System Exit Point shall not be reduced, and (subject to TPD Section V4.3) the registration shall not be terminated.
- 4.2.11 On expiry of the capacity period the User shall cease to be registered as holding DM NTS Exit Capacity at the relevant NTS Connected System Exit Point, but without prejudice to any new registration pursuant to a further application under paragraph 4.2.1.
- 4.2.12 Until the expiry of a period of 3 months from the Day on which gas was first offtaken (by any User) from the System at an NTS Supply Meter Point, the Registered User may submit, by facsimile but otherwise in accordance with paragraph 4.2.2(a), an application for NTS Exit Capacity at a Firm NTS Supply Point Component which includes such Supply Meter Point by no later than 17:00 hours on the Day preceding the proposed date of registration; provided that the User may not withdraw (pursuant to paragraph 4.2.5) such an application.

4.3 Registration: NDM Supply Points

- 4.3.1 A User will be registered as holding NTS Exit Capacity ("**NDM NTS Exit Capacity**") in accordance with paragraph 4.3.3 at the relevant NTS/LDZ Offtake in respect of each

Registered Firm NDM Supply Point Component in an Exit Zone with effect from the Supply Point Registration Date.

- 4.3.2 The User shall be deemed to have applied for NDM NTS Exit Capacity when submitting a Supply Point Confirmation for a Proposed Supply Point which includes a Firm NDM Supply Point Component, and shall not make a separate application for such capacity.
- 4.3.3 The NDM NTS Exit Capacity which the User is from time to time registered as holding in respect of each Firm NDM Supply Point Component will be determined in accordance with TPD Section H4.1.
- 4.3.4 The User will cease to be registered as holding NDM NTS Exit Capacity at the NTS/LDZ Offtake in respect of a Firm NDM Supply Point Component in the relevant Exit Zone where the User submits a Supply Point Withdrawal which becomes effective in respect of the relevant Supply Point in accordance with TPD Section G3.2.

4.4 Registration: CSEPs

The CSEP Network Exit Provisions in relation to an NTS Connected System Exit Point may set out the rules for the allocation of NTS Exit Capacity subject to and in accordance with paragraph 6.14 and TPD Section J6.7 and where the CSEP Network Exit Provisions do not so provide, the provisions of paragraph 4.2 shall apply.

4.5 NTS Exit Charges

- 4.5.1 A User shall pay:
 - (a) Capacity Charges ("**NTS Exit Capacity Charges**") in respect of its Registered NTS Exit Capacity at NTS Exit Points; and
 - (b) Commodity Charges ("**NTS Exit Commodity Charges**") in respect of its use of the NTS on any Day, or a charge payable by reference to the arrangements in Special Condition C8B of National Grid NTS's Transporter's Licence.
- 4.5.2 The NTS Exit Capacity Charge payable by a User in respect of each Day will be determined for each NTS Exit Point as the amount of its Registered NTS Exit Capacity multiplied by the Applicable Daily Rate.
- 4.5.3 The NTS Exit Commodity Charge payable (for any Day) by a User will be determined (for each NTS Exit Point) as:
 - (a) in the case of an NTS/LDZ Offtake, the amount of its User Daily NTS Offtake Quantity at the relevant NTS Exit Point multiplied by the Applicable Commodity Rate(s); and
 - (b) in the case of an NTS Supply Point or an NTS Connected System Exit Point:
 - (i) the amount of its UDQO at the relevant NTS Exit Point multiplied by the Applicable Commodity Rate(s); and
 - (ii) where a Storage Facility is connected to the Total System at the NTS Connected System Exit Point and in relation to which such facility the User is storage use gas provider, an amount equal to:

$$(SUG / n) * CR$$

where:

SUG is the quantity of storage use gas attributed to the User and is notified to National Grid NTS pursuant to the terms of the Storage Connection Agreement in respect of the NTS Storage Facility;

n is the number of days in the calendar month in which such Day falls; and

CR is the Applicable Commodity Rate(s) that would apply in relation to an NTS Connected System Exit Point in the event the gas flowing out of the Total System at such System Point was not being delivered into a Storage Facility.

4.5.4 NTS Exit Capacity Charges and NTS Exit Commodity Charges will be invoiced and are payable in accordance with TPD Section S.

4.5.5 Pursuant to the prevailing National Grid NTS Transportation Statement, a User may elect that, for the purposes of paragraph 4.5.3, the Applicable Commodity Rate of NTS Exit Commodity Charge in respect of a Specified Exit Point shall be the NTS Optional Commodity Rate, determined in accordance with the following provisions:

(a) for the purposes of Code:

(i) an "**Eligible Entry Point**" is an Aggregate System Entry Point which is not a Storage Connection Point;

(ii) a "**Specified Entry Point**" is, in the case of a Supply Point, the Eligible Entry Point identified in the User's Nomination in accordance with TPD Section G2.3.2 or, in the case of a CSEP, the Eligible Entry Point identified in the Conventional Notice in accordance with paragraph (f);

(iii) a "**Specified Exit Point**" is, in the case of a Supply Point, the System Exit Point notified to National Grid NTS as the Proposed Supply Point in the User's Nomination in accordance with TPD Section G2.3.2 or, in the case of a CSEP, the System Exit Point identified as the CSEP in the Conventional Notice in accordance with paragraph (f);

(b) the NTS Exit Commodity Charge payable (for an Day) by a Registered User or CSEP User will be determined (for each Specified Exit Point) as:

(i) the UDQO multiplied by the NTS Optional Commodity Rate applicable for the capacity (calculated in accordance with paragraph (c)) and the distance (calculated in accordance with paragraph (d)); and

(ii) where the UDQI is less than the UDQO, the UDQO minus the UDQI multiplied by the difference between such NTS Commodity Rate as would apply if this paragraph 4.5.5 were not applied and the NTS Optional Commodity Rate;

(iii) provided that, where a User has nominated or identified more than one Specified Exit Point at Specified Entry Point, the UDQI shall be prorated in relation to the UDQOs at the relevant Specified Exit Points (unless the User has notified National Grid NTS and National Grid NTS has confirmed an alternative allocation of the UDQI between the relevant Specified Exit Points)

and shall be invoiced in accordance with TPD Section S;

(c) for the purposes of this paragraph 4.5.5, the capacity of the Specified Exit Point shall be the Exit Point Capacity, determined in accordance with TPD Section G5.4.1 except:

(i) for an LDZ Firm Supply Point the capacity shall be the sum of the DM Supply Point Capacity and the NDM Supply Point Capacity that the User is registered as holding from time to time in accordance with TPD Sections B4.2 and 4.3 respectively;

(ii) for an LDZ Interruptible Supply Point the capacity shall be the Supply Point Capacity determined in accordance with TPD Section B4.6.5;

- (iii) for a Shared Supply Point the capacity shall be determined in accordance with TPD Section G1.7.15;
 - (iv) for an NTS CSEP the capacity shall be the maximum aggregate amount of gas which it is feasible for National Grid NTS to make available for offtake at the Connected System Exit Point in a period of 24 hours; or
 - (v) for an LDZ CSEP the capacity shall be determined in accordance with TPD Section B4.5.2;
- (d) the distance (to the nearest 0.1km) from the Specified Entry Point to the curtilage of the Specified Exit Point or the offtake from the Total System at the Specified Exit Point (whichever is the lesser) shall be calculated on a straight line basis using six figure grid references. National Grid NTS shall determine a six figure grid reference for each Specified Entry Point and each Specified Exit Point (which may be revised in accordance with paragraph (f) or TPD Section G2.4.12);
- (e) an application for the NTS Optional Commodity Rate for a Supply Point shall be made in accordance with the provisions of TPD Section G2.3.2 or G2.3.9 (as the case may be) and, for a CSEP, shall be made in accordance with the provisions of paragraph (f);
- (f) a CSEP User, or a proposing CSEP User, may apply for the NTS Optional Commodity Rate in the following manner:
- (i) by Conventional Notice to National Grid NTS stating the CSEP User, the Specified Exit Point and the Specified Entry Point; and
 - (ii) National Grid NTS shall offer the NTS Optional Commodity Rate and shall provide the distance between the Specified Exit Point and the Specified Entry Point, the capacity of the CSEP determined in accordance with paragraph (c) and the six figure grid references used; and
 - (iii) where the CSEP User disputes the distance specified by National Grid NTS under paragraph (ii), the CSEP User may resubmit an application in accordance with paragraph (i) stating an alternative six figure grid reference for the Specified Exit Point with supporting evidence of calculation; and
 - (iv) the CSEP User shall confirm acceptance of the offer made in accordance with paragraph (ii) not earlier than 15 days after the submission of the confirmation (or such lesser period as National Grid NTS may specify) and not later than six months from the date of the offer;
- (g) the provisions of this paragraph 4.5.5 shall be without prejudice to the operation of TPD Section G6.5.4.

4.6 Overrun Charges

4.6.1 Subject to paragraphs 4.6.6 and 4.6.7, if for any reason in any calendar month (an "**overrun month**") the quantity of gas offtaken by a User from the Total System at a Firm NTS Supply Point Component or an NTS Connected System Exit Point, on any Day or Days (each an "**overrun day**") exceeds the User's Available DM NTS Exit Capacity at the relevant NTS Exit Point, the User shall pay a charge ("**NTS Exit Overrun Charge**") in respect of NTS Exit Capacity at that NTS Exit Point in that month.

4.6.2 For the purposes of this paragraph 4.6, in respect of a User at a NTS Exit Point:

- (a) the "**overrun quantity**" in respect of an overrun day is the amount by which in the case of a Firm NTS Supply Point or relevant NTS Connected System Exit Point, the User's UDQO in respect of that point exceeds the User's Available DM NTS Exit Capacity at that NTS Exit Point on that Day;

(b) the "**chargeable overrun quantity**" in respect of an overrun month is the largest overrun quantity on any overrun day in that month.

4.6.3 The NTS Exit Overrun Charge shall be calculated by multiplying the chargeable overrun quantity by the relevant multiplier (determined as set out in the table below (subject to paragraph 4.6.4) by reference to the month in which the overrun occurred) of the Applicable Annual Rate of the NTS Exit Capacity Charge in respect of the relevant NTS Exit Point.

Month	Relevant multiplier
December to March	2.0
October, November, April, May	0.5
June to September	0.2

4.6.4 Where a month from December to March (inclusive) is an overrun month ("**second overrun month**") and the preceding month was an overrun month ("**first overrun month**") in relation to the amount of the chargeable overrun quantity in the second overrun month which is less than or equal to the chargeable overrun quantity in the first overrun month for which the multiplier was determined in accordance with paragraph 4.6.3 the multiplier shall instead be 0.5.

4.6.5 The NTS Exit Overrun Charge shall be invoiced and payable in accordance with TPD Section S.

4.6.6 Where an NTS Supply Point Component comprises Shared Supply Meter Points:

(a) paragraph 4.6.1 shall apply only if and to the extent that the aggregate quantity offtaken from the Total System by all Sharing Registered Users at Firm DM Supply Point Components which include such Shared Supply Meter Point(s) exceeds the aggregate of such Users' Available NTS Exit Capacity at the relevant NTS Exit Point (the amount of such excess, the "**aggregate overrun excess**");

(b) for each such Sharing Registered User:

(i) the overrun quantity shall be determined as the amount (the "**individual overrun excess**") by which that User's UDQO exceeds its Available NTS Exit Capacity, divided by the sum of the individual overrun excesses for all such Sharing Registered Users, multiplied by the aggregate overrun excess;

(ii) the chargeable overrun quantity shall be determined by reference to the largest aggregate overrun excess of any overrun day in an overrun month (or if there is more than one such overrun day, the first such overrun day).

4.6.7 Where a User has made an application to increase the NTS Exit Capacity at a Firm NTS Supply Point Component which is subsequently accepted by National Grid NTS or a Proposing User has made a Supply Point Confirmation for an increase in NTS Exit Capacity, on any Day or Days where the gas offtaken by the User from the Total System at the Firm NTS Supply Point Component exceeds the User's Available DM NTS Exit Capacity at such Supply Point, but does not exceed the User's Available DM Exit Capacity following the effective date of such application or confirmation, then no NTS Overrun Charge shall be payable in respect of such Day or Days.

4.7 Registration: DM Supply Points and non NTS CSEPs

4.7.1 A User will at any time be deemed to apply for DM NTS Exit Capacity ("**DM NTS Exit Capacity**") for each Exit Zone in its capacity as:

(a) the Registered User of any Firm DM LDZ Supply Point Components;

- (b) the CSEP User of any LDZ Connected System Exit Points; or
- (c) the Registered User of a Firm NTS Supply Point Component;

subject to and in accordance with this paragraph 4.7.

4.7.2 The DM NTS Exit Capacity for each Exit Zone shall be calculated as:

- (a) the sum of the Supply Point Capacities for all Supply Points in paragraph 4.7.1(a) determined in accordance with TPD Section G2.3.2(e); and
- (b) the sum of the Firm DM LDZ Capacities for all CSEPs in paragraph 4.7.1(b), determined in accordance with TPD Section H2.2 and the relevant CSEP Network Exit Provisions; or
- (c) the Supply Point Capacity of the Supply Point Component in paragraph 4.7.1(c), determined in accordance with TPD Section G5.

4.7.3 A User shall only be registered as holding DM NTS Exit Capacity, in accordance with this paragraph 4.7 in respect of such capacity held by the User as at the 10th of the calendar month, with effect from the 15th of each calendar month and for the period of one calendar month from such date (the "**capacity period**").

4.7.4 During the capacity period, a User's Registered DM NTS Exit Capacity shall not be reduced, and (subject to TPD Section V4.3) the registration shall not be terminated.

4.8 Surrender of NTS Exit Capacity

4.8.1 National Grid NTS may, in its discretion, agree to accept the surrender by a User of an amount (the "**surrendered amount**") of NTS Exit Capacity at an NTS Exit Point (other than an NTS/LDZ Offtake) for a period ("**surrender period**") of one or more Days.

4.8.2 Where National Grid NTS accepts the surrender of NTS Exit Capacity:

- (a) the amount of the User's Registered NTS Exit Capacity at the NTS Exit Point on any Day during the surrender period shall be determined as:
 - (i) the amount of such capacity on such Day determined pursuant to applicable provisions of the Code (including where applicable paragraph 4.7.2 and accordingly provisions of TPD Section G5.2, or provisions of any CSEP Network Exit Provisions); less
 - (ii) the surrendered amount;
- (b) the amount of the User's Available NTS Exit Capacity at the NTS System Exit Point on any Day during the surrender period shall be determined accordingly.

4.8.3 The amount payable (during a surrender period) by the User in respect of NTS Exit Capacity pursuant to paragraph 4.5 shall be determined in accordance with paragraph 4.8.2(a).

4.8.4 National Grid NTS will prepare (in consultation with Users) and publish (or include in the statement prepared pursuant to Special Condition C5(5) of National Grid NTS's Transporter's Licence) a statement setting out the principles on which (where it decides to do so) it will invite offers from Users to surrender NTS Exit Capacity.

4.8.5 Where National Grid NTS decides to invite offers from Users to surrender NTS Exit Capacity, it will do so in accordance with the principles in the prevailing statement published pursuant to paragraph 4.8.4, but nothing in the Code or such statement shall have the effect of requiring National Grid NTS to accept any offer to surrender NTS Exit Capacity.

4.9 Firm Capacity Application

4.9.1 In this paragraph 4.9, **Firm Capacity Application** means an application by a User:

- (a) for an amount (or increased amount) of its NTS Offtake Capacity at an NTS/LDZ Offtake pursuant to paragraph 5.3;
- (b) for an amount (or increased amount) of NTS Exit Capacity at an NTS Connected System Exit Point pursuant to paragraph 4.2;
- (c) for an amount or for an increase in the amount of its NTS Supply Point Capacity at an NTS DM Supply Point Component pursuant to TPD Section G5;
- (d) to redesignate an Interruptible NTS Supply Point as Firm pursuant to TPD Section G6.

4.9.2 In determining in connection with a Firm Capacity Application whether it is feasible to make gas available for offtake at such NTS Exit Point at an increased rate or in an increased amount in any period, National Grid NTS will take into account the effects of any surrender of NTS Exit Capacity pursuant to paragraph 4.8.

4.9.3 Where in connection with a Firm Capacity Application National Grid NTS determines that it is not feasible to make gas available for offtake in the absence of a surrender of NTS Exit Capacity:

- (a) National Grid NTS will so inform the User;
- (b) the User shall give notice to National Grid NTS specifying:
 - (i) the date from which its application is made (not being less than 2 months after such notice is given); and
 - (ii) the period (commencing on the date specified under paragraph (i) and ending not later than 30 September 2010) for which it applies for the relevant amount or increased amount of System Capacity or (as the case may be) redesignation of the Interruptible Supply Point as Firm;
- (c) notwithstanding any other provision of the Code or any CSEP Network Exit Provisions, National Grid NTS shall not be required to respond to the User's request until the expiry of a period of 2 months after the User's notice under paragraph (b);
- (d) National Grid NTS will (in accordance with paragraph 4.8) seek offers for the surrender of NTS Exit Capacity, but for the avoidance of doubt it shall be for National Grid NTS to determine in its discretion whether to accept any such offer (and accordingly whether to accept the Firm Capacity Application on the basis of the notice given under paragraph (b)).

4.9.4 Where (following a surrender of NTS Exit Capacity) National Grid NTS accepts a Firm Capacity Application then, notwithstanding any other provision of TPD Section B or the Code or any CSEP Network Exit Provisions:

- (a) for the period specified under paragraph 4.9.3(b)(ii):
 - (i) in the case of an application for (or for an increase in) System Capacity, the absolute amount of the User's NTS Exit Capacity, NTS Offtake Capacity or (as the case may be) NTS Supply Point Capacity shall not be reduced (other than pursuant to an acceptance by National Grid NTS of a subsequent offer to surrender NTS Exit Capacity pursuant to paragraph 4.8) below the level held by the User pursuant to acceptance of its Firm Capacity Application;

- (ii) in the case of an application to redesignate an Interruptible Supply Point as Firm, the Supply Point shall not be redesignated as Interruptible;
- (b) following the expiry of such period (subject to the result of any other Firm Capacity Application by the User):
 - (i) in the case of an application for (or for an increase in) System Capacity, the amount of the User's NTS Exit Capacity, NTS Offtake Capacity or (as the case may be) NTS Supply Point Capacity shall be reduced to the level prevailing prior to the User's Firm Capacity Application under paragraph 4.9.2;
 - (ii) in the case of an application to redesignate an Interruptible Supply Point as Firm, the Supply Point shall be redesignated as Interruptible.

5 TRANSITIONAL NTS EXIT CAPACITY REGIME: NTS OFFTAKE CAPACITY

5.1 Introduction

5.1.1 Subject to and in accordance with the Code, a User may cause or permit the flow of gas from the NTS to an LDZ at a NTS/LDZ Offtake.

5.1.2 References in this paragraph 5 to Users are to DNO Users (and not Shipper Users).

5.2 Offtake Capacity Statement

5.2.1 National Grid NTS will issue to each DNO User, not later than 30 September in each Gas Year, a statement ("**Offtake Capacity Statement**") specifying, for each DNO User, for each of the Gas Years (each a **relevant** Gas Year) up to and including the Gas Year ending 30 September 2010, in relation to each NTS/LDZ Offtake:

- (a) an amount of NTS Offtake (Flat) Capacity;
- (b) an amount of NTS Offtake (Flexibility) Capacity;
- (c) Assured Offtake Pressures in accordance with paragraph 6.7.

5.2.2 The Offtake Capacity Statement prevailing at the UNC Implementation Date has been issued to DNO Users.

5.2.3 The Offtake Capacity Statement may be revised (as to any relevant Gas Year) in accordance with paragraph 5.3.

5.2.4 The Offtake Capacity Statement issued in any Gas Year will, as respects each relevant Gas Year, contain the same details as were specified in the preceding year's statement for that Gas Year, subject to any revision pursuant to paragraph 5.3 or, in the case of Assured Offtake Pressures, paragraph 6.7.

5.3 Registration

5.3.1 Subject to the further provisions of this paragraph 5.3, for each relevant Gas Year (or part thereof) a DNO User shall be registered as holding in respect of each relevant NTS/LDZ Offtake the amount of:

- (a) NTS Offtake (Flat) Capacity;
- (b) NTS Offtake (Flexibility) Capacity

specified in respect of such Gas Year (or part thereof) in the prevailing Offtake Capacity Statement.

5.3.2 A DNO User may apply:

- (a) to increase the amount of its NTS Offtake Capacity at a NTS/LDZ Offtake:
 - (i) in relation to any relevant Gas Year (year Y) or any relevant Gas Year after Year Y up to and including the Gas Year ending 30 September 2010 by submitting an application to National Grid NTS during the period (the **Application Window**) 1 June to 31 July in Gas Year Y-1;
 - (ii) in relation to any relevant Gas Year (year Y) or the remaining part thereof up to and including the Gas Year ending 30 September 2010 where the DNO User might otherwise be unable to comply with the relevant conditions of its Transporter's Licence, by submitting an application to National Grid NTS at any time after the end of the Application Window in Gas Year Y-1;
- (b) for an amount of NTS Offtake Capacity at an NTS/LDZ Offtake in relation to any relevant Gas Year (year Y) up to and including the Gas Year ending 30 September 2010 by submitting an application to National Grid NTS during the Application Window 1 June to 31 July in Gas Year Y-1

subject to and in accordance with this paragraph 5.

5.3.3 An application for an amount of NTS Offtake Capacity or for an increase in NTS Offtake Capacity at an NTS/LDZ Offtake shall specify:

- (a) the identity of the User;
- (b) the relevant NTS/LDZ Offtake;
- (c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which the application is made;
- (d) the amount or increased amount of NTS Offtake (Flat) Capacity and/or the increased amount of NTS Offtake (Flexibility) Capacity applied for.

5.3.4 National Grid NTS may reject, or accept in part only, an application for an amount of or an increase in the NTS Offtake Capacity in respect of an NTS/LDZ Offtake where, or (as the case may be) to the extent that, National Grid NTS determines that it would not be feasible to make gas available for offtake at the NTS/LDZ Offtake on the basis of such amount or increased amount of NTS Offtake Capacity throughout the period for which the application is made.

5.3.5 In making any determination under paragraph 5.3.4 in relation to applications made within an Application Window, National Grid NTS will take into account all applications received by National Grid NTS within the Application Window from DNO Users for an amount of or an increase in NTS Offtake Capacity and from any Shipper User for an amount of or an increase in NTS Exit Capacity at an NTS Exit Point other than an NTS/LDZ Offtake (and where relevant the provisions of paragraph 4.9).

5.3.6 National Grid NTS will:

- (a) in the case of an application under paragraph 5.3.2(a)(i) or (b), by 30 September following the relevant Application Window; and
- (b) in the case of an application under paragraph 5.3.2(a)(ii), as soon as reasonably practicable after receiving the application

notify the User whether its application is accepted in whole or in part, or rejected, specifying (where the application is accepted in part) the amount of NTS Offtake (Flat) Capacity and/or NTS Offtake (Flexibility) Capacity for which the application is accepted.

- 5.3.7 A DNO User may decrease the amount of its NTS Offtake Capacity at a NTS/LDZ Offtake in relation to any relevant Gas Year (year Y) or any relevant Gas Year after Year Y by notifying such decrease to National Grid NTS during the Application Window in Gas Year Y-1, specifying:
- (a) the identity of the User;
 - (b) the relevant NTS/LDZ Offtake;
 - (c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which notification is made;
 - (d) the decreased amount of NTS Offtake (Flat) Capacity and/or the decreased amount of NTS Offtake (Flexibility) Capacity.
- 5.3.8 Where National Grid NTS accepts an application (in whole or part) for an amount of, or an increase in, NTS Offtake Capacity, or where a DNO User decreases the amount of its NTS Offtake Capacity, National Grid NTS will issue a revised Offtake Capacity Statement reflecting such amount, or such increase or decrease.
- 5.3.9 The NTS Offtake (Flexibility) Capacity held by a DNO User at an NTS/LDZ Offtake on a Day may also be increased as provided in paragraph 6.16, but the Offtake Capacity Statement will not be revised to reflect such increase.
- 5.3.10 The Ten Year Statement to be prepared and published by National Grid NTS in accordance with TPD Section O4 may include details of the amount of NTS Offtake Capacity held by Users at NTS/LDZ Offtakes.

5.4 Charges

- 5.4.1 No charges are payable by Users in respect of NTS Offtake Capacity.

5.5 Overruns

- 5.5.1 If for any reason the quantity of gas offtaken by a User at an NTS/LDZ Offtake on any Day exceeds the User's NTS Offtake (Flat) Capacity, there is an overrun ("**NTS Offtake (Flat) Overrun**").
- 5.5.2 The amount of the NTS Offtake (Flat) Overrun at an NTS/LDZ Offtake on any Day is the amount (if any) by which the quantity of gas offtaken by a User at an NTS/LDZ Offtake on any Day exceeds the User's NTS Offtake (Flat) Capacity.
- 5.5.3 If for any reason a User's Offtake Flexibility Quantity at an NTS/LDZ Offtake on any Day exceeds the User's NTS Offtake (Flexibility) Capacity, there is an overrun ("**NTS Offtake (Flexibility) Overrun**").
- 5.5.4 The amount of the NTS Offtake (Flexibility) Overrun ('NOFO') at an NTS/LDZ Offtake on any Day is the quantity determined as follows:

$$\text{NOFO} = \max \{(\text{OFQ} - \text{NOFC}), 0\}$$

where:

OFQ is the User's Offtake Flexibility Quantity determined in accordance with paragraph 5.5.5;

NOFC is the User's NTS Offtake (Flexibility) Capacity (which may be positive or negative).

- 5.5.5 A User's Offtake Flexibility Quantity ('OFQ') for a Day at an NTS/LDZ Offtake is the quantity determined as follows:

$$\text{OFQ} = (\text{Q}_{2200} * (1 - \text{FT})) - (\text{Q}_D * 16/24)$$

where:

Q_{2200} is the quantity of gas offtaken by the User at the NTS/LDZ Offtake between 06:00 hours and 22:00 hours on the Day;

FT is 0.015(a 1.5% flexibility tolerance);

Q_D is the quantity of gas offtaken by the User at the NTS/LDZ Offtake in the whole of the Day.

5.5.6 No charge is payable by a User in respect of a NTS Offtake (Flat) Overrun or a NTS Offtake (Flexibility) Overrun.

6 INTERIM NTS EXIT CAPACITY REGIME: TPD MISCELLANEOUS

6.1 Introduction

6.1.1 During the exit capacity transitional period the provisions of this paragraph 6 shall apply.

6.2 TPD Section A: System Classification

6.2.1 An NTS Supply Point may be an Interruptible Supply Point or a Firm Supply Point.

6.3 TPD Section B: System Use and Capacity

6.3.1 Supply Point Capacity is capacity which the User is treated as utilising in offtaking gas from the Total System at any Supply Point Component.

6.3.2 Where a System Point is both an NTS Exit Point and a Supply Point Component, the provisions of both paragraph 4 as to the holding of NTS Exit Capacity and TPD Section B4 as to the holding of Supply Point Capacity are applicable (and a gas flow at such point shall be treated both as a gas flow out of the NTS and an offtake from the Total System).

6.3.3 In TPD Section B1.8.5(d) and B1.8.6 the references to paragraph 3.14.5 and 3.14.9 shall be treated as a references to paragraph 4.5.3 and 4.5.5 respectively.

6.3.4 For the purposes of TPD Section B1.9.3 the relevant DN Operator will hold NTS Offtake Capacity at the Scottish Independent Network NTS Exit Point.

6.3.5 In TPD Section B1.9.3(d) the reference to paragraph 3.15 shall be treated as a reference to paragraph 5.5.

6.3.6 In the circumstances in TPD Section 1.11(a) the Transporter will in addition redetermine the Supply Point Ratchet Charge for a NTS Supply Point.

6.3.7 References to Users in TPD Section B4 exclude DNO Users.

6.3.8 Subject to the provisions of the Code a Shipper User may offtake gas from the Total System at a Registered NTS Supply Point Component.

6.3.9 A User shall pay Customer Charges in respect of its Registered NTS Supply Points.

6.3.10 In TPD Sections B4.7.4 and 4.7.6 the references to LDZ Capacity Charges apply only in the case of LDZ Supply Point Components.

6.3.11 TPD Section B4.7.5 is only relevant in the context of an LDZ Supply Point Component.

- 6.3.12 In the context of a System Capacity Transfer (except as provided for under paragraph 3.3.6):
- (a) for the purposes of paragraph 4 and TPD Section B5 a User may only transfer all or part of its Available NTS Exit Capacity in respect of an NTS CSEP booked in accordance with the relevant CSEP Ancillary Agreement or in accordance with paragraph 4.2 to another User in accordance with TPD Section B5 (and accordingly a NTS CSEP may be a Transfer System Point);
 - (b) TPD Sections B5.1.4(b), 5.2.3(c), 5.2.5, 5.3.2(b), 5.4.1(a)(ii), 5.4.2(d), 5.5.1(b)(ii), 5.7 and B6 shall not apply.

6.3.13 In TPD Section B5.5.2(b) the reference to paragraph 3.15.1(a) shall be treated as a reference to paragraph 4.6.2(a).

6.3.14 If:

- (a) National Grid NTS purports to reject a System Capacity Transfer other than in accordance with TPD Section B5.2.3(a), (b) and (d); and
- (b) reasonably promptly thereafter the Transferor User and the Transferee User so notify National Grid NTS, stating that they wish the transfer to be implemented

the Transferee User shall not be liable for any Overrun Charge which it would not have incurred had the System Capacity Transfer been approved (and where any such Overrun Charge has been invoiced and/or paid, appropriate invoice adjustments will be made in accordance with TPD Section S).

6.3.15 TPD Section B5.6.2(c) shall be deemed to include a reference to paragraph 6.3.13.

6.4 TPD Section E: Daily Quantities, Imbalances and Reconciliation

6.4.1 For the purposes of TPD Section E3.2, the requirements regarding the quantity of gas offtaken at a NTS Connected System Exit Point between 06:00 hours and 22:00 hours shall not apply.

6.4.2 TPD Section E3.3.3 shall not apply.

6.5 TPD Section G: Supply Points

6.5.1 For the purposes of TPD Section G1.7 the requirements regarding an allocation of the quantity of gas offtaken at an NTS Supply Point Component at 22:00 hours on a Day shall not apply.

6.5.2 In TPD Section G1.7, 2, 6 and 7 a reference to:

- (a) an LDZ Supply Point includes an NTS Supply Point;
- (b) a DM LDZ Supply Point Component includes a DM NTS Supply Point Component.

6.5.3 In TPD Section G a reference to an Interruptible LDZ Supply Point includes an NTS Supply Point which is designated as Interruptible.

6.5.4 Where an IFA Charge is payable by the Registered User pursuant to TPD Section G1.15.2 the Registered User shall in addition pay to National Grid NTS an amount equal to the NTS Exit Capacity Charge set out in National Grid NTS's Transportation Statement.

6.5.5 In TPD Section G2.2.6 the reference to TPD Section 3.14.5 shall be treated as a reference to paragraph 4.5.5.

6.5.6 For the purposes of TPD Section G2.4.2(d)(ii) where the Proposed Supply Point is an NTS Supply Point the Supply Point Offer will specify the NTS Exit Capacity.

- 6.5.7 For the purposes of TPD Section G2.5.3(b)(ii) where the Proposed Supply Point is an NTS Supply Point the User also agrees to be registered as holding NTS Exit Capacity determined in accordance with TPD Section H4.
- 6.5.8 For the purposes of TPD Section G3.2.2 where the Supply Point Withdrawal relates to an NTS Supply Point the Supply Point Transportation Charges payable shall in addition be determined by reference to the NTS Exit Capacity held by the User immediately before submission of the Supply Point Withdrawal.
- 6.5.9 For the purposes of TPD Section G6.1.9 where the Interruptible Supply Point is an NTS Exit Point the Registered User (or Sharing Registered Users) shall in addition not be required to pay NTS Exit Capacity Charges.
- 6.5.10 For the purposes of TPD Section G6.9.2(b)(i) where there is a failure to Interrupt at an NTS Supply Point the charge payable shall be 2 times the Applicable Annual Rate of the NTS Exit Capacity Charge payable if the NTS Supply Point was designated as Firm.
- 6.5.11 For the purposes of TPD Section G6.9.7(b)(i) an NTS Supply Point shall also be treated as Firm Supply Point for the purposes of determining any NTS Exit Overrun Charges payable by a User.

6.6 TPD Section H: Demand Estimation and Demand Forecasting

- 6.6.1 For the purposes of TPD Section H1.1.1 demand will also be estimated to determine NTS Exit Capacity under paragraph 4.
- 6.6.2 The NTS Exit Capacity which a User is registered as holding at or (as the case may be) in respect of an NDM Supply Point Component on any Day in a Gas Year will be equal to the Supply Point Capacity determined in accordance with TPD Section H4.1.

6.7 TPD Section J: Assured Offtake Pressure

- 6.7.1 The reference to the Offtake Pressure Statement in TPD Section J2.5.1(b) shall be treated for each Gas Year up to and including the Gas Year ending 30 September 2010 as a reference to the Offtake Capacity Statement issued in accordance with paragraph 5.2.1.
- 6.7.2 TPD Sections J2.5.2 to 2.5.12 (inclusive) shall not apply.
- 6.7.3 In accordance with paragraph 5.2.4, the 0600 and 2200 pressures specified (in relation to any NTS/LDZ Offtake) for any Gas Year in the Offtake Capacity Statement issued in any Gas Year will be the same as those specified in the preceding year's statement for such Gas Year, subject to any revision pursuant to paragraph 6.7.6.
- 6.7.4 For the purposes of paragraph 5.3, in connection with an application for an amount or an increase in NTS Offtake Capacity, National Grid NTS will not determine that it is feasible to make gas available for offtake on the basis of such increase to the extent that the 0600 and 2200 pressures at which it expects that, under normal NTS operating conditions, gas would (if such application were accepted) be available for offtake at the NTS/LDZ Offtake on any Day during any relevant Gas Year would be reduced below the prevailing Assured Offtake Pressures.
- 6.7.5 A DNO User may, at the times at which it may apply (in accordance with paragraph 5.3.2) for:
- (a) an increase in NTS Offtake Capacity, apply to increase the Assured Offtake Pressures in relation to an NTS/LDZ Offtake for a relevant Gas Year;
 - (b) an amount of NTS Offtake Capacity, apply for the Assured Offtake Pressures in relation to an NTS/LDZ Offtake for a relevant Gas Year.

- 6.7.6 Subject to paragraph 6.7.8, National Grid NTS may reject, or accept in part only, any application for, or an increase in, Assured Offtake Pressures in respect of an NTS/LDZ Offtake in a Gas Year where, or (as the case may be) to the extent that, National Grid NTS determines (having regard, inter alia, to the amounts of NTS Offtake Capacity and NTS Exit Capacity held by Users) it would not be possible (under all credible NTS operating conditions) to make gas available for offtake at the NTS/LDZ Offtake on any Day during that Gas Year at the increased Assured Offtake Pressures applied for.
- 6.7.7 For the purposes of paragraph 6.7.6, the reference to all credible NTS operating conditions is to all conditions other than a condition the existence of which would amount to Force Majeure affecting National Grid NTS.
- 6.7.8 For the purposes of paragraph 6.7.6, where a DNO User has applied for Assured Offtake Pressures at an NTS/LDZ Offtake for a relevant Gas Year in accordance with paragraph 6.7.5(b), then where the Assured Offtake Pressures specified in the Offtake Capacity Statement for the preceding year are:
- (a) greater than or equal to the Assured Offtake Pressures applied for, such application will be accepted; or
 - (b) less than the Assured Offtake Pressures applied for, the Assured Offtake Pressures accepted will be not less than the values specified in the Offtake Capacity Statement for such preceding year.

6.8 TPD Section J: Gas not made available for offtake

- 6.8.1 TPD Section J3.5.2 shall apply to both an NTS Supply Point and an LDZ Supply Point.
- 6.8.2 TPD Section J3.5.3 shall apply to a Supply Point Component in both an NTS Supply Point and an LDZ Supply Point.
- 6.8.3 In TPD Section J3.5.3(a) the value 'P' is the sum of the Applicable Daily Rates of:
- (a) the Capacity Variable Component of the Customer Charge;
 - (b) in the case of an LDZ Supply Point, the LDZ Capacity Charge; and
 - (c) the applicable NTS Exit Charge.
- 6.8.4 TPD Sections J3.5.7 and 3.5.8 shall not apply.
- 6.8.5 TPD Section J3.5.12 shall not apply to a dispute in relation to an NTS Exit Point.

6.9 TPD Section J: User offtake obligations: DM Supply Point Components

- 6.9.1 TPD Section J3.8 shall apply in respect of a DM Supply Point Component comprised in an NTS Supply Point and in an LDZ Supply Point.

6.10 TPD Section J: User offtake obligations: CSEPs

- 6.10.1 TPD Section J3.9 shall apply in respect of an NTS Connected System Exit Point and an LDZ Connected System Exit Point.
- 6.10.2 The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System at an NTS Connected System Exit Point by a CSEP User, on any Day, in a quantity which exceeds the User's Available NTS Exit Capacity.

6.11 TPD Section J: User offtake obligations: Inter-System Offtakes

6.11.1 TPD Sections J3.10.1(a), 3.10.2, 3.10.5 shall not apply.

6.11.2 For the purposes of TPD Section J3.10.1(b) the maximum permitted rate in respect of an NTS/LDZ Offtake is a rate calculated as:

$$(C_{\text{FLAT}} / 24) + (C(M)_{\text{FLEX}} / 4)$$

where:

C_{FLAT} is the DNO User's NTS Offtake (Flat) Capacity;

$C(M)_{\text{FLEX}}$ is the magnitude of the DNO User's NTS Offtake (Flexibility) Capacity.

6.11.3 The upstream Transporter will not be obliged under any provision of the Code to make gas available for offtake from the upstream System by a User at an NTS/LDZ Offtake:

- (a) at any time, at a rate which exceeds the maximum permitted rate (in accordance with paragraph 6.11.2);
- (b) on any Day, in a quantity which exceeds the User's NTS Offtake (Flat) Capacity; or
- (c) in the period between 06:00 hours and 22:00 hours on any Day, in a quantity which exceeds $(\text{NOFC} + 16/24 * Q_D)$ (as those terms are defined in paragraphs 5.5.5 and 5.5.6).

6.12 TPD Section J: Network Exit Provisions

6.12.1 For the purposes of TPD Section J4.3.3(a) Network Exit Provisions for an NTS Connected System Exit Point do not need to specify the procedures for determining the quantity of gas offtaken between 06:00 hours and 22:00 hours on a Day.

6.13 TPD Section J: Offtake Profile Notice

6.13.1 For the purposes of TPD Section J4.5.6 where the Transporter is National Grid NTS shall consider any request, and such request shall be made, in accordance with paragraph 6.16.

6.13.2 No communication to the Transporter pursuant to this paragraph 6.13 or TPD Section J4.5 shall be (or shall be treated as in substitution for) a Nomination or Renomination under TPD Section C.

6.13.3 TPD Section J4.5.9 to 4.5.12 (inclusive) shall not apply.

6.13.4 For the purposes of TPD Section J4.5, "**Permitted Offtake Rate**" means:

- (a) in relation to a Supply Meter Point, the Supply Point Offtake Rate;
- (b) in relation to a Connected System Exit Point, the maximum permitted rate of offtake in accordance with the Network Exit Provisions;
- (c) in relation to an Inter-System Offtake, the maximum permitted rate of offtake in accordance with paragraph 6.11.2 or TPD Section J3.10.3.

6.14 TPD Section J: NTS Exit Capacity at relevant NTS Connected System Exit Points

6.14.1 TPD Section J6.7.1 is subject to paragraph 6.14.5.

6.14.2 Without prejudice to any provisions for allocation of NTS Exit Capacity contained in the CSEP Network Exit Agreement or any CSEP Ancillary Agreement, or the further provisions of this paragraph 6.14 and TPD Section J6.7, National Grid NTS shall be entitled to reject any

application for (or for an increase in) NTS Exit Capacity at a relevant NTS Connected System Exit Point where the requirement in TPD Section J6.7.1 would be infringed if it accepted such application.

- 6.14.3 National Grid NTS may agree, pursuant to the CSEP Network Exit Agreement or CSEP Ancillary Agreement, and subject to any conditions contained in such Agreement, that, with effect from the expiry of the capacity period (as defined in such Agreement) in respect of any prevailing registration in the name of any User of NTS Exit Capacity at an NTS Connected System Exit Point, the User shall be entitled to apply for and may be registered (in priority to any other User) as holding NTS Exit Capacity in an amount subject to such prevailing registration.
- 6.14.4 Unless National Grid NTS shall otherwise agree, any application by a User for NTS Exit Capacity at a relevant NTS Connected System Exit Point shall be made by way of Conventional Notice; and any registration of NTS Exit Capacity at a relevant NTS Connected System Exit Point in respect of which this paragraph 6.14.4 is not complied with shall be invalid and ineffective notwithstanding such registration may be recorded in UK Link and notwithstanding National Grid NTS may have invoiced NTS Exit Capacity Charges pursuant to such registration.
- 6.14.5 National Grid NTS may agree pursuant to a CSEP Network Exit Agreement or a CSEP Ancillary Agreement, upon such terms and subject to such conditions as may be provided in such Agreement, that:
- (a) a relevant NTS Connected System Exit Point may be treated, pursuant to TPD Section A3.5.5, as comprising two separate Connected System Exit Points (respectively a "**Firm CSEP**" and an "**Interruptible CSEP**") for the purposes described in this paragraph 6.14.5 and such other purposes as may be specified in such Agreement;
 - (b) a CSEP User may apply for and hold NTS Exit Capacity at the Interruptible CSEP the basis that National Grid NTS shall be entitled to require the User to reduce or discontinue the offtake of gas from the Total System at the Connected System Exit Point:
 - (i) where it would not otherwise be feasible for National Grid NTS to make available gas for offtake from the Total System by CSEP Users at the Firm CSEP pursuant to the exercise of their entitlements so to offtake gas;
 - (ii) in any such other circumstances as may be provided in such Agreement; and
 - (c) a CSEP User will not be liable to pay NTS Exit Capacity Charges, or will be liable to pay such charges only at a reduced rate, in respect of NTS Exit Capacity held (in accordance with paragraph (b)) at the Interruptible CSEP

and in such a case the Firm CSEP, but not the Interruptible CSEP, shall be a relevant Connected System Exit Point for the purposes of TPD Section J6.7.1.

6.15 TPD Section J: Inter-System Offtakes: Offtake Profile Notice

- 6.15.1 In addition to the requirements in paragraph 6.13 and TPD Section J4.5, an Offtake Profile Notice submitted in relation to an NTS/LDZ Offtake must satisfy the requirement in paragraph 6.15.2.
- 6.15.2 The requirement is that the offtake of gas (at the NTS/LDZ Offtake) from the NTS at the rates of offtake specified in the Offtake Profile Notice would not result:
- (a) in an NTS Offtake (Flat) Overrun; or
 - (b) in an NTS Offtake (Flexibility) Overrun.

6.16 TPD Section J: Inter-System Offtakes: Short term increase in capacity

6.16.1 In relation to an NTS/LDZ Offtake, for the purposes of TPD Section J4.5.5:

- (a) a request referred to in TPD Section J4.5.6(b) is a request for an increase in the amount of NTS Offtake (Flexibility) Capacity held by the DN Operator at the NTS/LDZ Offtake for the Day;
- (b) such a request may be made by submitting a proposed Offtake Profile Notice which (in the absence of such an increase in NTS Offtake (Flexibility) Capacity) would not comply with the requirement in paragraph 6.15.2(b);
- (c) National Grid NTS may accept such request by accepting such proposed Offtake Profile Notice, in which case the DN Operator's NTS Offtake (Flexibility) Capacity for the Day shall be increased by the lowest amount which results in the requirement in paragraph 6.15.2(b) being satisfied in relation to the Offtake Profile Notice.

6.16.2 Where (at any time) more than one User has made a request pursuant to TPD Section J4.5.6(a) or (b), National Grid NTS shall consider such requests on the basis of such allocation principles as National Grid NTS shall from time to time establish and publish for the purposes of this paragraph 6.16.2.

6.17 TPD Section J: Inter-System Offtakes: Liability of downstream DN Operator

6.17.1 In TPD Section J7 a reference to:

- (a) an NTS Exit Point shall be treated as a reference to an NTS/LDZ Offtake;
- (b) NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity shall be treated as a reference to NTS Offtake (Flat) Capacity and NTS Offtake (Flexibility) Capacity; and
- (c) a User shall be treated as a reference to a DN Operator.

6.17.2 In applying TPD Section J7.2.1 account shall be taken of the acceptance of any request under paragraph 6.16.1.

6.18 TPD Section J: NTS CSEPs

6.18.1 TPD Section J8 shall not apply.

6.19 TPD Section M: Supply Point Metering

6.19.1 Nothing in TPD Section M regarding a Meter Reading in respect of an NTS Supply Point Component at 22:00 hours on a Day shall apply.

6.19.2 TPD Section M4.4.6 and 5.1.5 shall not apply.

6.20 TPD Section Q: Emergencies

6.20.1 TPD Section Q4.1(a)(iii) shall not apply.

6.21 TPD Section R: NTS Exit Capacity

6.21.1 If, upon the application of a User, National Grid NTS has informed the User that a Storage Connection Point is 'eligible for firm transportation' for the purposes of this paragraph 6.21, the User may elect to hold (and pay NTS Exit Capacity Charges in respect of) NTS Exit Capacity at the Storage Connection Point.

6.21.2 For the purposes of paragraphs 6.21 to 6.25 (inclusive), in relation to a Storage Connection Point:

- (a) a "**Firm User**" is a User who holds Available NTS Exit Capacity at that point (pursuant to an election by that or another User under paragraph 6.21.1);
- (b) the "**Aggregate Firm Offtake Rate**" is the rate of offtake determined as 1/24 of the aggregate amount (if any) of the NTS Exit Capacity for the time being held by Firm Users at that point;
- (c) a User's "**Interruptible UDQO**" for a Day in relation to that point is:
 - (i) subject to paragraph (ii), that User's UDQO;
 - (ii) in the case of a Firm User, the amount (if any) by which its UDQO exceeds the amount of its Available NTS Exit Capacity at the point.

6.22 TPD Section R: Interruption

6.22.1 The Transporter shall be entitled to require interruption (including a reduction in the rate) of the offtake (in aggregate by all Users) of gas from the Total System at a Storage Connection Point, by giving notice ("**SCP Interruption Notice**") to the Storage Operator and each Storage CSEP User, specifying:

- (a) the time ("**interruption time**"), not being less than 5 hours after such notice was given, with effect from which such offtake of gas is to be interrupted; and
- (b) the reduced aggregate rate (or discontinuance) of offtake required by such interruption; provided that such rate shall not be less than the Aggregate Firm Offtake Rate.

6.22.2 TPD Sections G6.6.3 (other than G6.7.3(b)) and G6.7.4 shall apply in respect of interruption under paragraph 6.22.1 at a Storage Connection Point.

6.22.3 Storage CSEP Users shall secure compliance with any SCP Interruption Notice and shall be responsible for submitting Output Renominations accordingly.

6.22.4 The Transporter may (but shall not be required to) agree pursuant to the Storage Connection Agreement that the Storage Operator will take such steps as are necessary to interrupt or reduce the rate of offtake of gas at the Storage Connection Point so as to comply with an SCP Interruption Notice.

6.22.5 Where the Transporter has given an SCP Interruption Notice, as soon as reasonably possible after the Transporter determines that the requirement for interruption no longer applies or will at a certain time cease to apply, the Transporter will so notify the Storage Operator and Storage CSEP Users specifying the time at which the requirement for such interruption will no longer apply.

6.23 TPD Section R: Days of Interruption

6.23.1 The number of Days on which the Transporter requires interruption at a Storage Connection Point shall be determined in accordance with TPD Section G6.7.5.

6.23.2 For the purposes of paragraphs 6.21 to 6.25 (inclusive), TPD Section G6.5 (other than G6.5.6, 6.5.8 and 6.5.9) shall apply.

6.23.3 The Transporter will not require interruption at a Storage Connection Point on more than 15 Days outside the Winter Period in any Gas Year.

6.24 TPD Section R: Failure to Interrupt

6.24.1 TPD Section G6.5 (other than G6.5.6) shall apply for the purposes of this paragraph 6, subject as follows.

- 6.24.2 For the purposes of TPD Section G6.9.2(b)(i), in the context of interruption required at a Storage Connection Point, the amount payable by Storage CSEP Users in aggregate shall be calculated:
- (a) by reference to the basis of the Applicable Annual Rate of NTS Exit Capacity Charge for the Exit Zone in which the Storage Connection Point is located; and
 - (b) on the basis of a notional Supply Point Capacity calculated as the difference between the rate (in MW) of offtake of gas at the Storage Connection Point immediately before the interruption time, and the reduced rate (including zero, subject to the proviso to paragraph 6.22.1(b)) of offtake (in MW) required by such interruption, multiplied by the period (in hours, divided by 24) from the interruption time until the end of the Gas Flow Day.
- 6.24.3 For the purposes of TPD Section G6.9.2(b)(ii), in the context of interruption required at a Storage Connection Point, the term 'Y' shall be the aggregate quantity of gas offtaken, at times when the SCP Interruption Notice was in force, at a rate in excess of the reduced rate (including zero, subject to the proviso to paragraph 6.22.1(b)) of offtake (in MW) required by such interruption.
- 6.24.4 TPD Section G6.9.8 shall not apply, but the Storage Connection Point shall be counted as a Registered Interruptible Supply Point for the purposes of the further application of TPD Section G6.9.7.
- 6.24.5 Subject to paragraph 6.24.6, in relation to a Storage Connection Point, Storage CSEP Users (including the Storage Operator) shall be liable for the aggregate amounts payable pursuant to paragraph 6.24.1 in respect of a Day in the proportions of their respective Interruptible UDQOs in respect of the Storage Connection Point.
- 6.24.6 Where Storage CSEP Users have appointed a User Agent for the purposes of determining the allocation of such amounts:
- (a) the Transporter will notify to such agent the aggregate amounts payable pursuant to paragraph 6.24.1 not later than 6 Days after the Gas Flow Day;
 - (b) where the agent notifies the Transporter, not later than the Exit Close-out Date, an allocation of such amounts (in aggregate equal to the aggregate amount notified by the Transporter under paragraph (a)) between particular Storage CSEP Users specified by the agent, paragraph 6.24.5 shall not apply, and Storage CSEP Users will be liable for such amounts in accordance with the agent's notification to the Transporter.

6.25 TPD Section R: Interpretation

- 6.25.1 In paragraphs 6.21 to 6.25 (inclusive) "**Storage CSEP User**" means a CSEP User in respect of a Storage Connection Point.
- 6.25.2 Where any provision of TPD Section G6 is to apply for the purposes of paragraphs 6.21 to 6.25 (inclusive), such references in TPD Section G6 to the terms in the first column in the table below shall be construed as references to the terms (as used in relation to a particular Storage Connection Point in paragraphs 6.21 to 6.25 (inclusive)) in the second such column:

TPD Section G6	Paragraphs 6.21 to 6.25 (inclusive)
Interruption	Interruption under paragraph 6.22

Interruption Notice	SCP Interruption Notice
Supply Point or Interruptible Supply Point	Storage Connection Point
Supply Meter Point	Any Individual System Exit Point comprised in the Storage Connection Point
User or Registered User	All of the Storage CSEP Users, or where the context admits, a particular Storage CSEP User
The requirement in TPD Section G6.7.2(b)	The requirement for interruption under paragraph 6.22
TNI Supply Point	A Storage Connection Point subject to a designation by the Transporter pursuant to TPD Section G6.5.1

6.26 TPD Section S: Invoicing and Payment

6.26.1 The Invoice Items appearing on an NTS Exit Capacity Invoice shall include (and be limited to) NTS Exit Capacity Charges – DM NTS Exit Capacity, NTS Exit Capacity Charges – NDM NTS Exit Capacity and NTS Exit Overrun Charges.

6.27 TPD Section U: UK Link

6.27.1 In TPD Section U references to Users shall exclude DNO Users other than a DNO User in the capacity of an LDZ Shrinkage Provider.

6.28 TPD Section V: General

6.28.1 In TPD Section V3 and V4 references to Users exclude DNO Users.

6.28.2 TPD Sections V3.3.2(b) and (c)(ii) and 3.3.4 shall not apply.

7 INTERIM NTS EXIT CAPACITY REGIME: OAD MISCELLANEOUS

7.1 OAD Section H: NTS Long Term Demand Forecasting

7.1.1 By the end of September in each Gas Year following receipt of the information provided by the DNO pursuant to OAD Section H2.1.1(h), National Grid NTS shall provide forecast NTS Offtake Capacity amounts and Assured Offtake Pressures relating to Gas Years 1 to 5 in accordance with paragraph 7.1.3.

7.1.2 For the purposes of OAD Section H2.1.1(h) and 2.7.1 the information to be provided by the DNO shall include the Offtake Flexibility Quantity (MCM per day).

7.1.3 The information to be provided by National Grid NTS to the DNO is the forecast of the availability of NTS Offtake (Flat) Capacity, NTS Offtake (Flexibility) Capacity and Assured Offtake Pressures in respect of each of its NTS/LDZ Offtakes, where such information is not contained in the Offtake Capacity Statement provided to such DNO in accordance with OAD Section B6.2 or any revisions thereto in accordance with OAD Section B6.3.

7.1.4 In OAD Annex H-1 Part 3, 'Forecast Flow Information to be provided by DNO', the data elements required per demand level shall include in addition to the forecast rate of flow (MCM/day) and peak rate (MCM/hour) the Offtake Flexibility Quantity (MCM/day).

7.2 OAD Section I: Revisions requested by National Grid NTS

7.2.1 In OAD Section I2.4.4:

- (a) the reference to paragraph 2 and TPD Section J4.5.2 shall include a reference to paragraph 6.15;
- (b) and where the request would infringe a requirement of paragraph 6.15 National Grid NTS shall be deemed to have accepted the request pursuant to paragraph 6.16.1 or waived such other requirements in accordance with OAD I2.4.4.

7.3 OAD Section I: Revisions requested by DNO

7.4 OAD Section I2.5 shall not apply.

7.5 OAD Section I: Low Demand Days

7.5.1 Where, in relation to any LDZ, LDZ demand for any Day is forecast (in the first LDZ demand forecast on the Preceding Day pursuant to TPD Section H5) to be less than 50% of 1-in-20 peak day demand, National Grid NTS may, by giving notice to the DNO not later than 17:00 hours on the Preceding Day, require that paragraph 7.5.2 shall apply, subject to paragraph 7.5.3.

7.5.2 Where this paragraph applies, irrespective of the amount (if any) of NTS Offtake (Flexibility) Capacity held by the DNO at any Offtake:

- (a) the DNO shall operate the LDZ and each Offtake such that, subject to the restrictions in OAD Section I2.3 on revisions of Offtake Profile Notices, for any given level of LDZ demand, the flows of gas at the Offtakes in aggregate for that LDZ are even throughout the Day;
- (b) in accordance with paragraph (a):
 - (i) after the DNO has submitted its initial Offtake Profile Notices, a revision of such Offtake Profile Notices under which the aggregate (for all Offtakes serving the LDZ) of the rates of offtake is revised, shall only be made to reflect changes in forecast LDZ demand; and
 - (ii) subject to the requirements of OAD Section I4, each Offtake Profile Notice or revision thereof submitted by the DNO shall specify a single rate of offtake:
 - (aa) in the case of the initial Offtake Profile Notice, for the whole of the Day; and
 - (bb) in the case of any revised Offtake Profile Notice, with effect from the time from which the rate of offtake is revised, for the remainder of the Day.

7.5.3 Where, in relation to any Day for which National Grid gives a notice under paragraph 7.5.1, compliance with paragraph 7.5.2 would (in the reasonable opinion of the DNO) significantly prejudice security of supply or the safe operation of the LDZ:

- (a) the DNO shall so notify National Grid NTS promptly upon receipt of National Grid NTS' notice;

- (b) paragraph 7.5.2 shall not apply, but the DNO and National Grid NTS will cooperate with a view to agreeing on limits on the variation of rates of offtake within the Day, and the DNO's Offtake Profile Notices shall comply with the limits so agreed.

7.6 OAD Section I: Variation of restrictions

7.6.1 OAD Section I2.6.1 shall not apply.

7.6.2 The requirements and restrictions in OAD Section I2 and paragraph 6.15 in relation to Offtake Profile Notices (and revisions thereof) shall not apply to the extent that (subject to and in accordance with TPD Section J4.5.5 and paragraph 6.16 where applicable) National Grid NTS waives or agrees to vary any such requirement or restriction in a particular case, and in particular shall not apply to the extent inconsistent with any Interruption Instruction given by National Grid NTS under paragraphs 7.7 and 7.8.

7.6.3 A DNO may request a waiver or variation (as referred to in paragraph 7.6.2) by submitting a proposed Offtake Profile Notice which does not comply with any such requirement or restriction, and such proposed Offtake Profile Notice shall take effect as an Offtake Profile Notice if and (if so) with effect from the time at which National Grid NTS agrees such waiver or variation.

7.7 OAD Section I: Interruption

7.7.1 In the further provisions of this paragraph 7 "**Interruption Instruction**" means an instruction given by National Grid NTS in relation to Interruption in accordance with paragraph 7.8.

7.7.2 The Parties acknowledge that under TPD Section G6:

- (a) the ability to require Interruption at an LDZ Interruptible Supply Point by giving an Interruption Notice is held by the DNO; but
- (b) Interruption may be required at an LDZ Interruptible Supply Point where (inter alia):
 - (i) there is or it is anticipated that there would otherwise be a Transportation Constraint on or affecting the NTS; or
 - (ii) forecast demand in relation to the NTS or the Total System on any Day exceeds certain levels (as determined in accordance with TPD Section G6);

and accordingly the Parties agree that National Grid NTS shall be entitled to require Interruption of LDZ Interruptible Supply Points in accordance with paragraphs 7.7 and 7.8.

7.7.3 Each DNO shall keep National Grid NTS informed of the DNO's Interruption rights from time to time in respect of each Exit Zone in each Gas Year as follows:

- (a) the DNO shall, in September of the preceding Gas Year, provide to National Grid NTS a statement containing the following information (as at the start of the Gas Year):
 - (i) the aggregate amount of the Supply Point Capacity held by Users at Interruptible LDZ Supply Points in that Exit Zone;
 - (ii) the aggregate amount (in GWh) of Interruption available to the DNO in that Exit Zone (that is, the sum, for all Interruptible LDZ Supply Points, of the Supply Point Capacity multiplied by the number Days of the Interruption Allowance in accordance with TPD Section G6.7.5); and
 - (iii) the number of Interruptible LDZ Supply Points in that Exit Zone;

- (b) the DNO shall, as soon as practicable after any material change in the information referred to in paragraph (a), and in any event upon the reasonable request of National Grid NTS, provide to National Grid NTS an updated statement of such information;
- (c) the DNO shall, at such intervals as National Grid NTS may reasonably require, and in any event as soon as practicable after any material change in such information, provide to National Grid NTS a statement of the cumulative aggregate amount (in GWh) of Interruption used in that Exit Zone to date in the Gas Year (that is, the sum, for all Interruptible LDZ Supply Points, of the Supply Point Capacity multiplied by the number of Days for which an Interruption Notice has been given, whether or not pursuant to Interruption Instructions of National Grid NTS); and
- (d) the DNO shall inform National Grid NTS at any time if (in the Gas Year to date) the DNO has Interrupted some Interruptible Supply Points in an Exit Zone on a materially greater number of Days than other Interruptible Supply Points.

7.7.4 Each DNO shall, in respect of each Day, provide to National Grid NTS, by 18:00 hours on the Preceding Day, a statement of its best estimate of the aggregate daily gas flows at Interruptible LDZ Supply Points in each of its LDZs that will be available for Interruption on that Day.

7.7.5 In paragraphs 7.7, 7.8 and 7.9, a reference to Interruption in respect of an Exit Zone is to Interruption of LDZ Interruptible Supply Points which will reduce the flow of gas at Offtakes in that Exit Zone.

7.8 OAD Section I: Requirement for Interruption

7.8.1 Where (as described in paragraph 7.7.2) National Grid NTS requires Interruption of LDZ Interruptible Supply Points, National Grid NTS will so instruct the DNO by giving an Interruption Instruction to the DNO, specifying:

- (a) the Exit Zone in respect of which such Interruption is required;
- (b) the aggregate amount (expressed in MW or MWh per hour), of the Interruption required; and
- (c) the time (consistent with the requirements of TPD Section G6.8.1, on the assumption that the DNO acts on the Interruption Instruction within 30 minutes after receiving it) with effect from which such Interruption is required.

7.8.2 Upon receipt of an Interruption Instruction under paragraph 7.8.1, the DNO shall:

- (a) as soon as practicable (and in any event within 30 minutes) after receipt of the instruction:
 - (i) select (in relation to the Exit Zone specified, and so as to secure the amount of Interruption specified, in the Interruption Instruction, but otherwise in its discretion) the LDZ Interruptible Supply Points which are to be Interrupted;
 - (ii) give Interruption Notices (for the Interruption Start Time specified in the Interruption Instruction) in relation to the selected LDZ Interruptible Supply Points; and
 - (iii) confirm to National Grid NTS that such Interruption Notices have been given; and
- (b) revise its Offtake Profile Notices for the relevant Offtake(s) so as to reflect the Interruption (on the assumption that the Interruption continues for the remainder of the Day).

7.8.3 When National Grid NTS' requirement for LDZ Interruption ceases or will cease, or the amount of Interruption required is or will be reduced, National Grid NTS will so instruct the DNO by giving an Interruption Instruction to the DNO, specifying:

- (a) the Exit Zone in respect of which the cessation or reduction of such Interruption is required;
- (b) whether the Interruption is to cease entirely or the amount thereof to be reduced;
- (c) in the case of a reduction, the aggregate amount (expressed in MW or MWh per hour) of the reduction in the required Interruption; and
- (d) the time (where later than the time at which the Interruption Instruction is given) with effect from which the cessation or reduction is required.

7.8.4 Upon receipt of an Interruption Instruction under paragraph 7.8.3, the DNO shall:

- (a) as soon as practicable (and in any event within 60 minutes) after receipt of the instruction:
 - (i) (in the case of a reduction in Interruption) select (in relation to the Exit Zone specified, and so as to secure the reduction of Interruption specified, in the Interruption Instruction, but otherwise in its discretion) the LDZ Interruptible Supply Points at which Interruption is to cease;
 - (ii) give notification (in accordance with TPD Section G6.8.5) of the cessation of Interruption (with effect from the time, if any, specified in the Interruption Instruction) in relation to the selected LDZ Interruptible Supply Points; and
 - (iii) confirm to National Grid NTS that such notification has been given; and
- (b) revise its Offtake Profile Notices for the relevant Offtake(s) so as to reflect the reduction or cessation of Interruption.

7.8.5 Interruption Instructions and DNO's confirmations of receipt of Interruption Instructions shall be given by the means and in the format specified in or pursuant to OAD Section M.

7.9 OAD Section I: Financial aspects of Interruption

7.9.1 The Parties acknowledge that:

- (a) pursuant to TPD Section G6.1.9(b), if any LDZ Interruptible Supply Point is Interrupted on more than 15 Days in a Formula Year, the Registered User(s) is entitled to a payment calculated in the manner provided for in the DNO's Transportation Statement; and
- (b) such compensation is effected by way of Invoice Credit in respect of Transportation Charges payable by Users to National Grid NTS, and accordingly is borne by National Grid NTS;

and accordingly each DNO agrees to repay to National Grid NTS a part or all of the amount of such compensation borne by National Grid NTS, in accordance with this paragraph 7.9.

7.9.2 Following each Formula Year, in respect of each LDZ Interruptible Supply Point in an LDZ which was Interrupted on more than 15 Days in the Formula Year, the DNO shall pay to National Grid NTS an amount calculated as:

$$C * (AI - NI) / AI$$

where:

- C is the amount of compensation payable by National Grid NTS in respect of the Interruptible Supply Point as referred to in paragraph 7.9.1;
- AI is the aggregate number of Days on which the Interruptible Supply Point was Interrupted in the Formula Year;
- NI is the number of Days on which the Interruptible Supply Point was Interrupted in the Formula Year pursuant to an Interruption Instruction given by National Grid NTS.

7.9.3 The DNO shall:

- (a) keep accurate records (in accordance with OAD Section M2.3) of the Days on which each LDZ Interruptible Supply Point is Interrupted, and on which of those Days such Interruption was pursuant to an Interruption Instruction; and
- (b) as soon as practicable after (and upon National Grid NTS's request, from time to time during) the Formula Year, provide to National Grid the information recorded pursuant to paragraph (a).

7.9.4 The amount (if any) payable by the DNO under paragraph 7.9.2 shall be calculated by National Grid NTS as soon as practicable after receipt from the DNO of the information required under paragraph (b), and shall be invoiced and payable in accordance with OAD Section L.