

UNIFORM NETWORK CODE - TRANSITION DOCUMENT**PART IIC – TRANSITIONAL RULES****1. UNIFORM NETWORK CODE****1.1 TPD Section B: System Use and Capacity****1.1.1 TPD Section B2.1.5 and Section B2.1.6**

- (a) In respect of any invitation for Quarterly NTS Entry Capacity issued prior to 31 March 2007, then the Unsold NTS Entry Capacity which National Grid NTS shall be required to offer in such invitation shall be determined as follows:

In respect of an Aggregate System Entry Point and in relation to a Day in a calendar month in a Formula Year, "**Unsold NTS Entry Capacity**" is the amount of Firm NTS Entry Capacity that National Grid NTS has, in relation to each Day in a calendar quarter, an obligation to make available (in accordance with the procedures set out in UNC TPD Section B2) to Users pursuant to paragraph 14(5)(f) of Part 2 of Special Condition C8B of National Grid NTS's Transporter's Licence as, in the case of Quarterly NTS Entry Capacity to be made available under UNC TPD Section B2.2, set out in National Grid NTS's Transportation Statement; provided that where the Authority has so consented in writing:

- (i) such Unsold NTS Entry Capacity shall not include any NTS Entry Capacity which National Grid NTS assesses it may be unable to physically deliver for any reason if such NTS Entry Capacity were to be allocated at a given Aggregate System Entry Point, including for example, due to the length of time required to obtain consents or construction challenges; and
- (ii) such Unsold NTS Entry Capacity for a particular Aggregate System Entry Point shall be zero where National Grid NTS assesses there is an expectation that National Grid NTS would be required to accept daily capacity offers pursuant to UNC TPD Section B2.10 in respect of previously allocated NTS Entry Capacity at that Aggregate System Entry Point;

and (for the avoidance of doubt) the provisions of UNC TPD Section B2.1.5 shall not apply for the purposes of UNC TPD Section B2.2 in relation to any invitations for Quarterly NTS Entry Capacity issued prior to 31 March 2007.

- (b) In respect of any allocations of Quarterly NTS Entry Capacity pursuant to an invitation issued prior to 31 March 2007, then, for the purposes of the application of UNC TPD Section B2.6, the amount of Unsold NTS Entry Capacity in existence at a particular time will, unless expressly stated otherwise, be calculated by reference to a continuing obligation to make available Firm NTS Entry Capacity through the application of paragraph 14(5) of Part 2 of Special Condition C8B of National Grid NTS's Transporter's Licence prior to the time at which the amount of Unsold NTS Entry Capacity is to be ascertained; provided that where the Authority has so consented in writing:
- (i) the amount of Unsold NTS Entry Capacity in existence at a particular time shall not include any NTS Entry Capacity which National Grid NTS assesses it may be unable to physically deliver for any reason if such NTS Entry Capacity were to be allocated at a given Aggregate System Entry Point,

including for example, due to the length of time required to obtain consents or construction challenges; and

- (ii) the amount of Unsold NTS Entry Capacity in existence at a particular time for a particular Aggregate System Entry Point shall be zero where National Grid NTS assesses there is an expectation that National Grid NTS would be required to accept daily capacity offers pursuant to UNC TPD Section B2.10 in respect of previously allocated NTS Entry Capacity at that Aggregate System Entry Point;

and (for the avoidance of doubt) the provisions of UNC TPD Section B2.1.6 shall not apply in such circumstances.

- (c) Where (by virtue of the provisions of paragraph 1.1.1(a) or 1.1.1(b) above) the Unsold NTS Entry Capacity for a particular Aggregate System Entry Point is zero for a particular calendar quarter, then the Unsold NTS Entry Capacity for the purposes of paragraphs 2.2 (in relation to Monthly NTS Entry Capacity only), 2.3 or 2.4 of UNC TPD Section B shall also be deemed to be zero for each calendar month or Day within such calendar quarter, and (for the avoidance of doubt) the provisions of UNC TPD Section B2.1.5 shall not apply for the purposes of UNC TPD Section B2.2 (in relation to Monthly NTS Entry Capacity only), 2.3 or 2.4 in such circumstances.

1.1.2 TPD Section B2.2.1

- (a) Notwithstanding TPD Section B2.2.1(d) (which requires that National Grid NTS will invite, and Users may make, applications for Quarterly NTS System Entry Capacity during the month of September in each Capacity Year), for the Capacity Year commencing on 1 April 2005 National Grid NTS will invite, and Users may make, applications for Quarterly NTS Entry Capacity in respect of each Aggregate System Entry Point for the periods specified in TPD Section B2.2.2(b) no earlier than 1 September 2005 and no later than 30 November 2005.
- (b) Notwithstanding TPD Section B2.2.1(b) (which requires that National Grid NTS will invite, and Users may make, applications for Monthly NTS Entry Capacity during the month of February in each Capacity Year), National Grid NTS will not be required to invite applications pursuant to TPD Section B2.2.1(b) in the Capacity Year commencing on 1 April 2006 for Monthly NTS Entry Capacity in respect of each Aggregate System Entry Point for the periods specified in TPD Section B2.2.2(a). Instead, the provisions of paragraph (c) below shall apply.
- (c) National Grid NTS will invite, and Users may make, applications for Monthly NTS Entry Capacity in respect of each Aggregate System Entry Point for the Relevant Capacity Period. Such invitation shall be issued by National Grid NTS no later than 2 Business Days of the Authority next directing changes (after the date of implementation of the Modification giving effect to this paragraph) to the Transporter's Licence of National Grid NTS pursuant to Section 23 of the Gas Act in relation to the contents of Schedule A of the Transporter's Licence of National Grid NTS. Applications pursuant to such invitation may be made on the date(s) specified in the invitation, the first such date being no earlier than the later of:
 - (i) 1 April 2007; and
 - (ii) 28 days after the date on which the invitation is issued by National Grid NTS pursuant to this paragraph (c);

and shall be as soon as possible after the dates specified above.

References to TPD Section B2.2.1(b) in TPD Section B shall (where paragraph (b) above applies) be deemed to be references to this paragraph (c). References to the period in TPD Section B2.2.2(a) in TPD Section B shall (where paragraph (b) above applies) be deemed to be references to the Relevant Capacity Period.

For the avoidance of doubt, National Grid NTS shall be required to issue one invitation only pursuant to this paragraph (c), and nothing in this paragraph (c) shall affect National Grid NTS's obligations pursuant to TPD Section B2.2.1(b) for the Capacity Year commencing on 1 April 2007 (or any subsequent Capacity Year).

- (d) For the purposes of paragraph (c), the “**Relevant Capacity Period**” means:
- (i) where the final date on which applications may be made pursuant to paragraph (c) is more than 1 Business Day before the end of the month M, the period from M+1 to March 2009 (where “M” is the month in which the first date on which applications may be made pursuant to paragraph (c) falls); and
 - (ii) where the final date on which applications may be made pursuant to paragraph (c) is not more than 1 Business Day before the end of the month M, the period from M+2 to March 2009 (where “M” is the month in which the first date on which applications may be made pursuant to paragraph (c) falls).

1.1.3 TPD Section B6.3.2(b)

A DNO User may apply for an amount of NTS Offtake Capacity at an NTS/LDZ Offtake in relation to the relevant Gas Year ending 30 September 2009 by submitting an application to National Grid NTS no later than 6 February 2006 subject to and in accordance with TPD Section B6.

1.1.4 TPD Section B6.3.6

In the case of an application under paragraph 1.1.2, National Grid NTS will notify the DNO User by no later than 6 March 2006 whether such application has been accepted in whole or in part, or rejected, specifying (where the application is accepted in part) the amount of NTS (Flat) Capacity and /or NTS Offtake (Flexibility) Capacity for which the application is accepted.

1.1.5 TPD Section B6.2.1

National Grid NTS will issue to each of the DNO Users not later than 6 March 2006 a revised Offtake Capacity Statement specifying the amount of NTS Offtake (Flat) Capacity, NTS (Flexibility) Capacity and Assured Offtake Pressures for each of the DNO Users for each of the Gas Years up to and including the Gas Year ending 30 September 2009 in relation to each NTS/LDZ Offtake.

1.1.6 TPD Section B

Notwithstanding the provisions of Section B1.2.8, the provisions of TPD Section B2 shall not apply to any LDZ System Entry Point (a “**New LDZ System Entry Point**”) that is not listed in Table A2 of Schedule A to the National Grid NTS's Transporter's Licence. In respect of any New LDZ System Entry Point, the type and quantity of entry capacity that will be offered, the method by which such capacity will be offered and subsequently allocated, and the rules relating to the use of that capacity will be set out in a separate agreement (a “**Bilateral Agreement**”) between the relevant Transporter and the operator of the Delivery Facility

connected to the System at the New LDZ System Entry Point. The relevant Transporter may make it a condition of any User being allocated or holding capacity at a New LDZ System Entry Point that such User enter into or accede to an Ancillary Agreement setting out the terms of the use of the relevant System for the purposes of delivering gas at the New LDZ System Entry Point.

Any references in the Code to Section B2 shall, for the purposes of a New LDZ System Entry Point, be deemed to be references to this paragraph 1.1.6, the provisions of the relevant Bilateral Agreement and/or the relevant Ancillary Agreement as the case may be.

For the purposes of the Code, the Available Firm NTS Entry Capacity in respect of a New LDZ System Entry Point shall be zero (0).

The provisions of this paragraph 1.1.6 shall cease to apply at 06:00 hours on 1 October 2007.

1.1.7 TPD Section B2.2

(a) For the purposes of this paragraph 1.1.7:

(i) in respect of an Available Month and an ASEP Zone the "**Available Monthly Capacity**" is an amount (where such amount is positive) of Monthly NTS Entry Capacity equal to:

$$(A - B) + C$$

where:

A is the zonal allocation maximum for the ASEP Zone and the Available Month;

B is the aggregate amount of Firm NTS Entry Capacity held by Users at Aggregate System Entry Points in the ASEP Zone for the Available Month (prior to the application of this paragraph 1.1.7);

C is the aggregate amount of Monthly NTS Entry Capacity which Users are willing to surrender at Aggregate System Entry Points in the ASEP Zone for the Available Month (pursuant to a notice under paragraph (b)(iv));

(ii) the "**effective date**" is the date on which the Modification giving effect to this paragraph 1.1.7 first has effect;

(iii) in each case following the allocation of Monthly NTS Entry Capacity pursuant to the annual invitation for Monthly NTS Entry Capacity held in May 2007 in accordance with TPD Section B2.2:

(1) "**Available Month**" is a month, in the period November 2007 to March 2008 (the "**relevant period**") in respect of which there is no Unsold NTS Entry Capacity at an Aggregate System Entry Point in an amount equal to or greater than 100,000 kWh/Day, unless allocations for the Available Month would not be completed and published prior to the rolling monthly invitation date for a Rolling Monthly NTS Entry Capacity Auction relating to such month;

(2) "**Recipient ASEP**" is, in respect of an Available Month, an Aggregate System Entry Point where the NTS SO Baseline Entry Capacity for a day in such month is greater than zero and the Unsold NTS Entry Capacity is less than 100,000 kWh/Day;

- (3) **"Non-Recipient ASEP"** is, in respect of an Available Month, an Aggregate System Entry Point which is not a Recipient ASEP but is an ASEP within a Relevant ASEP Zone or a related ASEP Zone;
- (iv) the **"nodal allocation maximum"** in respect of an Aggregate System Entry Point, and the **"zonal allocation maximum"** in respect of all the Aggregate System Entry Points in the same ASEP Zone, is in each case an amount of NTS Entry Capacity determined by National Grid NTS for the purposes of this paragraph 1.1.7 in accordance with the NTS Entry Capacity Transfer and Trade Methodology Statement;
- (v) the **"NTS Entry Capacity Transfer and Trade Methodology Statement"** is the NTS Entry Capacity Transfer and Trade methodology statement prepared and published by National Grid NTS in accordance with Special Condition C8D of National Grid NTS's Transporter's Licence;
- (vi) an **"ASEP Zone"** is in respect of an Aggregate System Entry Point, the zone in which the Aggregate System Entry Point is located, as more particularly described in National Grid NTS's Gas Transportation Ten Year Statement and a **"Relevant"** ASEP Zone is an ASEP Zone in which a Recipient ASEP is located;
- (vii) the **"ASEP merit order"** is the sequence in which National Grid NTS will consider and give effect to a reduction in the Unsold NTS Entry Capacity or the surrender of Monthly NTS Entry Capacity at Aggregate System Entry Points for the purposes of paragraphs (j)(iii)(1)(cc) and (l)(iii)(4) as set out in the NTS Entry Capacity Transfer and Trade Methodology Statement;
- (viii) the **"inter-zone exchange rate(s)"** are the rate(s), in respect of different pairs of ASEP Zones (as set out in the NTS Entry Capacity Transfer and Trade Methodology Statement, each such paired ASEP Zone a **"related"** ASEP Zone in respect of the other ASEP Zone), used by National Grid NTS to determine in respect of a relevant capacity trade bid:
- (1) the amount of Monthly NTS Entry Capacity which a User is treated as applying for; and
 - (2) the translated bid price in respect of which the bid is made
- in each case for the purposes of paragraph (l)(ii) and accordingly the amount by which the Unsold NTS Entry Capacity will be reduced or the amount of surrendered Monthly NTS Entry Capacity surrendered at an Aggregate System Entry Point for the purposes of paragraph (l)(iii)(2) and (3) as set out in the NTS Entry Capacity Transfer and Trade Methodology Statement; and
- (ix) **"relevant bids"** comprise capacity trade bids in respect of a Non-Recipient ASEP located in an ASEP Zone in respect of which no allocation was undertaken in accordance with paragraph (j) or translated capacity trade bids created in accordance with paragraph (m).
- (b) By not later than:
- (i) ten (10) Business Days following the effective date National Grid NTS will notify Users of:
 - (1) each month in the relevant period which is an Available Month; and
 - (2) the Recipient ASEPs for each Available Month.

- (ii) twelve (12) Business Days following the effective date a User may (acting in good faith) notify National Grid NTS of:
 - (1) an Available Month(s); and
 - (2) a Recipient ASEP(s)in respect of which the User proposes to submit a capacity trade bid under paragraph (d);
 - (iii) fourteen (14) Business Days following the effective date National Grid NTS will notify Users of, in respect of each Available Month and Recipient ASEP in respect of which a User submitted a notice under paragraph (ii):
 - (1) the nodal allocation maximum for the Recipient ASEP;
 - (2) for each ASEP Zone in which there is a Recipient ASEP:
 - (aa) the zonal allocation maximum;
 - (bb) the ASEP merit order(s)
 - (3) the inter-zone exchange rate(s) between the ASEP Zone in which the Recipient ASEP is located and each other related ASEP Zone; and
 - (4) the amount of Unsold NTS Entry Capacity at each Non-Recipient ASEP;
 - (iv) sixteen (16) Business Days following the effective date a User ("**Surrender User**") may notify National Grid NTS of the maximum amount of Monthly NTS Entry Capacity at an Aggregate System Entry Point ("**Surrender ASEP**") which the User is willing to surrender for an Available Month for the purposes of this paragraph 1.1.7 ("**Surrender Amount**");
 - (v) twenty-one (21) Business Days following the effective date National Grid NTS will invite Users to make applications for Monthly NTS Entry Capacity in respect of each Recipient ASEP and each Non-Recipient ASEP located in the same ASEP Zone or in another related ASEP Zone (together the "**Relevant ASEPs**") for any month in the relevant period where it is an Available Month.
- (c) National Grid NTS's invitation under paragraph (b)(v) will specify:
- (i) the date(s) (each being a Business Day) on which an application for Monthly NTS Entry Capacity at Relevant ASEP's can be made, which for the purposes of paragraph (b)(v) shall be two dates, the first of which shall not be later than 2 Business Days after National Grid NTS has issued such an invitation, the second of which shall be no more than ten (10) Business Days after the first date on which applications for Monthly NTS Entry Capacity can be made (each an "**invitation date**");
 - (ii) for each Available Month:
 - (1) the Relevant ASEPs;
 - (2) the nodal allocation maximum for each Recipient ASEP;
 - (3) the Available Monthly Capacity for each ASEP Zone;
 - (4) the inter-zone exchange rate(s) between the ASEP Zone in which the Recipient ASEP is located and each other related ASEP Zone;

- (5) the aggregate amount of Monthly NTS Entry Capacity which Users are willing to surrender at a Relevant ASEP (pursuant to notices given in accordance with paragraph (b)(iv));
 - (6) the amount of Unsold NTS Entry Capacity at each Non-Recipient ASEP which is a Relevant ASEP;
 - (7) the ASEP merit order for each Relevant ASEP Zone and related ASEP Zone; and
 - (8) the applicable reserve price
- (d) Users may apply for Monthly NTS Entry Capacity at a Relevant ASEP for fifty percent (50%) of the Available Monthly Capacity for any Available Month on the first invitation date notified pursuant to paragraph (c)(i) and for the remaining Available Monthly Capacity for such Available Month on the second invitation date notified pursuant to paragraph (c)(i).
- (e) An application (a "**capacity trade bid**") for Monthly NTS Entry Capacity at a Relevant ASEP for an Available Month shall specify:
- (i) the identity of the User;
 - (ii) the Relevant ASEP;
 - (iii) the Available Month;
 - (iv) the amount of Monthly NTS Entry Capacity (not less than the minimum eligible amount) applied for (in kWh/Day);
 - (v) the minimum amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraphs (j) and (l)); and
 - (vi) the price (the "**capacity trade bid price**") which shall not be less than the reserve price at the Relevant ASEP.
- (f) A User may have at any one time up to but no more than three (3) capacity trade bids in respect of a Relevant ASEP and Available Month.
- (g) A capacity trade bid:
- (i) may not be submitted before 08:00 hours or after 17:00 hours on an invitation date;
 - (ii) may be withdrawn or amended after 08:00 hours and until 17:00 hours on an invitation date.
- (h) National Grid NTS may reject a capacity trade bid submitted on the capacity trade invitation date:
- (i) where the requirements of paragraphs (e) and (f) are not complied with and National Grid NTS may reject a capacity trade bid;
 - (ii) where National Grid NTS has given a notice under TPD Section B2.2.14 or 2.2.16 and the User has not provided the required surety or security within (10) Business Days of such notice; or
 - (iii) in accordance with TPD Section V3.

- (i) Following the submission of capacity trade bids Monthly NTS Entry Capacity will be allocated for each Available Month in accordance with paragraph (j) and (l) for which purposes the "**relevant**" Available Monthly Capacity shall be:
- (i) for any Available Month, following submission of capacity trade bids on:
- (1) the first invitation date, fifty percent (50%) of the Available Monthly Capacity for the Available Month;
 - (2) the second invitation date, the remaining Available Monthly Capacity.
- (j) For each Available Month, Monthly NTS Entry Capacity in respect of the Aggregate System Entry Points in a Relevant ASEP Zone will be allocated pursuant to capacity trade bids submitted in respect of the Available Month and Relevant ASEP Zone as follows:
- (i) all capacity trade bids in respect of an Available Month (excluding any rejected in accordance with paragraph (h)) will be ranked in order of capacity trade bid price (the highest ranking first);
- (ii) Monthly NTS Entry Capacity for the Available Month will be allocated to capacity trade bids with the highest capacity trade bid price first until such time as all the capacity bids are satisfied or:
- (1) in the case of all Aggregate System Entry Points in the ASEP Zone, the amount of Monthly NTS Entry Capacity allocated is equal to relevant Available Monthly Capacity;
 - (2) in the case of a particular Recipient ASEP, the aggregate amount of Users Registered NTS Entry Capacity allocated (pursuant to TPD Section B2.2 and this paragraph 1.1.7) is equal to the nodal allocation maximum;
 - (3) in the case of a Non-Recipient ASEP, the amount of Monthly NTS Entry Capacity allocated (pursuant to TPD Section B2.2 and this paragraph 1.1.7) is equal to the Unsold NTS Entry Capacity at the Non-Recipient ASEP (which for the purposes of this paragraph (3) shall be treated as including any Surrender Amounts in respect of the Non-Recipient ASEP)
- in which case no further capacity trade bids in respect of any Relevant ASEP will be considered for the purposes of this paragraph (j) and no further capacity trade bids in respect of a Non-Recipient ASEP will be considered for the purposes of paragraph (l);
- (iii) for the purposes of paragraph (ii), where an allocation of Monthly NTS Entry Capacity is made following acceptance of a capacity trade bid:
- (1) at a Recipient ASEP:
 - (aa) the amount of remaining Unsold NTS Entry Capacity at an Aggregate System Entry Point in the same ASEP Zone will be reduced by the remaining capacity trade bid amount or by the amount equal to the remaining Unsold NTS Entry Capacity;
 - (bb) subject to paragraph (aa), the Monthly NTS Entry Capacity held by a Surrender User at a Surrender ASEP in the same ASEP Zone will be reduced by the remaining capacity trade bid amount or by the amount equal to the remaining aggregate Surrender Amount;

(cc) for the purposes of paragraphs (aa) and (bb):

National Grid NTS will first effect a reduction in the remaining Unsold NTS Entry Capacity and second accept a surrender of Monthly NTS Entry Capacity;

National Grid NTS will give effect to the reduction or surrender at Aggregate System Entry Points in the sequence set out in the ASEP merit order;

where there is more than one Surrender User at a Surrender ASEP the amount of Monthly NTS Entry Capacity treated as surrendered by the Surrender User shall be calculated pro rata to the Surrender Amounts;

(2) at a Non-Recipient ASEP;

(aa) the Unsold NTS Entry Capacity at the Non-Recipient ASEP will be reduced by an equal amount or an amount equal to the remaining unsold amount;

(bb) subject to paragraph (aa), the Monthly NTS Entry Capacity held by a Surrender User at the Non-Recipient ASEP will be reduced by the remaining capacity trade bid amount or by the amount equal to the remaining aggregate Surrender Amount;

(iv) subject to paragraphs (v), (vi) and (vii), where the amount of Monthly NTS Exit Capacity applied for under a capacity trade bid exceeds the amount of:

(1) in the case of a Recipient ASEP, the lesser of the remaining relevant Available Monthly Capacity or remaining nodal allocation maximum;

(2) in the case of a Non-Recipient ASEP, the lesser of the remaining Available Monthly Capacity, the remaining amount of Unsold NTS Entry Capacity (which for the purposes of this paragraph (2) shall be treated as including any Surrender Amounts in respect of the Non-Recipient ASEP)

the “**remaining unallocated transfer amount**” the User will be allocated such an amount;

(v) where the amount to be allocated in respect of a capacity trade bid pursuant to paragraphs (ii) and (iv) would be less than the minimum amount specified in the capacity trade bid, the capacity trade bid will (without prejudice to paragraph (l)) be disregarded for the purposes of this paragraph (j) and an allocation made in respect of the next ranked bid;

(vi) where the amount to be allocated in respect of any capacity trade bid would be less than the minimum eligible amount, no allocation shall be made to that bid (and no further allocation shall be made in respect of this paragraph j, without prejudice to paragraph (l)); and

(vii) where each of two or more capacity trade bids specify the same capacity trade bid price, National Grid NTS shall, for the purposes of this paragraph (j), consider each such capacity trade bid in the sequence the capacity trade bids were received by National Grid NTS (the earlier received capacity trade bid being considered first).

(k) Where following the application of paragraph (j) in respect of a Recipient ASEP and an Available Month:

- (i) a User submitted a capacity trade bid in respect of the Recipient ASEP in respect of which
 - (1) no allocation was made under paragraph (j) or
 - (2) a partial allocation was made in accordance with paragraph (j) in respect of a capacity trade bid (such capacity trade bid shall still be considered for the purposes of an allocation in accordance with paragraph (l) for a bid quantity equal to the amount remaining unallocated following the partial allocation and with a minimum quantity of zero)

In each case a "**relevant capacity trade bid**";

- (ii) the aggregate amount of Monthly NTS Entry Capacity held by Users (pursuant to TPD Section B2.2 and paragraph (j)) is less than the nodal allocation maximum for the Recipient ASEP; and
- (iii) there remains Available Monthly Capacity for a Relevant ASEP Zone or a related ASEP Zone.

paragraph (l) shall apply.

- (l) Where this paragraph (l) applies, Monthly NTS Entry Capacity in respect of Recipient ASEPs, and Non-Recipient ASEPs, will be allocated pursuant to relevant bids as follows:
 - (i) subject to paragraph (m), all relevant bids in respect of an Available Month (excluding any rejected in accordance with paragraph (h)) will be ranked in order of the capacity bid price (for Recipient ASEPs this shall equal the translated capacity trade bid price) the highest ranking first;
 - (ii) Monthly NTS Entry Capacity for the Available Month will be allocated in respect of relevant bids with the highest translated capacity trade bid price or capacity trade bid price first until such time as all relevant bids are satisfied or:
 - (1) in the case of all Relevant ASEPs in an ASEP Zone the amount of Monthly NTS Entry Capacity allocated is equal to the remaining relevant Available Monthly Capacity for all related ASEP Zone(s);
 - (2) in the case of a Recipient ASEP the aggregate amount of Users Registered NTS Entry Capacity at the Aggregate System Entry Point is equal to nodal allocation maximum;
 - (3) in the case of a Non-Recipient ASEP the aggregate amount of Users Registered NTS Entry Capacity at the Aggregate System Entry Point is equal to the Unsold NTS Entry Capacity at the Non-Recipient ASEP (which for the purposes of this paragraph (3) shall be treated as including any Surrender Amounts in respect of the Non-Recipient ASEP)

(in which case no further relevant capacity trade bids in respect of the Relevant ASEP(s) will be considered for the purposes of this paragraph (l));
 - (iii) for the purposes of paragraph (ii), where an allocation of Monthly NTS Entry Capacity is made at a Recipient ASEP following acceptance of a translated capacity trade bid within a related ASEP Zone:
 - (1) the amount of Monthly NTS Entry Capacity allocated at a Recipient ASEP will be an amount equal to the amount determined by reference

to the inter-zone exchange rate(s) (the allocated translated capacity trade bid quantity multiplied by the applicable inter-zone exchange rate(s));

- (2) the amount of Unsold NTS Entry Capacity held at Aggregate System Entry Points in the related ASEP Zone, in respect of the translated capacity trade bid that was accepted will be reduced by the remaining translated capacity trade bid amount or by the amount equal to the amount in respect of which the translated capacity trade bid was accepted up to an amount equal to the Unsold NTS Entry Capacity;
- (3) subject to paragraph (2), the Monthly NTS Entry Capacity held by a Surrender User at a Surrender ASEP in the related ASEP Zone will be reduced the remaining translated capacity trade bid amount that was accepted up to an amount equal to the remaining aggregate Surrender Amount;
- (4) for the purposes of paragraphs (1) and (2):
 - (aa) National Grid NTS will first effect a reduction in the remaining Unsold NTS Entry Capacity and second accept a surrender of Monthly NTS Entry Capacity;
 - (bb) National Grid NTS will give effect to the reduction or surrender at Aggregate System Entry Points in the sequence set out in the ASEP merit order;
 - (cc) where there is more than one Surrender User at a Surrender ASEP the amount of Monthly NTS Entry Capacity treated as surrendered by the Surrender User shall be calculated pro rata to the Surrender Amounts;
- (iv) for the purposes of paragraph (ii), where an allocation of Monthly NTS Entry Capacity is made at a Non-Recipient ASEP
 - (1) the amount of Unsold NTS Entry Capacity held at the Non-Recipient ASEP will be reduced by an equal amount; and
 - (2) subject to paragraph (1), the Monthly NTS Entry Capacity held by a Surrender User at the Non-Recipient ASEP will be reduced by the remaining capacity trade bid amount or by the amount equal to the remaining aggregate Surrender Amount;
- (v) paragraphs (j)(iv), (v), (vi) and (vii) shall apply.
- (m) For the purposes of paragraph (l) and in respect of a relevant capacity trade bid National Grid NTS will by applying inter-zonal exchange rate(s) create a "**translated capacity trade bid**" in respect of each Non-Recipient ASEP in a related ASEP Zone (for which purposes all translated capacity trade bids in respect of a particular relevant capacity trade bid are a "**translated bid set**" and all translated capacity trade bids in respect of a particular related ASEP Zone are a "**translated ASEP Zone bid set**") and:
 - (i) the bid quantity for a translated capacity trade bid shall be determined by multiplying the bid quantity in respect of which the relevant capacity trade bid was made or is remaining by the applicable inter-zone exchange rate(s) applying between the ASEP Zone in which the Recipient ASEP is located and the ASEP Zone in which the Non-Recipient ASEP is located;

- (ii) the bid price for a translated capacity trade bid shall also be determined by dividing the bid price in respect of which the relevant capacity trade bid was made by the applicable inter-zone exchange rate(s) applying between the ASEP Zone in which the Recipient ASEP is located and the ASEP Zone in which the Non-Recipient ASEP is located;
- (iii) where:
- (1) a translated capacity trade bid is accepted such that the bid amount under the corresponding relevant capacity trade bid is allocated in full all other translated capacity trade bids in the prevailing translated bid set shall be disregarded (and have no further effect);
 - (2) a translated capacity trade bid is accepted such that the bid amount under the corresponding relevant capacity trade bid is not allocated in full all translated capacity trade bids in the prevailing translated bid set shall be disregarded (and have no further effect) and a new translated bid set shall be calculated on the basis of the remaining unallocated amount in respect of which the corresponding relevant capacity trade bid was made;
 - (3) a translated capacity trade bid or a capacity trade bid at a Non-Recipient ASEP is accepted such that:
 - (aa) there is a reduction in the remaining Unsold NTS Entry Capacity or Surrender Amounts at the Non-Recipient ASEP; and
 - (bb) the applicable inter-zone exchange rate(s) would give rise to a new bid quantity and bid price (in accordance with paragraphs (i) and (ii)) for translated capacity trade bids which have not been accepted

all translated capacity trade bids in the prevailing translated ASEP Zone bid set shall be disregarded (and have no further effect) and a new translated ASEP Zone bid set shall be calculated on the basis of the Unsold NTS Entry Capacity and remaining Surrender Amounts at the Non-Recipient ASEP

for which purposes the "**prevailing**" translated bid set or translated ASEP Zone bid set shall be the translated bid set or translated ASEP Zone bid set last calculated in accordance with this paragraph (m);
- (iv) where a relevant capacity trade bid is accepted the corresponding translated capacity trade bid in the prevailing translated bid set treated as made in accordance with this paragraph (m) shall also be treated as accepted for which purposes:
- (1) no actual allocation of Monthly NTS Entry Capacity at the relevant Non-Recipient ASEP will be made (such that no User is treated as holding the Monthly NTS Entry Capacity at the Non-Recipient ASEP by reason of the acceptance of the translated capacity trade bid); and
 - (2) the amount of remaining Unsold NTS Entry Capacity at the Non-Recipient ASEP shall for the purposes of the application of paragraph (l) be reduced by an amount equal to the amount in respect of which the translated capacity trade bid was made (and National Grid NTS shall be under no further obligation under TPD Section B2 or this paragraph 1.1.7 to make such Monthly NTS Entry Capacity available to Users).

- (n) Where Monthly NTS Entry Capacity is surrendered at an Aggregate System Entry Point for an Available Month by a Surrender User in accordance with this paragraph 1.1.7 for the purposes of TPD Section B2 and TPD Section I the Surrender User's Available Firm NTS Entry Capacity for each day in the relevant month shall be reduced by an amount equal to the amount surrendered under paragraphs (j)(iii)(1)(bb), (j)(iii)(2)(bb), (l)(iii)(3) and (l)(iv)(2).
- (o) Where a capacity trade bid is accepted under paragraph (j) or (l) the User agrees to pay NTS Entry Capacity Charges equal to the capacity trade bid price in respect of the Monthly NTS Entry Capacity allocated in respect of the capacity trade bid in accordance with this paragraph 1.1.7.
- (p) Where the amount of Monthly NTS Entry Capacity held by a Surrender User is reduced at a Surrender ASEP in accordance with paragraph (j)(iii)(1)(bb), (j)(iii)(2)(bb), (l)(iii)(3) or (l)(iv)(2) National Grid NTS shall pay to the Surrender User an amount equal to:

$$D * E$$

where:

- D is the amount by which the Surrender User's Monthly NTS Entry Capacity was reduced;
- E is the weighted average of the bid price for allocated translated capacity trade bids in respect of which a reduction of Monthly NTS Entry Capacity at the Surrender ASEP was made in accordance with paragraph (j)(iii)(1)(bb), (j)(iii)(2)(bb), (l)(iii)(3) or (l)(iv)(bb).

- (q) By not later than fifteen (15) Business Days following the invitation date National Grid NTS will notify, in respect of each Aggregate System Entry Point and each Available Month, each User which submitted a notice under paragraph (b)(iv) or a capacity trade bid of the amount of Monthly NTS Entry Capacity surrendered or allocated in accordance with this paragraph 1.1.7.
- (r) By not later than:
 - (i) seven (7) Business Days following each invitation date in respect of an Available Month National Grid NTS shall notify Users of their allocations and surrender allocations;
 - (ii) nine (9) Business Days following each invitation date in respect of an Available Month;

National Grid NTS will notify, in respect of each Aggregate System Entry Point and each Available Month, notify Users of:

- (1) the highest and lowest capacity trade bid price;
- (2) the weighted average price of successful capacity trade bids, calculated as follows:

$$\frac{\sum_{i=1}^n Q_i * P_i}{\sum_{i=1}^n Q_i}$$

where:

- n is the number of successful capacity trade bids;
- P is the capacity trade bid price for each successful capacity trade bid;
- Q is the amount of Monthly NTS Entry Capacity allocated pursuant to each successful capacity trade bid;
- (3) the aggregate amount of Monthly NTS Entry Capacity allocated pursuant to this paragraph 1.1.7;
- (4) the aggregate amount of NTS Entry Capacity allocated pursuant to TPD Section B2.2 and this paragraph 1.1.7; and
- (5) the number of Users who submitted successful capacity trade bids and the number of Users who submitted unsuccessful capacity trade bids.

1.2 TPD Section J: Exit Requirements

1.2.1 TPD Section J3.11:

- (a) Unless the CSEP Network Exit Agreement provides otherwise, the CSEP Liability Sharing Proportion in respect of each LDZ Connected System Exit Point to which TPD Section J3.11 applies shall (notwithstanding TPD Section J3.11.7) be:
 - (i) until such time, not earlier than 1 May 1997, at which another proportion is determined under paragraph (c), one;
 - (ii) with effect from such time, the proportion (applicable to the relevant LDZ Connected System Exit Point) so determined.
- (b) All relevant CSEP Users and the Transporter agree to meet, commencing reasonably promptly after the date of the Code, and review together on a mutually agreeable basis (in consultation with relevant Connected System Operators and with the Authority) what principles are appropriate to determine CSEP Liability Sharing Proportions.
- (c) In respect of each LDZ Connected System Exit Point to which TPD Section J3.11 applies, the proportion referred to in paragraph (a) shall be such proportion, or the proportion determined by such mechanism, as following the review under paragraph (b) the Transporter shall with Condition A11(18) Approval of the Authority determine and notify to the relevant CSEP Users and Connected System Operator.

1.2.2 TPD Section J2.5.4(b)

A DNO User may, at the time at which it may apply for an amount of NTS Offtake Capacity (in accordance with paragraph 1.1.2) apply for Assured Offtake Pressures in relation to each NTS/LDZ Offtake for the Gas Year ending 30 September 2009.

1.2.3 TPD Section J2.5.7

Where an application has been made in accordance with paragraph 1.2.2 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;
- (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;

and in either case National Grid NTS will notify the DNO User accordingly by no later than 6 March 2006.

1.3 TPD Section M: Supply Point Metering

1.3.4 TPD Section M2.1

Until 12 July 2006 but not thereafter, for the purposes of Section M:

- (a) where:
 - (i) a Supply Meter Point does not relate to premises covered by Standard Condition 34(2) of the Supplier's Licence; and
 - (ii) any supplier or any User in relation to such Supply Meter Point has provided or requested, or is providing or requesting, another to provide a Supply Meter Installation (other than where the Supply Meter Installation belongs to a consumer, or is lent or hired to a consumer and is the responsibility of a person other than a Gas transporter or supplier) for such Supply Meter Point;then the Registered User in respect of such Supply Meter Point shall secure that:
 - (1) where the Supply Meter Installation at such Supply Meter Point is installed after the 12 July 2004, appropriate approval, appraisal and authorisation will be obtained from the Transporter to the extent required by section 6 of the MAM CoP; and/or
 - (2) after 12 July 2004, such Supply Meter Installation at such Supply Meter Point is maintained by a Meter Asset Manager appointed by the supplier or the User; and
- (b) where the Transporter discovers after the 12 July 2004 that in respect of such Supply Meter Installation paragraphs (a)(1) and/or (2) have not been complied with then the Transporter shall notify the Registered User accordingly and the Registered User will:
 - (i) within fourteen (14) calendar days of receipt of the notice from the Transporter ensure that such Supply Meter Installation is re-installed and/or maintained by a Meter Asset Manager and notify the Transporter of the identity of such Meter Asset Manager; or
 - (ii) where it is not practicable to ensure the performance of such reinstallation and/or maintenance within such 14 calendar day period, within 7 calendar days of receipt of the notice from the Transporter notify the Transporter of the reasons for this and the date by which it will ensure such re-installation and/or maintenance is performed by a Meter Asset Manager and promptly notify the Transporter when such work has occurred;

- (c) where the Registered User has failed to fully comply with paragraphs (a)(1) or (2) the Transporter, acting reasonably, shall be entitled to take whatever steps it deems necessary (including the inspection, repair, replacement or disconnection of the Supply Meter Installation) to ensure that the Transporter complies with any Legal Requirements imposed upon it, and the Registered User shall reimburse the Transporter in respect of any and all costs, expenses and charges reasonably incurred or expended by or on behalf of the Transporter in taking such steps;
- (d) the Transporter's entitlement in paragraph (c) is without prejudice to the Transporter's entitlement at any time to make safe any Supply Meter Installation (including disconnection) for this purpose;
- (e) for the purposes of paragraph (a) "**Meter Asset Manager**" means:
 - (i) a person approved by the Authority as possessing expertise satisfactorily to provide services in relation to Supply Meter Installations or a class or description of persons so approved; or
 - (ii) an undertaking approved by the Authority as having staff possessing the requisite expertise;

and, for the purposes of this definition, "**approved by the Authority**" means approved by it for the purposes of this paragraph generally and "**staff**" includes officers, servants and agents;

1.3.5 TPD Section M3.8.1

Where a User submits a Supply Point Confirmation with a Supply Point Registration Date which becomes effective up to and including 8 July 2004 and the Supply Point Confirmation records a change only to the supplier identity (but not a change to the User identity or the Supply Point configuration) then the requirement of the User to obtain and provide an Opening Meter Reading (in accordance with TPD Section M3.8.2) shall not apply and where, in the absence of any such Opening Meter Reading, any notional Meter Reading is used by the Transporter as an estimated Meter Reading (in accordance with TPD Section M3.8.5) it shall not be included in the calculation (in accordance with TPD Section M3.8.10(c)) of the number of estimated Meter Readings in respect of which the User is required to pay a charge and the Transporter shall not levy such charge (in accordance with TPD Section M3.8.10 (a)) in respect of such estimated Meter Readings.

1.4 TPD Section R: Storage

1.4.1 TPD Section R4.1.4

For the purposes of TPD Section R4.1.4, in relation to the Storage Year commencing 1 May 2003, where any Storage Facility is to be a Constrained Storage Facility for that Storage Year, National Grid will, not later than 1 April before the start of that Storage Year, publish a document (the "**Constrained Storage Statement**") containing the following details for each Constrained Storage Facility:

- (a) the "**Constrained Point(s)**", being a point or points on the NTS as identified by National Grid NTS as being relevant, for the purposes of TPD Section R4, to a Constrained Storage Facility;

- (b) the rate of flow ("**Constrained Threshold Demand Flow**") at a Constrained Storage Point at which National Grid may make Constrained Storage Renominations in respect of the relevant Constrained Storage Facility;
- (c) the System Entry Capacity Charges in respect of the relevant Storage Connection Point;
- (d) a percentage for each Week in the Winter Period for the purposes of TPD Section R4.4.3.

1.4.2 TPD Section R1.4

In respect of the LNG Facility which is from time to time operated by National Grid and is located at Isle of Grain (the "**National Grid LNG Isle of Grain Storage Facility**"), the Storage Year 2004/5 shall be the period from 1 May 2004 until the earlier of:

- (a) 30 April 2005; or
- (b) the effective date determined in accordance with paragraph 1.4.5 below.

1.4.3 TPD Section R1.7.1

For the duration of Storage Year 2004/5 relating to the National Grid LNG Isle of Grain Storage Facility, the National Grid LNG Isle of Grain Storage Facility shall be a 'National Grid LNG Storage Facility'.

1.4.4 TPD Section R4.1.1

For the duration of Storage Year 2004/5 relating to the National Grid LNG Isle of Grain Storage Facility, the National Grid LNG Isle of Grain Storage Facility shall be a 'Constrained Storage Facility'.

1.4.5 TPD Section R

For the purposes of paragraph 1.4.2, the effective date shall be a date not earlier than the date notified by National Grid LNG Storage for these purposes in the Annual Storage Invitation issued by National Grid LNG Storage pursuant to TPD Section Z in respect of Storage Year 2004/5, and shall be 0600 hours on a date falling between 1 January 2005 and 1 June 2005 (the "**First Window Period**") and established by National Grid LNG Storage in accordance with the following procedure:

- (a) National Grid LNG Storage shall give at least 180 days notice, before the commencement of the First Window Period, of a 100 day period falling within the First Window Period (the "**Second Window Period**") during which the effective date shall fall; and
- (b) National Grid LNG Storage shall give at least 90 days notice, before the commencement of the Second Window Period, of a 45 day period falling within the Second Window Period (the "**Third Window Period**") during which the effective date shall fall; and
- (c) National Grid LNG Storage shall give at least 30 days notice, before the commencement of the Third Window Period, of the day falling within the Third Window Period, which shall be the effective date,

and if National Grid LNG Storage does not so notify any such period or day, the relevant

period or day shall be the latest day or period possible in accordance with the foregoing.

- 1.4.6 For the purposes of the Code, there shall be deemed to be no 'Isle of Grain LNG Importation Facility' until the effective date established in accordance with paragraph 1.4.3.

1.5 TPD Section S: Invoicing and Payment

1.5.1 TPD Section S2.1

From the Reconciliation by Difference Date the Invoice Items to be comprised in a Reconciliation Invoice for the purposes of Aggregate NDM Reconciliation may be contained in an Ad-hoc Invoice.

1.6 OAD Section H: NTS Long Term Demand Forecasting

1.6.1 OAD Section H paragraph 2.7

By 15 September 2005 the DNO shall provide to National Grid NTS the forecast rate of volume flow (MCM per day) and Offtake Flexibility Quantity (MCM per day) in relation to a 1 in 20 peak day in respect of each of its NTS/LDZ Offtakes for each of the five Gas Years commencing with the Gas Year ending 30 September 2006 and ending with the Gas Year ending 30 September 2010;

1.6.2 OAD Section H paragraph 2.8

By 15 October 2005 National Grid NTS shall provide to the DNO 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 for each of the two Gas Years commencing with the Gas Year ending 30 September 2009 and ending with the Gas Year ending 30 September 2010.

1.7 TPD Section G: Supply Points

- 1.7.1 Where, due to the implementation date of Modification 0081, the Transporter is unable to publish the report by the dates specified in paragraph 1.6.20 then the Transporter shall publish such reports(s) as soon as practicable after such implementation date.

2. TRANSPORTATION CONSTRAINTS

- 2.1 The provisions of paragraphs 2.2 to 2.5 (inclusive) shall not apply until such time as by way of Code Modification this paragraph 2.1 no longer applies.
- 2.2 Where after 24:00 hours on the Preceding Day it appears to National Grid NTS that a Transportation Constraint is likely to arise or has arisen at a System Entry Point, National Grid NTS may take (at such time as it judges operationally appropriate), but shall not be required to, Market Balancing Sell Actions at the relevant System Entry Point with a view to gas flow rates at such point being reduced so as to avoid such Transportation Constraint.
- 2.3 Nothing in paragraph 2.2 shall prejudice TPD Section I3.7.
- 2.4 In TPD Section D1.3 references to Operational Balancing shall be construed as including steps taken by National Grid NTS under paragraph 2.2 in respect of a Transportation Constraint or anticipated Transportation Constraint, and references to Operational Balancing Steps and

Operational Balancing Requirements shall be construed accordingly.

- 2.5 Where National Grid NTS takes a Market Balancing Sell Action pursuant to this paragraph 2 the relevant User's Available System Entry Capacity (determined as Adjusted pursuant to TPD Sections B2.7.10, 2.8.3 and 2.8.5) at the relevant System Entry Point on the Day in respect of which such Market Balancing Sell Action was taken shall for the purposes of TPD Section B2.10 be reduced by an amount equivalent to the Market Balancing Action Quantity in relation thereto.

3. UK LINK SUSPENSION TO ALLOW FOR TECHNICAL UPGRADE

- 3.1 In order to enable an upgrade of certain technical components of the UK Link System the operation of certain parts of UK Link will be suspended during such period of upgrade. The period of upgrade will commence on 24th February 2008 and end on 27th February 2008.
- 3.2 The provisions of the Code shall be modified as follows:
- (a) The 25th and 26th February 2008 shall be deemed not to be Business Days for the purposes of Section G and Section M and Section S4.
 - (b) for each Day (to which a Meter Reading in respect of a Performance Relevant Supply Meter Point relates) which immediately precedes or is within in the Upgrade Period, the references in Section M5.2.1 to the "Day following", M5.2.2 to the "following Day" and M5.2.3 to the "Day following each such Day" shall be deemed to be references to 28th February 2008.
 - (c) for each Day during the Upgrade Period information (relating to Daily Read Supply Meters) provided to Users pursuant to Section E1.6.2(b) will be provided on the basis in Section M4.4.2(a) (as though the Day were a failed Daily Read Day).

