

Proposed Suggested Text

Section X

X1.2.4 Where National Grid NTS has any reasonable grounds for wishing to consult with the Energy Balancing Credit Committee in relation to any step required to be taken under this Section X, National Grid NTS may (where it has convened a meeting of such committee for the purposes for the earliest reasonable date) defer taking such step until it has consulted with such committee.

2.5 Calculation of Outstanding Relevant Balancing Indebtedness

2.5.1 In relation to each Gas Flow Day (the "**relevant Day**"), as soon as reasonably practicable after the Day on which (pursuant to Section E2.1.2) initial Entry Allocation Statements are required to be submitted to National Grid NTS, or in accordance with paragraph 2.5.6 or 2.7.6, National Grid NTS will calculate for each User:

- (a) the amount of the Relevant Balancing Charges for the relevant Day;
and
(b) the amount of the Outstanding Relevant Balancing Indebtedness.

2.5.2 For the purposes of this Section X:

- (a) "Relevant Balancing Charges" means the Daily Imbalance Charges, Scheduling Charges, Basic Balancing Neutrality Charges and Physical Renomination Incentive Charges which would (on the basis set out in paragraph 2.5.3) be payable, and the Market Balancing Action Charges and other charges in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements which are payable, by or to each User in respect of the relevant Day;
- (b) "Basic Balancing Neutrality Charges" are the amounts that would be determined as Balancing Neutrality Charges in accordance with Section F4 on the basis that the Unit Daily Neutrality Amount (under Section F4.3) is calculated on the basis of the Basic Net Neutrality Amount only, and disregarding the Adjustment Neutrality Amount;

- (c) "Anticipated Balancing Indebtedness" for each User (other than the Trading System Operator) is an amount calculated, in respect of all Days in the relevant period (each such day ('i')), in accordance with the following formula:

$$ABI = \sum_{i=d-n}^{d-1} \left(ADSAP_i * \sum_{j=i-9}^{i-n} \frac{DI_j}{10} \right)$$

where:

ABI is the Anticipated Balancing Indebtedness;

ADSAP_i is the Adjusted System Average Price for a Day, 'i', being any Day falling during the relevant period, which shall be the System Average Price for that Day 'i'; except where either:

- (i) the SAP the Day 'i', is greater than the mean of the SAPs for the previous 10 days plus 1.96 times the standard deviation of the SAPs for the previous 10 days ("the Upper Limit"), in which case the ADSAP shall be equal to the Upper Limit; or
- (ii) SAP the Day 'i', is less than the mean of the SAPs for the previous 10 days minus 1.96 times the standard deviation of the SAPs for the previous 10 days ("the Lower Limit"), in which case the ADSAP shall be equal to the Lower Limit.

DI_j is the User's Daily Imbalance for the Day 'j' falling during the Imbalance Period (being a positive or (as the case may be) negative amount in accordance with Section E5.1.2);

d is the relevant Day;

n is the number of days in the relevant period;

"relevant period" is the period from (and including) the 7th Business Day preceding the relevant Day, d, until (and including) the Day preceding the relevant Day ('d-1');

"Imbalance Period" is the period from and including nine Days preceding the day 'i-n' until (and including) the day 'i-n';

(d) In accordance with paragraph X1.2.4, in the event that:

(i) National Grid NTS becomes aware of information, available within the Public Domain and/or information provided by the User, and National Grid NTS has reasonable grounds to believe that the effect of such information would, if used in the above calculation, result in the User's Anticipated Balancing Indebtedness not reflecting the extent of the User's Outstanding Relevant Balancing Indebtedness; and

(ii) recalculating the Anticipated Balancing Indebtedness in accordance with paragraph (cc) the User's Outstanding Relevant Balancing Indebtedness is increased to the extent that it exceeds the User's Cash Call Limit,

National Grid shall convene an Energy Balancing Credit Committee meeting to determine whether further steps are required.

(aa) As soon as reasonably practicable, and on behalf of the EBCC, National Grid NTS will contact the User and advise of the intention to convene the EBCC meeting to discuss the reassessment of the User's Outstanding Relevant Balancing Indebtedness.

(bb) For validation purposes National Grid NTS will provide or refer to the Public Domain data referred to in paragraph d (i) to the User.

(cc) In accordance with X2.5.2 (d) upon direction from the EBCC, National Grid shall revise the Outstanding Relevant Balancing Indebtedness by replacing or partially replacing the sum of the User's Anticipated Balancing Indebtedness with actual 'closed out' data for the relevant days. Such data may relate to:

(i) daily trade allocations closeout at D+1;or

(ii) exit allocations closeout at D+5

(e)(d) "Outstanding Relevant Balancing Indebtedness" for each User (other than the Trading System Operator) means (subject to paragraph (g)) the sum of:

- (i) the net aggregate amount (payable by or to the User) of the Relevant Balancing Charges for each Day of the Uninvoiced Period;
- (ii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is on or after the calculation Day;
- (iii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has

been submitted for which the Invoice Due Date is before the calculation Day and which have not been paid by the User; and

- (iv) the User's Anticipated Balancing Indebtedness less the amount (excluding any interest earned thereon) of any Cash Call which has been paid by the User and not for the time being applied in or towards payment of any Invoice Amount under paragraph 2.8; and
 - (v) any revision to the Anticipated Balancing Indebtedness resulting from paragraph X2.5.2 (d).
- (f)(e) the "**calculation Day**" is the Day on which National Grid NTS makes the calculation under paragraph 2.5.1;
- (g)(f) for the purposes of paragraph (de)(i) the "**Uninvoiced Period**" is the period from the first Day of the earliest Billing Period in respect of which no Energy Balancing Invoice has been submitted to the User up to and including the relevant Day;
- (h)(g) subject to paragraph 2.5.7 in determining the amount of a User's Outstanding Relevant Balancing Indebtedness, National Grid NTS will make an appropriate allowance for any material unpaid amount which may be payable to the User pursuant to Section F1.4;
- (i)(h) in determining Outstanding Relevant Balancing Indebtedness, amounts payable by the User shall be positive, and amounts payable to the User shall be negative; and where Outstanding Relevant Balancing Indebtedness would otherwise be negative it shall be deemed (for the purposes of this Section X only) to be zero;
- (i)(i) "**Outstanding Relevant Balancing Indebtedness**" for the Trading System Operator means the sum of:
- (i) the net aggregate amount (payable by or to the User) of the Relevant Balancing Charges for each Day of the Uninvoiced Period;
 - (ii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is on or after the Calculation Day; and
 - (iii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for

which the Invoice Due Date is before the Calculation Day and which have not been paid by the User;

less

- (iv) the amount (excluding any interest earned thereon) of any Cash Call which has been paid by the Trading System Operator and not for the time being applied in or towards payment of any Invoice Amount under paragraph 2.8.

2.5.3 The Relevant Balancing Charges and a User's Anticipated Balancing Indebtedness will be calculated in respect of each Gas Flow Day on the basis of the amounts determined as the User's UDQIs on the basis of initial Entry Allocation Statements, applying (where relevant) the provisions of Section E2.1.8 or E2.1.9, and on the basis of the User's UDQOs determined in accordance with Section E3.

2.5.4 Users acknowledge that:

- (a) subject to paragraphs 2.5.6, 2.7.6 and 2.5.7, the calculation of Relevant Balancing Charges and a User's Anticipated Balancing Indebtedness will disregard any revision of initial Entry Allocation Statements pursuant to Section E2.1.3;
- (b) the calculation of Outstanding Relevant Balancing Indebtedness takes no account of Energy Balancing Charges which either may become payable by National Grid NTS to a User, or may become payable by a User to National Grid NTS, in respect of Days after the relevant Day and up to the calculation Day.

2.5.5 For the avoidance of doubt paragraph 2.5.4 is without prejudice to the subsequent determination of Energy Balancing Charges for the purposes of submission of an Energy Balancing Invoice.

2.5.6 Subject to paragraph 2.5.7, where:

- (a) any Entry Allocation Statement submitted in respect of any Day in the Uninvoiced Period has been revised (in compliance with the requirements of Section E2.1.3) so as to reduce the UDQI of any User; and
- (b) any User so requests National Grid NTS by notice given not less than 5 Days before the Entry Close-out Date; and
- (c) the amount by which such UDQI was so reduced exceeds whichever is the greater of:
 - (i) 2,000,000 kWh (68,260 therms); and

- (ii) an amount determined as 10% of the aggregate of the User's UDQIs (determined as at the time of such request) for all System Entry Points for the relevant Day,

National Grid NTS will as soon as reasonably practicable recalculate the amount of all Users' Outstanding Relevant Balancing Indebtedness on the basis of the revised UDQIs under all of the revised Entry Allocation Statements for the relevant Day.

2.5.7 Paragraphs 2.5.2(b), 2.5.2(c), 2.5.2(d), 2.5.2 (e), 2.5.2(gh), 2.5.3, 2.5.4(a) and 2.5.6 shall not apply to the Trading System Operator.

2.7 Cash Call Appeals

2.7.1 Where:

- (a) a Cash Call (the "**relevant**" Cash Call) has been submitted to a User;
- (b) the amount of the relevant Cash Call, alone or in aggregate with any other Cash Calls made to the User in the same calendar month, exceeds whichever is the lesser of £1,000,000 and 20% of the User's Cash Call Limit; and
- (c) the User considers that the amount of the relevant Cash Call has been calculated erroneously; and/or
- (d) the User provides closed out data which seeks to replace or partially replace data calculated through the Anticipated Balancing Indebtedness.

the User may, not later than 12:00 hours on the Business Day on which the relevant Cash Call is (in accordance with paragraph 2.8.1, disregarding paragraph 2.7.8(a)) due for payment, so notify National Grid NTS, specifying in as much detail as is possible the User's reasons for so considering.

2.7.2 Where a User gives a notification under paragraph 2.7.1:

- (a) the relevant Cash Call (and the obligation of the User to make payment thereof) will be suspended, subject to paragraph 2.7.3;
- (b) National Grid NTS will review the details provided by the User and will review the calculations made of the User's Outstanding Relevant Balancing Indebtedness;
- (c) if requested by National Grid NTS the User shall provide by telephone or facsimile any further details or explanation of its view.

2.7.3 Following its review under paragraph 2.7.2(a) National Grid NTS will as soon as reasonably practicable (and wherever possible within 24 hours after the User's notification under paragraph 2.7.1):

- (a) where it is reasonably satisfied that:
 - (i) there has been or may have been such an error, or
 - (ii) a proposed revision submitted as result of paragraph 2.7.1 (d) is bonafide,withdraw the relevant Cash Call or revise the relevant Cash Call accordingly and submit the revised Cash Call to the User;
- (b) otherwise, notify the User that the original Cash Call remains valid (and is no longer suspended);

and any such revised Cash Call or notification shall be substantially in the form set out in the Energy Balancing Credit Rules, and if given on a Day which is not a Business Day or after 17:00 hours on a Business Day shall be treated as having been given on the next following Business Day.

Draft Business Rules