

**UNIFORM NETWORK CODE**

**CODE MODIFICATION PROPOSAL 0337**

**INTRODUCTION OF AN INTER-DAY LINEPACK PRODUCT**

[Draft] legal text

**TRANSPORTATION PRINCIPAL DOCUMENT**

**SECTION C - NOMINATIONS**

*Insert a new paragraph 7 to read as follows:*

**7 INTER-DAY LINEPACK (IDLP)**

**7.1 Introduction**

7.1.1 For the purpose of this paragraph 7:

- (a) the "**bid evaluation period**" is, in relation to an IDLP Release, the period during which the IDLP Manager conducts an allocation in accordance with paragraph 7.5.2;
- (b) an "**IDLP Bid**" is an offer by a User to make an IDLP Trade;
- (c) an "**IDLP (Borrow) Trade**" is an IDLP Trade under which the User makes an Acquiring Trade Nomination for Day D and a Disposing Trade Nomination for Day D+1;
- (d) an "**IDLP (Lend) Trade**" is an IDLP Trade under which the User makes a Disposing Trade Nomination for Day D and an Acquiring Trade Nomination for Day D+1;
- (e) "**IDLP Manager**" means National Grid NTS acting for the purposes of this paragraph 7;
- (f) the "**IDLP Methodology Statement**" is the methodology from time to time established, published and revised by the IDLP Manager setting out the methodology which the IDLP Manager will apply for the purposes of determining the Available IDLP Quantity and such statement shall not form part of the Code (and shall not be subject to modification pursuant to the Modification Rules);
- (g) an "**IDLP Release**" is an occasion on Day D where the Available IDLP Quantity is greater than zero (0) in either direction and the IDLP Manager selects IDLP Bids for acceptance in accordance with paragraph 7.5;
- (h) an "**IDLP Trade**" for a Day D is a transaction pursuant to which a User and the IDLP Manager will, in accordance with paragraph 7.5.3, make Trade Nominations for Day D and equal and opposite Trade Nominations for Day D+1; and
- (i) the "**minimum eligible amount**" is 100,000 kWh.

7.1.2 An IDLP Bid is "**eligible**" in relation to an IDLP Release where the IDLP Bid:

- (a) was submitted and not withdrawn prior to the IDLP Release;
- (b) was not rejected by the IDLP Manager in accordance with paragraph 7.3.5.

7.1.3 Where in relation to an IDLP Release an IDLP Bid was not accepted or it was only partially accepted the IDLP Bid shall remain eligible, in the case of a partially accepted IDLP Bid for the amount of the remaining IDLP Bid Quantity which exceeds any minimum amount specified in the IDLP Bid (and the minimum eligible amount), for the purposes of the next following IDLP Release on the Day in respect of which the IDLP Bid was made.

## 7.2 IDLP Manager

- 7.2.1 The IDLP Manager shall be a User for the sole purpose of making Acquiring Trade Nominations and Disposing Trade Nominations.
- 7.2.2 Section F2 shall not apply in relation to the IDLP Manager and the IDLP Manager will not make or receive payments in respect of Balancing Charges.

## 7.3 IDLP Bids

7.3.1 Users may make IDLP Bids for Day D in accordance with this paragraph 7.3.

7.3.2 An IDLP Bid shall specify:

- (a) the identity of the User;
- (b) the Day in respect of which the IDLP Bid is made;
- (c) whether the IDLP Bid is for an IDLP (Borrow) Trade or an IDLP (Lend) Trade;
- (d) the amount (in kWh, and not less than the minimum eligible amount) in respect of which the bid is submitted ("**IDLP Bid Quantity**");
- (e) if any, the minimum amount (not less than the minimum eligible amount) which the User is willing to be allocated for the purposes of paragraph 7.5.2; and
- (f) the amount (to four decimal places, the "**bid price**"), which shall not be less than zero (0), which the User is offering to pay by way of an IDLP Charge.

7.3.3 An IDLP Bid may:

- (a) subject to paragraph (b), be:
  - (i) submitted at any time from the seventh Day before Day D until 23:00 hours on Day D;
  - (ii) withdrawn (but not amended) at anytime before it is accepted in accordance with paragraph 7.5.2;
- (b) not be submitted or withdrawn during a bid evaluation period on the Day for which the IDLP Bid is made.

7.3.4 In relation to an IDLP Release a User may have, at any one time, up to but no more than ten (10) eligible IDLP Bids.

7.3.5 The IDLP Manager may reject an IDLP Bid where any requirement of paragraph 7.3.2 is not complied with.

#### 7.4 IDLP Release

7.4.1 In relation to each IDLP Release:

(a) the "**Sets**" of IDLP Bids are:

(i) the set of all (if any) IDLP Bids for IDLP (Borrow) Trades;

(ii) the set of all (if any) IDLP Bids for IDLP (Lend) Trades

which are eligible IDLP Bids in relation to that IDLP Release;

(b) in relation to a Set, the "**Aggregate Bid Quantity**" is the aggregate of the IDLP Bid Quantities for all eligible IDLP Bids in the Set;

(c) in relation to an IDLP Bid, the "**direction**" of the IDLP Bid means whether the bid is for an IDLP (Borrow) Trade or an IDLP (Lend) Trade, and direction in relation to a Set shall be construed accordingly.

7.4.2 Where, for an IDLP Release, there are eligible IDLP Bids in both directions:

(a) the "**Smaller**" Set is the Set for which the Aggregate Bid Quantity is smaller; and

(b) the "**Larger**" Set is the other Set

and where there is only one Set it shall be treated as the Larger Set.

7.4.3 The "**Available IDLP Quantity**" in relation to an IDLP Release and a direction means, subject to paragraph 7.4.4, the aggregate quantity of inter-day linepack which the IDLP Manager determines (in accordance with the IDLP Methodology Statement) it can make available for the purposes of accepting IDLP Bids in that direction.

7.4.4 Where, in relation to an IDLP Release, there are eligible IDLP Bids in both directions:

(a) the Available IDLP Quantity in the direction of the Smaller Set shall be the amount equal to the Aggregate Bid Quantity for the Smaller Set; and

(b) the Available IDLP Quantity in the direction of the Larger Set shall automatically be increased (from the amount determined in accordance with the IDLP Methodology Statement) by the amount of the Aggregate Bid Quantity of the Smaller Set.

7.4.5 The IDLP Manager will notify Users of the Available IDLP Quantity in each direction no later than thirty (30) minutes prior to an IDLP Release (including where such amount is zero (0) in one or both directions).

7.4.6 Where, following notification of the Available IDLP Quantity pursuant to paragraph 7.4.5:

(a) a new Transportation Constraint occurs;

(b) there is a change in the Operational Balancing Requirements; or

- (c) the NEC declares a Network Gas Supply Emergency

the Available IDLP Quantity in either direction may be revised for the purposes of the IDLP Release by such amount as the IDLP Manager may (in its sole discretion) determine.

- 7.4.7 Where the Available IDLP Quantity is revised pursuant to paragraph 7.4.6 the IDLP Manager will notify Users of the reasons for its determination.
- 7.4.8 An IDLP Release shall occur on a Day at each of 13:30, 16:30, 19:30 and 23:00 hours, and where the Available IDLP Quantity at such time is greater than zero (0) in either or both directions the IDLP Manager will initiate a bid evaluation period at such time and select eligible IDLP Bids for acceptance in accordance with paragraph 7.5.2.

## 7.5 Allocation

- 7.5.1 For the purposes of this paragraph 7.5 the "**Accepted IDLP Bid Quantity**" is the amount of the Available IDLP Quantity allocated to an IDLP Bid in accordance with paragraph 7.5.2.
- 7.5.2 In relation to each IDLP Release and each Set of IDLP Bids, bids will be accepted as follows:
  - (a) the Set of IDLP Bids shall be ranked in order of bid price (the highest priced ranking first);
  - (b) where two (2) or more bids specify the same bid price, the first submitted bid shall be ranked higher;
  - (c) the Available IDLP Quantity shall be allocated to the IDLP Bids in descending order, allocating the Available IDLP Quantity to the highest ranked IDLP Bid first until such time as the quantity allocated in aggregate is equal to the Available IDLP Quantity or there are no further IDLP Bids to satisfy;
  - (d) subject to paragraphs (e) and (f), where the IDLP Bid Quantity exceeds the amount ("**remaining unallocated amount**") of the Available IDLP Quantity which remains unallocated after allocation to the higher ranked bids, the User will be allocated an amount equal to the remaining unallocated amount;
  - (e) where the amount to be allocated in respect of a bid is less than the minimum amount specified in the bid, the bid will be disregarded and an allocation made in respect of the next ranked bid; and
  - (f) where the amount to be allocated in respect of a bid would be less than the minimum eligible amount, no allocation shall be made to the bid (and no further allocation shall be made).
- 7.5.3 Where an IDLP Bid is accepted:
  - (a) an IDLP Trade shall be made, and the IDLP Manager and the User shall be treated as having made Trade Nominations for Day D and equal and opposite Trade Nominations for D+1 in each case for the Accepted IDLP Bid Quantity in the manner set out in the table below:

	IDLP (Borrow) Trade		IDLP (Lend) Trade	
	<b>D</b>	<b>D+1</b>	<b>D</b>	<b>D+1</b>
<b>User</b>	Acquiring Trade Nomination	Disposing Trade Nomination	Disposing Trade Nomination	Acquiring Trade Nomination
<b>IDLP Manager</b>	Disposing Trade Nomination	Acquiring Trade Nomination	Acquiring Trade Nomination	Disposing Trade Nomination

(b) and no further action need be taken by the IDLP Manager or the User for the purposes of giving effect to the IDLP Trade.

7.5.4 Where, following the IDLP Release at 23:00 hours on a Day, there remain IDLP Bids for such Day which have not been accepted such bids shall lapse and have no further effect for the purposes of this paragraph 7.

7.5.5 In relation to an IDLP Release the IDLP Manager will, not later than one (1) hour after the start of the bid evaluation period, inform each User of those of its IDLP Bids which have been accepted and the amount of the Available IDLP Quantity which has been allocated in respect of each such IDLP Bid.

7.5.6 Each User who has an IDLP Bid accepted shall be liable to pay to the IDLP Manager a charge ("**IDLP Charge**") in an amount determined as the Accepted IDLP Bid Quantity multiplied by the bid price specified in the IDLP Bid.

7.5.7 IDLP Charges will be invoiced and payable in accordance with Section S.

## 7.6 Auction Information

7.6.1 In relation to an IDLP Release the IDLP Manager will, not later than one (1) hour after the end of a bid evaluation period notify Users of:

(a) in respect of each direction:

- (i) the Available IDLP Quantity notified to Users pursuant to paragraph 7.4.5;
- (ii) where different, the Available IDLP Quantity made available at the IDLP Release;

(b) for each Set of IDLP Bids:

- (i) the Aggregate Bid Quantity;
- (ii) the aggregate quantity allocated to each Set of IDLP Bids;
- (iii) the highest bid price of any accepted bid and the quantity for which such bid was accepted;
- (iv) the lowest bid price of any accepted bid and the quantity for which such bid was accepted; and

- (v) the weighted average price of accepted bids calculated in accordance with paragraph 7.6.2.

7.6.2 For the purposes of paragraph 7.6.1(b)(v) the "**weighted average price**" in relation to an IDLP Release is calculated as follows:

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

where:

*i* represents each IDLP Bid which was accepted;

*n* is the number of IDLP Bids which were accepted;

and where in relation to each accepted IDLP Bid *i*,

*Q<sub>i</sub>* is the amount of the Available IDLP Quantity allocated to each successful IDLP Bid; and

*P<sub>i</sub>* is the bid price.

#### **SECTION D – OPERATIONAL BALANCING AND TRADING ARRANGEMENTS**

*Amend paragraph 1.1.1(c) to read as follows:*

" ...

- (c) after taking into account estimated shrinkage and intended changes in NTS Linepack and LDZ stock (including pursuant to acceptance of IDLP Bids under Section C7); and

...".

#### **SECTION F – SYSTEM CLEARING, BALANCING CHARGES AND NEUTRALITY**

*Amend paragraph 4.1.2(a) to read as follows:*

" ...

- (a) "**relevant User**" means subject to paragraph 4.1.2(e) below, any User other than the IDLP Manager, a Shrinkage Provider ...".

*Amend paragraph 4.4.2 to read as follows:*

" ...

- (g) ...; ~~and~~

- (h) ...; and

- (i) the IDLP Charges payable to the IDLP Manager on that Day."

*Amend paragraph 4.5.3(a)(ii) to read as follows:*

" ... Total Incentivised Nomination Charges, IDLP Charges, Balancing Charges ..."

*Amend paragraph 4.5.3(b)(ii) to read as follows:*

" ... Total Incentivised Nomination Charges, IDLP Charges, Balancing Charges ..."

## **SECTION X – ENERGY BALANCING CREDIT MANAGEMENT**

*Amend paragraph 2.5.2(d) to read as follows:*

**"Outstanding Relevant Balancing Indebtedness"** for each User ...

...

(iii) ...; **and**

(iv) ...; **and**

(v) in relation to IDLP Charges the sum of:

- (1) the aggregate amount of IDLP Charges payable by the User in the period from the first Day of the earliest billing period in respect of which no Invoice for IDLP Charges has been submitted to the User up to and including the relevant day;
- (2) the Invoice Amounts under each Invoice in respect of IDLP Charges which has been submitted for which the Invoice Due Date is on or after the calculation day; and
- (3) the Invoice Amounts under each Invoice in respect of IDLP Charges which has been submitted for which the Invoice Due Date is before the calculation day and which has not been paid by the User."