

## Stage 01: Modification

**0500:** *(Joint Office to insert number)*

# EU Capacity Regulations – Capacity Allocation Mechanisms with Congestion Management Procedures

This Modification Proposal seeks to facilitate compliance with Commission Regulation (EU) No 984/2013 (Capacity Allocation Mechanisms) and facilitate continued compliance with Annex I to regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks with regards to the Congestion Management Procedures.



The Proposer recommends that this modification should be assessed by a Workgroup



High Impact:  
Shippers and National Grid NTS



Medium Impact:



Low Impact:

At what stage is this document in the process?



0500

Modification

Day Month Year 2014 04 Sep  
2014

Version 1.10

Page 1 of 34

© 2014 2014 all rights










# Contents

<b>1 Summary</b>	<b>3</b>
<b>2 Why Change?</b>	<b>5</b>
<b>3 Solution</b>	<b><u>878</u></b>
<b>4 Relevant Objectives</b>	<b>29</b>
<b>5 Implementation</b>	<b>29</b>
<b>6 Legal Text</b>	<b>30</b>
<b>7 Recommendation</b>	<b>30</b>

## About this document:

This modification will be presented by the proposer to the panel on 15th May 2014.

The panel will consider the proposer’s recommendation and agree whether this modification should be referred to a workgroup for assessment.


<b>Any questions?</b>
Contact: <b>Code Administrator</b>
 <b>enquiries@gasgovernance.co.uk</b>
 <b>0121 288 2107</b>
Proposer: <b>Matthew Hatch</b>
 <b>email address mathew.hatch@nationalgrid.com</b>
 <b>telephone 01926 655893</b>
Transporter: <b>National Grid NTS</b>
 <b>email address Matthew.Hatch@nationalgrid.com</b>
 <b>telephone 01926 655893</b>
Systems Provider: <b>Xoserve</b>
 <b>commercial.enquiries@xoserve.com</b>
 <b>telephone</b>

# 1 Summary

## Is this a Self-Governance Modification?

Self Governance procedures are not proposed because this Modification Proposal is likely to have a material effect on commercial activities connected with the transportation of gas conveyed via the National Transmission System (NTS) and the operation of this pipeline system. This is due to the changes proposed in respect of NTS capacity allocation, capacity transfers and congestion management at Interconnection Points (IPs).

## Is this a Fast Track Self-Governance Modification?

Fast Track Self-Governance procedures are not proposed because the proposer does not believe that the Modification Proposal meets the self-governance criteria for the reasons stated above.

## Why Change?

This Proposal is one of a number of Proposals which seek to implement relevant provisions of a number of new EU Network Codes which have been introduced in order to enable progress towards a competitive and efficient internal market in gas. Some EU Network Codes are still in development and these may in due course require a review of solutions developed for Codes that come into force beforehand.

On 14 October 2013 the European Commission adopted rules (EU Regulation 984/2013, otherwise known as the code on Capacity Allocation Mechanisms (CAM)) to harmonize transparent and non-discriminatory access to transmission capacity at applicable ~~interconnection points~~ IPs across the European Union. These rules are supported by Congestion Management Procedures (CMP) and the interim solutions for CMP need to be reviewed to ensure a fit with CAM. Changes to the UNC are required to ensure compliance with these EU rules. It is expected that an EU Network Code on Tariffs will not be finalised before CAM comes into force therefore this modification proposes specific tariff arrangements to apply at IPs.

## Solution

The UNC mechanisms for Users<sup>1</sup> to obtain and manage NTS Entry Capacity and NTS Exit (Flat) Capacity at ~~Interconnection Points~~ (IPs) will be modified to comply with the requirements of CAM and CMP at IPs in terms of:

- an EU set of standard capacity products for both entry and exit capacity (yearly, quarterly, monthly, daily and within day) and cessation of Enduring Annual NTS Exit (Flat) Capacity;
- an EU standard capacity auction calendar;
- EU standard capacity auction designs (Ascending Clock and Uniform Price);
- ~~Priority~~ priority given to cross-border bundling of unsold capacity products;
- ~~Cross~~ cross-border set aside of capacity from longer term auctions for shorter term auctions<sup>2</sup>;
- ~~Available~~ available ~~Cross-Border~~ Bundled Capacity can only be resold as 0500 Bundled Capacity on the secondary market;

<sup>1</sup> For the purposes of this Proposal, reference to a User means a Shipper User

<sup>2</sup> Set aside of capacity for CAM will be detailed in the relevant capacity methodology statements rather than the UNC.

- a ~~joint~~ Joint booking-Booking platform-Platform (JBP) for the sale and purchase of capacity at ~~Interconnection Point~~IPs;
- where required adapt pre-existing CMP solutions to apply to CAM products and auction processes and the ~~joint booking platform~~JBP;
- adapt the existing charging methodology until the Tariff code comes into effect to ensure prices are defined for initial CAM capacity auctions.

## Relevant Objectives

Implementation of this Modification would better facilitate the following relevant objective:  
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. The new Capacity Allocation, Transfers and Congestion Management rules and their application are prescribed within the EU CAM Code and CMP Guidelines. The consequential changes to the UNC will therefore facilitate compliance with European legislative requirements.

## Implementation

No implementation timescales are proposed. The EU has specified the Regulation on Capacity Allocation Mechanisms will apply no later than 1 November 2015.

Introduction of new/modified processes and systems will be necessary to facilitate implementation of this modification.

0500

Modification

~~Day Month 2014~~04 Sep  
2014

Version 1.10

Page 4 of 34

© 2014~~2014~~ all rights

## 2 Why Change?

Regulation (EC) No 715/2009 of the European Parliament and the Council of the European Union came into force in September 2009 and introduced a European Network of Transmission System Operators for Gas (ENTSOG). One of ENTSOG's tasks was to prepare legally binding network codes in the form of European secondary legislation to the Gas Regulation (No 715/2009). The aim of the codes is to enable progress towards a competitive and efficient internal European market in gas by the creation of liquid markets, the efficient use of cross-border transmission capacity and the integration between Member States' gas markets.

On 14 October 2013 the European Commission adopted rules (EU Regulation 984/2013, otherwise known as the code on Capacity Allocation Mechanisms (CAM)) to harmonize transparent and non-discriminatory access to transmission capacity at applicable ~~interconnection points~~ IPs across the European Union. These rules are supported by Congestion Management Procedures (CMP) and the interim solutions for CMP need to be reviewed to ensure a fit with CAM. Changes to the UNC are required to ensure compliance with these EU rules. It is expected that an EU Network Code on Tariffs will not be finalised before CAM comes into force therefore this modification proposes specific tariff arrangements to apply at IPs.

The UNC mechanisms for Users to obtain NTS Entry Capacity and NTS Exit (Flat) Capacity at ~~Interconnection Point~~ IPs need to be modified to comply with the requirements of CAM and CMP at IPs ~~in terms of:~~

- ~~• an EU set of standard capacity products for both entry and exit capacity (yearly, quarterly, monthly, daily and within day) and cessation of Enduring Annual NTS Exit (Flat) Capacity;~~
- ~~• an EU standard capacity auction calendar;~~
- ~~• EU standard capacity auction designs (Ascending Clock and Uniform Price);~~
- ~~• Priority given to cross border bundling of unsold capacity products;~~
- ~~• Cross border set aside of capacity from longer term auctions for shorter term auctions;~~
- ~~• Available cross border bundled capacity can only be resold as bundled capacity on the secondary market;~~
- ~~• where required adapt existing CMP solutions to apply to CAM products and auction processes;~~
- ~~• a joint booking platform for the sale and purchase of capacity at Interconnection Points;~~
- adapt the existing charging methodology until the Tariff code comes into effect to ensure prices are defined for initial CAM capacity auctions.

The below table outlines the products, algorithm types and (GMT/BST) timings associated with each CAM auction.

0500

Modification

Day Month 2014 04 Sep  
2014

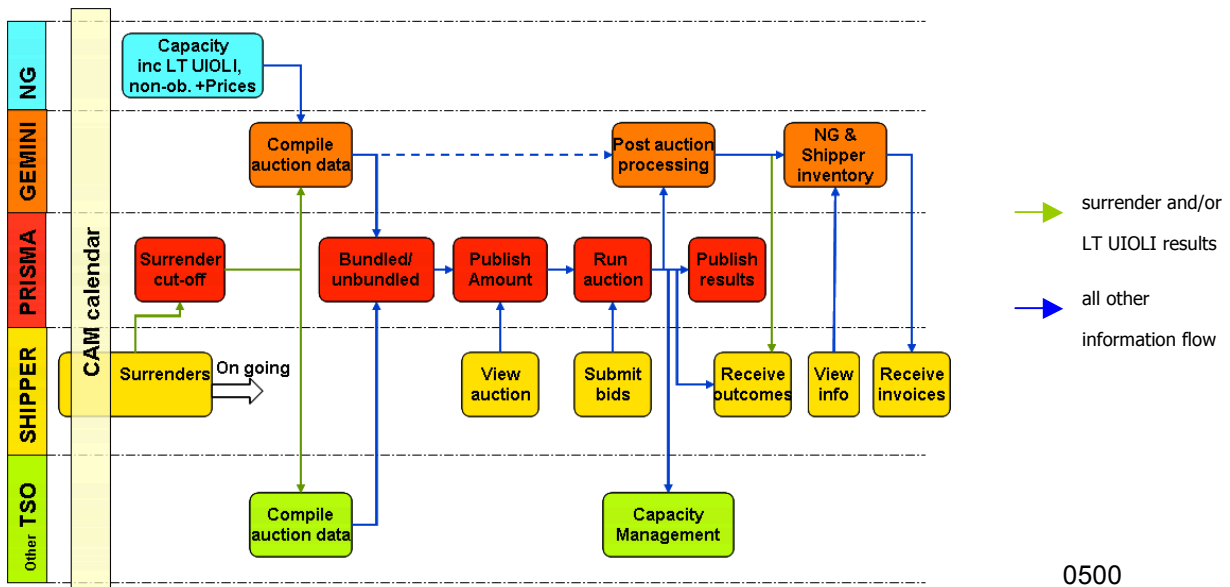
Version 1.10

Page 5 of 34

© 2014/2014 all rights

Auction	Frequency	Product	Capacity	Default	Default	Allocation	Auction
			Commencing	Start of the auction	Invitation publication		algorithm
Annual	annually	Firm	1st October	1st Monday	1 month before auction	next business day	Ascending
Yearly		Y+1 to Y+15 annual strips		of March	starts	(after the closing bid window)	clock
Annual		Firm	1st October	1st Monday	2 weeks before auction		
Quarterly		Y+1 Q1 to Q4	1st January 1st April 1st of July	of June	starts		
Rolling	monthly	Firm	1st day of each	3rd Monday	1 week before auction		
Monthly		monthly strips	month	of the month	starts		
Rolling	daily	Firm & Interruptible	Start of the gas day	Firm D 15:30 Interruptible D [16:30]	At the start of the auction	30 minutes after the bidding round closes	Uniform price
Day		D+1					
Within	hourly	Firm	Hour bar + 3.54 from	D-1	After closure of the day	30 minutes after	
Day		D	start-end of bid window	[18:00]	ahead auctions	the bidding round closes	

Following its stakeholder consultation regarding the PRISMA platform, National Grid NTS will be utilising PRISMA as the ~~joint booking platform~~ JBP for ~~National Grid NTS interconnection points~~ IPs. It should be noted that PRISMA is jointly owned by Transporters across member states and has its own terms and conditions that are not within the direct control of any single Transporter. The interface for Users for any transactions relating to ~~Interconnection Point~~ IPs shall primarily be the PRISMA platform, however some User actions shall necessarily remain on existing National Grid NTS IT systems. All relevant data held on the PRISMA platform will be transferred to National Grid NTS systems so that key processes such as invoicing can be completed. The below diagram outlines a typical auction process, and how data flows between Users, PRISMA and National Grid NTS.



0500

Modification

Day Month Year 2014 04 Sep 2014

Version 1.10

Page 6 of 34

© 2014 2014 all rights

While this modification aims to facilitate compliance with CAM (and CMP), it should be noted that some CAM-CMP requirements are not being addressed by this modification. For reference these are described below:

- a) The CAM code requires Transporters to provide Users with a single nomination process for ~~Interconnection Point~~ IPs.

- b) The CAM code defines a 'Gas Day' as 5:00 to 5:00 GMT/BST.
- e) The CAM code applies only to ~~Interconnection Point~~IPs and so steps may be taken to disaggregate any points where ~~Interconnection point~~IPs are currently commercially combined with non ~~Interconnection Point~~IPs.
- e) The 'Firm Day Ahead Use-it-or-Lose-it' mechanism if required under CMP.

These requirements are covered by separate modification(s) as required.

0500

Modification

Day Month ~~2014~~04 Sep  
2014

Version 1.10

Page 7 of 34

© ~~2014~~2014 all rights

## 3 Solution

It is proposed to introduce new processes at ~~Interconnection Point~~IPs (as currently defined in UNC TPD A1.8) and to introduce new terms for these processes. New processes proposed in this modification shall be used in place of or in conjunction with existing UNC processes as described within this modification. Note that new terms proposed below are primarily for the purposes of this document. Terms defined below may or may not form part of the legal text<sup>3</sup>.

4)

### 3.1 New Terms

- 1) **"1-to-1 situation"** is a situation where there is a single Transporter on either side of an ~~Interconnection Point~~IP.
- 2) **"~~1~~-1-to-2 situation"** is a ~~situation~~ where there is a single Transporter on one side of an ~~Interconnection Point~~IP (the 1-side) and two Adjacent Transporters on the other side (the 2-side).
- 3) **"Adjacent Transporter"** means the operator of a Transmission System connected to (or designated as connected to) the ~~National Transmission System~~NTS at an ~~Interconnection Point~~IP.
- 4) **"Ascending Clock Auction"** means an auction in which the User places requested quantities of capacity in a bid against defined price steps which are applied sequentially in a series of bidding rounds
- 5) **"Auction Premium"** means the difference (if any) in price between the auction reserve price and the clearing price of an ~~Interconnector~~IP Capacity Auction.
- 6) **"Automatic Bidding"** means a ~~Joint Booking Platform~~JBP function that allows Users to submit bids before the start of an Interconnection Capacity Auction;
- 7) **"~~Cross border bundled~~ Bundled Capacity"** means NTS capacity at ~~an Interconnection Point~~IP that Users can obtain ~~with a~~via bid(s) in a single auction for an equal quantity and duration for a combination either of NTS Exit (Flat) Capacity with Adjacent Transporter Entry Capacity, or of NTS Entry Capacity with Adjacent Transporter Exit Capacity. Such capacity is Registered as bundled when allocated. ~~NTS unbundled capacity is auctioned at Interconnection Points independently from any Adjacent Transporter. Users may also request that their unbundled capacity first allocated prior to 1<sup>st</sup> November 2015 to be Registered as bundled.~~
- 8) **"Daily NTS ~~Interconnector~~Interconnection Point Capacity"** is either NTS Entry Capacity or NTS Exit (Flat) Capacity which may be applied for and registered as held (in a given amount) by a User for a particular Day only;
- 9) **"ENTSOG Auction Calendar"** means a table of all relevant timings for auctions, including starting dates and EU standard capacity products published by ENTSOG

<sup>3</sup> The eventual legal drafting may involve a combination of UNC provisions and references to PRISMA General Terms and Conditions (GTCs). These GTCs can be found at <https://platform.prisma-capacity.eu/>, select Downloads and scroll down to Legal Information.



by January of every calendar year for auctions taking place during the period March until February of the following calendar year

- 10) **"Firm NTS ~~Interconnector~~Interconnection Point Capacity"** is NTS ~~Interconnector~~IP Capacity which is not subject to curtailment;
- 11) **"First Time Undersell"** means an occurrence where ~~c~~"Capacity ~~d~~Demand" (i.e. the aggregate capacity bid quantity across all Users) in a Large Price Step round of an ascending clock auction is less than the capacity quantity offered at the end of the second bidding round or a subsequent bidding round
- 12) **"~~Interconnector~~Interconnection Point Capacity Auction"** means capacity allocation mechanisms that facilitate compliance with EU Regulation 984/2013.
- 13) **"Interruptible NTS ~~Interconnector~~Interconnection Point Capacity"** means **Daily NTS ~~Interconnector~~Interconnection Point Capacity** which is subject to curtailment;
- 14) **"Joint Booking Platform"** means the web based platform used to offer, obtain and Transfer capacity at any National Grid NTS ~~Interconnection Point~~IP.
- 15) ~~A "Large Price Step" means is a price step in ascending clock auctions that seeks to minimise the length of the auction process~~the increase in price between each round of an Ascending Clock Auction prior to the First Time Undersell
- 16) **"Monthly NTS ~~Interconnector~~Interconnection Point Capacity"** is either NTS Entry Capacity or NTS Exit (Flat) Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a particular calendar month;
- 17) **"NTS ~~Interconnector~~Interconnection Point Capacity"** means either NTS Entry Capacity or NTS Exit Capacity at ~~Interconnection Points~~IPs ~~that may be Yearly, Quarterly, Monthly, Daily, or (for a period defined in Section 3.16) Enduring Annual~~ NTS Exit (Flat) Capacity, either allocated under CAM or prior to 1<sup>st</sup> November 2015, and may be bundled or unbundled.
- ~~17)~~18) **"Oversell"** means an occurrence where capacity demand in any round of an Ascending Clock Auction, is greater than the quantity of capacity offered.
- ~~18)~~19) **"Quarterly NTS ~~Interconnector~~Interconnection Point Capacity"** is either NTS Entry Capacity or NTS Exit (Flat) Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a particular calendar quarter;
- ~~19)~~20) A **"Small Price Step"** means ~~an integer division of a Large Price Step that seeks to minimise the level of unsold capacity where an ascending clock auctions closes at a price higher than the reserve price~~is the increase in price between each round of an Ascending Clock Auction after the First Time Undersell.
- ~~20)~~21) **"Technical Capacity"** means the **Obligated Entry Capacity**, or the **Baseline NTS Exit (Flat) Capacity**. (Note Technical Capacity is zero for virtual reverse flow.)
- ~~21)~~22) **"Unbundled NTS ~~Interconnector~~Interconnection Point Capacity"** means NTS ~~Interconnector~~Interconnection Point Capacity at an ~~Interconnection Point~~IP which ~~has been auctioned or applied for separately at that Interconnection Point, from capacity rights provided by any Adjacent Transporter~~is not bundled.
- ~~22)~~23) **"Uniform Price Auction"** means an auction in which the User in a single bidding round bids price as well as capacity quantity and all Users who are successful in gaining capacity pay the price of the lowest successful bid;

0500

Modification

Day Month 201404 Sep  
2014

Version 1.10

Page 9 of 34

© 20142014 all rights

~~23)24)~~ “**Yearly NTS Interconnector/Interconnection Point Capacity**” is either NTS Entry Capacity or NTS Exit (Flat) Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a Gas Year;

### 3.2 General

- 1) For gas days from the 1<sup>st</sup> Nov 2015 onwards, NTS ~~Interconnector/IP~~ Capacity may only be ~~newly~~ Registered by Users through auctions that comply with Capacity Allocation Mechanisms (CAM), as defined in this modification proposal.
- 2) National Grid NTS ~~and its Adjacent Transporters~~ shall apply this Regulation by offering capacity by means of a ~~Joint Booking Platform~~JBP. Capacity auctioned on the ~~Joint Booking Platform~~JBP may be offered and Registered to Users as bundled or unbundled capacity ~~(in accordance with paragraphs 18 & 19 below).~~
- 3) The ~~Joint Booking Platform~~JBP shall allow ~~Transporters~~National Grid NTS to offer, and Users to obtain NTS ~~Interconnector/IP~~ Capacity, and for Users to trade capacity on a secondary market.
- 4) The ~~Joint Booking Platform~~JBP shall have ~~its own~~ General Terms and Conditions (GTCs) and a ~~User~~ registration processes. Any party wishing to obtain NTS ~~Interconnector/IP~~ Capacity must ~~first~~ agree to the GTCs for the platform, and additionally any parties applying to use the primary and/or secondary functionalities of the ~~Joint Booking Platform~~JBP shall first be approved by National Grid NTS. National Grid NTS shall approve all applications for use of the ~~Joint Booking Platform~~JBP so long as the proposed platform user represents a Shipper User under the UNC.
- 5) Users shall be identified on the ~~Joint Booking Platform~~JBP by an Energy Identity Code (EIC)<sup>4</sup>. ~~Users require an EIC before using functionalities offered on the JBP.~~
- 6) Capacity at ~~Interconnection Points/IPs~~ shall be offered for auction on not more than one ~~Joint Booking Platform~~JBP.
- 7) Relevant communications ~~described within this modification~~, within the scope of the ~~Joint Booking Platform~~JBP, will constitute UNC ~~Code~~ Communications. National Grid NTS will continue to operate UK Link and conventional communications with Users in conjunction with the ~~Joint Booking Platform~~JBP in order to continue UNC ~~code~~ Code ~~communications~~ Communications that are outside the scope of the ~~Joint Booking Platform~~JBP.
- 8) Relevant User Information on the ~~Joint Booking Platform~~JBP will be ~~reflected~~ ~~entransferred to~~ National Grid NTS IT systems, ~~in order to complete processes described within this modification.~~
- 9) Unless otherwise specified, all times referred to within this document are GMT/BST (as relevant) (note that GMT is equivalent to UTC as used in CAM).
- 10) Users may apply for and be registered as holding NTS ~~Interconnector/IP~~ Capacity through the following ~~Interconnector/IP~~ Capacity Auctions on the ~~Joint Booking Platform~~JBP:
  - a) Annual Yearly ~~Interconnector/IP~~ Capacity Auction. In this auction Users may apply for and be registered as holding firm Annual NTS ~~Interconnector/IP~~ Capacity;
  - b) Annual Quarterly ~~Interconnector/IP~~ Capacity Auction. In this auction Users may

0500  
Modification  
Day Month Year 201404 Sep  
2014

Version 1.10

Page 10 of 34

© 20142014 all rights

<sup>4</sup> Ref <http://www.entsog.eu/>, menu item on EICs.

- c) Rolling Monthly ~~Interconnector~~IP Capacity Auction. In this auction Users may apply for and be registered as holding firm Monthly NTS ~~Interconnector~~IP Capacity;
- d) Rolling Day Ahead ~~Interconnector~~IP Capacity Auction. In this auction Users may apply for and be registered as holding firm Daily NTS ~~Interconnector~~IP Capacity;
- e) Interruptible Rolling Day Ahead ~~Interconnector~~IP Capacity Auction. In this auction Users may apply for and be registered as holding Interruptible NTS ~~Interconnector~~IP Capacity;
- f) Within Day ~~Interconnector~~IP Capacity Auction. In this auction Users may apply for and be registered as holding firm Daily NTS ~~Interconnector~~IP Capacity.

11) NTS ~~Interconnector~~IP Capacity may be sold on the Joint Platform in either kWh/hr or kWh/d. When capacity is sold as kWh/h then the available capacity offered in an auction shall be the daily value (in kWh/d) divided by 24. [\(note: 23 or 25 will be used for clock change days\)](#)

12) In respect of each ~~Interconnection Point~~IP for each physical flow direction<sup>5</sup> for each capacity period within each ~~Interconnector~~IP Capacity Auction, National Grid NTS will make firm capacity available for auction set up calculated as the sum of:

- a) Unsold Technical Capacity<sup>6</sup>; plus
- b) Surrender Offers; plus
- c) LT UIOLI Withdrawal Offers; plus
- d) Any Additional (Non Obligated) NTS ~~Interconnector~~IP Capacity made available at the sole discretion of National Grid NTS.

13) Some Technical Capacity must be withheld from Annual Yearly ~~Interconnector~~IP Auctions to be available for shorter term auctions:

- a) For auctions of Yearly capacity for gas years Y+1 to Y+5 10% of Technical Capacity will be withheld and so set aside for the shorter term auctions.
- b) For auctions of Yearly capacity for gas years Y+6 to Y+15 20% of Technical Capacity will be withheld and so set aside for the shorter term auctions
- c) In the event that the amount of technical capacity already sold exceeds the withheld quantity identified in 13a) and 13b), then all remaining unsold technical capacity will be withheld and so set aside for the shorter tem auctions.

~~13)14)~~ The unsold Technical Capacity is the amount of Technical Capacity that can be made available for every Day within the relevant capacity period. ~~E.g. when determining the unsold Technical Capacity for an Annual Yearly Capacity Auction – if capacity has already been allocated for quarters within the relevant Gas Year, then the capacity available as unsold Technical Capacity will be the Technical Capacity minus the maximum quantity sold in any calendar quarter within the relevant year, taking account of the amount of technical capacity sold in previous auctions.~~

~~14)15)~~ Yearly, Quarterly and Monthly ~~Interconnector~~IP Capacity Auctions shall use an Ascending Clock Auction process; Day Ahead and Within Day ~~Interconnector~~IP Capacity Auctions shall use a Uniform Price auction process. Details for these processes can be found in sections [3.3 Ascending Clock Auctions 3-3](#) and [3.4 Uniform Price Auctions 3-4](#) respectively.

~~15)16)~~ In the case of a 1-to-2 situation, Users shall bid in 2 separate bundled auctions however the auctions ~~will~~may be linked, and the allocation process will be amended to reflect this. Details for the amended allocation process can also be found in sections [3.3 Ascending Clock Auctions 3-3](#) and [3.4 Uniform Price Auctions 3-4](#).

17) ~~Interconnector~~IP Capacity Auctions shall comprise ~~a pair of separate auctions for, bundled and unbundled capacity, for the sale of firm NTS Interconnector Capacity.~~ The bundled and unbundled auctions will run in parallel.

0500

Modification

Day Month 201404 Sep  
2014

Version 1.10

Page 11 of 34

© 2014~~2014~~ all rights

<sup>5</sup> Release for virtual flow is covered in [3.4.3 Interruptible Rolling Day Ahead IP Capacity Auctions](#)

<sup>6</sup> Subject to Technical Capacity that must be withheld in line with paragraph 13.

- ~~16)~~18) Interruptible NTS ~~Interconnector~~IP Capacity will only be offered as unbundled capacity.
- ~~17)~~19) Firm NTS ~~Interconnector~~IP Capacity made available in ~~Interconnector~~IP Capacity Auctions shall be divided between bundled and unbundled auctions for each capacity period in accordance with the following rules:
- a) National Grid NTS and the Adjacent Transporter(s) shall each submit their ~~Available~~ available quantity of capacity for the ~~Interconnection Point~~IP to the ~~Joint Booking Platform~~JBP;
  - b) The ~~Joint Booking Platform~~JBP shall bundle as much ~~Available~~ available capacity as possible;
  - c) In the case of 1-to-1 situation, any NTS ~~Interconnector~~IP Capacity, in excess of the capacity offered by the Adjacent Transporter, shall be offered to Users on an unbundled basis, subject to ~~19)e)~~~~18)e)~~17(e);
  - d) In the case of 1-to-2 situation, only National Grid NTS capacity in excess of the combined offered capacities of the Adjacent Transporters, may be offered on an unbundled basis subject to ~~17(19)e)~~~~18)e)~~;
  - e) for the second or subsequent years of the Annual Yearly ~~Interconnector~~IP Capacity Auction, any unbundled capacity offered ~~does~~ must not exceed the amount or duration of the aggregate sold capacity of the Adjacent Transporter.
- ~~18)~~20) The ~~Joint Booking Platform~~JBP will publish to the market the quantity of capacity that is made available in the bundled auction and in the unbundled auction, at times in line with the ENTSOG Auction Calendar<sup>7</sup>. In the case of a 1-to-2 situation, the ~~Joint Booking Platform~~JBP shall also identify the amount of capacity offered in an auction that is in competition.
- ~~19)~~21) For ~~Interconnection Point~~IPs where the Adjacent Transporter is operating in a different currency, the ~~Joint Booking Platform~~JBP will publish the prices for the auctions in both currencies along with the daily FX rate (£/Euro) that will be used for the auction.
- ~~20)~~22) For info: ~~the~~ the daily FX rate is published by the European Central Bank (ECB) at 14:00 GMT/BST, and will be imported to the Joint Booking Platform at 14:15 GMT/BST on every working day.
- ~~21)~~23) NTS ~~Interconnector~~IP Capacity made available in a bundled auction will be registered as bundled when allocated to a User in an auction. Similarly NTS ~~Interconnector~~IP Capacity made available in an unbundled auction will be registered as unbundled when allocated to a User in that auction.
- ~~22)~~24) Users may also request their unbundled capacity at an IP to be registered as bundled capacity (as set out in [3.12 Voluntary Bundling 3.12](#) below).
- ~~25)~~ Some capacity transactions may result in a capacity bundle being broken.
- ~~26)~~ -These capacity transactions include re-allocation of capacity Surrender Offers, re-allocation of LT UIOLI Withdrawal Offers, buybacks, termination and voluntary discontinuance.
- ~~23)~~27) -Where National Grid NTS receives notification from an Adjacent Transporter about a relevant transaction then National Grid NTS may increase the firm unbundled component of Available NTS ~~Interconnector~~IP Capacity, and decrease the firm bundled component of Available NTS ~~Interconnector~~IP Capacity by an equal amount, to reflect the capacity transaction.

0500

Modification

Day Month Year 2014 04 Sep  
2014

Version 1.10

Page 12 of 34

© 2014~~2014~~ all rights

<sup>7</sup> Exact date for an auction may move from the default to avoid clashing with a bank holiday

~~24)~~28) National Grid may also pass on capacity information to the Adjacent Transporter so that they may reflect any transactions that unbundle capacity. This information would be limited to:

- a) the User (EIC);
- b) the relevant ~~Interconnection Point~~IP and direction of the flow;
- c) Start and end dates of the capacity period affected;
- d) Amount of capacity;
- e) The transaction type (e.g. Buyback, Surrender etc.).

~~25)~~29) A User's Available ~~Cross-Border~~ Bundled Capacity should only be transferred on a bundled basis and the process for transfers is set out below in [section 3.9 Transfer of NTS IP Capacity](#)~~3.9 Transfer of NTS IP Capacity~~~~3.9 Transfer of NTS Interconnector Capacity~~~~3.9~~.

~~26)~~30) In ~~B~~undled ~~C~~apacity auctions the reserve prices (and for Ascending Clock Auctions, the Large and Small Price Steps as well) shall be the National Grid NTS prices plus the corresponding prices of the relevant Adjacent Transporter<sup>8</sup>.

~~27)~~31) In bundled ~~Interconnector~~IP Capacity Auctions, ~~that are Uniform Price Auctions,~~ the share of the Auction Premium due to National Grid NTS shall be as be ~~[50%], unless otherwise agreed with the Adjacent Transporter. For bundled Interconnector Capacity Auctions that are Ascending Clock Auctions, then National Grid NTS shall invoice for the part of the premium attributable to National Grid NTS's Large and Small Price Steps. Where no agreement is reached, and/or nothing is stated to the contrary, then a default sharing of 50% shall be applied.~~

~~28)~~32) For all ~~Interconnector~~IP Capacity Auctions if a User fails to meet the provisions of UNC Section V3 (credit requirements) then ~~bids will be rejected. Note: please be aware that for Bundled Capacity auctions there may be additional credit checks in place by the Adjacent Transporter. National Grid NTS will not allow such Capacity Bids to be allocated in respect of NTS Entry or NTS Exit (Flat) capacity. In bundled auctions Users will have to satisfy these UNC credit arrangements and any that may be applied by the relevant Adjacent Transporter otherwise such bids will not be allocated.~~

~~29)~~33) For all ~~Interconnector~~IP Capacity Auctions bids that are binding in respect of the ~~Joint Booking Platform~~JBP and in relation to NTS Entry and NTS Exit (Flat) capacity, the binding commitment is also in accordance with the UNC.

### 3.3 Ascending Clock Auctions

1) Ascending Clock Auctions enable Users to place volume bids for capacity in bidding rounds at pre-defined prices, starting with the Reserve price. The price shall increase in each round (except ~~in case of~~ for the round immediately following a First Time Undersell) until the demand for capacity has reduced so that capacity bids can be allocated in full.

#### *Bidding*

2) Bidding shall take place between 08:00 and 17:00 with a duration of 3 hours for the first bid round, and a duration of 1 hour for bid rounds thereafter. There will be one hour between each bidding round. Users will be notified whether the auction closes after each bidding round or whether a further round will be held. Users with successful bids shall be notified of the capacity allocated to them.

3) All bids shall specify:  
a) the amount of capacity applied for;  
b) the User (EIC);  
c) the relevant ~~Interconnection Point~~IP and direction of the flow;

0500

Modification

Day Month Year 201404 Sep  
2014

Version 1.10

Page 13 of 34

© 2014~~2014~~ all rights

<sup>8</sup> PRISMA displays (in ascending clock) separate prices for NG in £ and other TSO in Euro (or £).

- d) the standard capacity product for which the capacity is applied for in terms of which year, quarter, monthly, and whether bundled or unbundled.
- 4) The minimum eligible quantity for a bid is ~~{100,000 kWh/d,}~~ or the equivalent (4,167) in kWh/h.
- 5) A bid shall be considered valid if it is submitted by a User and complies with:
- all provisions of this Section (~~3.3 Ascending Clock Auctions~~3.3 Ascending Clock Auctions3.3);
  - The User meets UNC (Section V3) credit requirements;
  - ~~The sum of all relevant User bids does not exceed the Available capacity for the auction;~~
  - ~~Any other information mandated by the GTCs of the Joint Booking Platform JBP.~~
- 6) A User may submit ~~more than 1~~ bid in a bidding round. ~~Multiple bids from a User shall be treated independently from each other.~~
- 7) The ~~total volume of bids~~ volume in any bidding round, per User, must be equal to or less than the capacity offered in a specific auction.
- 8) In order for Users to participate in an Ascending Clock Auction, it is necessary to place a bid in the first bidding round. The total volume bid per User in a bidding round shall be equal to or less than the total bid volume ~~bid~~ placed by the User in the previous round ~~(except in the case of a First Time Undersell)~~ with the exception described in 8)a) below.
- The bid volume in the round immediately following a First Time Undersell, must be equal to or less than the bid volume placed 2 rounds earlier i.e. the round preceding the First Time Undersell.
  - Additionally any bid volume placed in a round following the First Time Undersell, must be equal to or greater than the bid volume placed in the First Time Undersell round.
  - Thereafter bid volumes in a round must be again be equal to or less than the total volume placed in the previous round.
  - ~~—~~
- ~~8)9)~~ The Joint Booking Platform JBP shall provide offer Users with functionality to submit bids automatically before the start of an auction<sup>9</sup>. Bids submitted via this function shall be treated the same as bids submitted manually by a User.
- ~~9)10)~~ Bids may be modified or withdrawn up to the close of the relevant bid window. Once the relevant bidding round closes, no modification, withdrawal or variation to valid bids shall be accepted.

#### *Multi-Currency*

- ~~10)11)~~ As Users are only submitting bids in terms of volume, there is no need for any currency conversion during the running of the auction.
- ~~11)12)~~ Once the bids have been allocated then National Grid NTS shall invoice for its share of the bid value in £ sterling. The relevant FX rate for the auction shall be used to determine the amount of the auction premium due to National Grid.

#### *Price steps*

- ~~12)13)~~ A Large Price Step and a Small Price Step shall be defined per Interconnection Point IP and per auction. The Small Price Step shall be set such that an increase by an integer number of Small Price Steps is equal to an increase by a single Large Price Step.
- ~~13)~~ The price steps shall be set so that an accurate market price can be established within a reasonable time frame.

0500

Modification

Day Month Year 2014 04 Sep  
2014

Version 1.10

Page 14 of 34

<sup>9</sup> [Subject to the terms and conditions of the JBP](#)

*Ascending Clock algorithm*

- 14) Capacity auctions begin in the first bidding round with the reserve price. If the ~~sum of the User's capacity bids is less than or equal to the capacities being offered~~ auction is not in Oversell, the bids will be allocated in full at the reserve price.
- 15) If the ~~auction is in Oversell after the sum of the capacity bids in the first bidding round, is higher than the capacity offered in the auction,~~ a further bidding round will be opened with the price equal to the reserve price plus one Large Price Step (an ~~auction premium equal to one Large Price Step~~). For each subsequent bidding round where the ~~sum of the capacity bids remains higher than the capacity offered in the auction~~ auction remains in Oversell, then a further bidding round will be opened, and the auction premium will increment by one Large Price Step (i.e. the price will be equal to the previous round's price plus one Large Price Step).
- 16) If the sum of the capacity bids at the end of any bidding round equals the capacity being offered, then the auction is finished. The capacity bids are allocated in full, at the relevant price for that bidding round.
- 17) If the ~~sum of the capacity amounts of the submitted bids during a bidding round (other than the first bidding round) is less, for the first time, than the capacity being offered then this is referred to as the results in a First Time Undersell.~~ A further bidding round is opened ~~in this case,~~ however in this case the price shall reduce by one Large Price Step and increase by one Small Price Step. (i.e. the Small Price Step is added to the auction premium which was valid in the bidding round previous to the First Time Undersell.) Bidding rounds with Auction Premium increments of one Small Price Step are then opened until either:
  - a) the capacity being demanded in a bidding round is equal to or less than the capacity being offered. ~~The~~ bids for that round are allocated in full at the relevant auction premium;
  - b) any further price increment by one Small Price Step would result in the auction premium equalling the price of the First Time Undersell bidding round. In this case the bids entered into the First Time Undersell bidding round are allocated in full, ~~(at the relevant auction premium for the First Time Undersell bidding round).~~
- 18) For all bidding rounds the clearing price for the auction shall be the reserve price + the Auction Premium (if any) for the relevant bidding round. Successful Users shall be notified of the capacity allocated to them.

*Where a 1-to-2 situation exists:*

- 19) Where the capacity made available by National Grid NTS is equal to or greater than the sum of the capacities made available by both of the Adjacent Transporters, there will be 2 independent auctions of bundled capacity ~~that follow the standard rules set out within this section,~~ and the ~~below competing capacity rules below~~ (paragraphs ~~20)20)21)21 – 24)24~~) do not apply.
- 20) Where the capacity made available by National Grid NTS is less than the sum of capacities made available by the Adjacent Transporters, then the 2 bundled auctions with Adjacent Transporters shall be linked as follows.
- 21) As identified in section 3.2 paragraph ~~20)20)19)18~~, the 2 bundled Auctions shall both have competing & non-competing quantities offered.

22) After ~~any~~ the first bidding round, the capacity bid demands are evaluated against the available capacities.

23) ~~If the demand from the 2 auctions in each auction is~~ cumulatively greater than the capacity made available by National Grid NTS, then;

- a) Both auctions will progress to the next bidding round, with the applicable price incremented by one Large Price Step; except in the case where the individual

0500

Modification

Day Month Year 2014 04 Sep  
2014

Version 1.10

Page 15 of 34

© ~~2014~~2014 all rights

~~demand in one auction is less than the non-competing amount offered for that auction, both:~~

~~a) If the individually demand in either auction is less greater than the relevant non-competing quantity available at each point respectively, and then the auctions are split. The auctions will proceed as per paragraph 25) below;~~

~~b) if the sum of these demands is greater than the capacity made available by National Grid NTS;~~

~~e) then both auctions progress to the next bidding round with the applicable price incremented by one Large Price Step.~~

~~22)24) Each of the linked bundled auctions will progress in unison to successive bidding rounds by increments of one Large Price Step until either If the demand from the 2 auctions is cumulatively less than or equal to the capacity made available by National Grid NTS, then:~~

~~a) If the capacity demanded in one of the linked auctions is less than the non-competing capacity available in that individual auction in Oversell, and the other is not, - In this case the amount of capacity made available by National Grid NTS is split between the 2 auctions, and the 2 auctions can now progress independently, then the auctions are split. The auctions will proceed as per paragraph 25) below.~~

~~b) the capacity demand for both auctions remains in excess of the respective non-competing quantities, however, the sum of capacity demands across both of the linked bundled auctions is less than the capacity made available by National Grid NTS. In this case the auctions shall now progress in unison with the applicable prices being incremented by Small Price Steps if neither auction is in Oversell, then the auctions are in First Time Undersell, and shall both progress to further bidding round(s), with the applicable prices being in line with paragraph 17) above for each auction, until:-~~

~~i) For any round, both auctions again move out of Oversell, then bids can be allocated at that round;~~

~~ii) If holding a further round will take the price back to the First Time Undersell round price, then bids from the First Time Undersell round are allocated (with prices in line with paragraph 17b) above).~~

~~iii) If one auction moves out of Oversell and the other remains in Oversell, then the auctions are split. The auctions will proceed as per paragraph 25) below.~~

~~25) Once 2 auctions are split, then the auctions can progress individually. Any time a split occurs then one auction will still be in Oversell, and one auction will not. The competing capacity amount is made available at the auction that is still in Oversell. The auction that is in Oversell (at the time of splitting) will continue to increment by Large or Small Price Steps, depending on whether there has been a First Time Undersell for that auction. The auction that is not in Oversell (at the time of splitting) will:~~

~~a) Progress through Small Price Steps rounds if it was a First Time Undersell (except for first bidding round); or~~

~~b) Be allocated.~~

~~*Auction time out:*~~

~~d)26) If an ascending clock auction has not ended by [the Surrender Submission Deadline for the next 5 business days in advance of publication of the next ascending clock auction](#), or [\[2\] business days in advance of publication of the next uniform price auction](#), and the next auction offers capacity covering the same period in part or in full, the first auction shall close and no capacity shall be allocated.~~

0500

Modification

Day Month Year 2014 04 Sep

2014

Version 1.10

Page 16 of 34

© 2014 2014 all rights

### 3.3.1 Annual Yearly Interconnector IP Capacity Auctions



- 1) The Bid Window for the Annual Yearly ~~Interconnector~~IP Capacity Auction will commence on the first Monday in March of each year, or as otherwise varied in the annually published ENTSOG Auction Calendar. The opening and duration of the bid window will be in accordance with Section 3.3 paragraph ~~2)~~2 of this modification proposal.
- 2) One calendar month prior to the start of bidding, the ~~Joint Booking Platform~~JBP will publish the following information in respect of all Annual Yearly ~~Interconnector~~IP Capacity auctions for each ~~Interconnection Point~~IP & flow direction:
  - a) The auction date and start time;
  - b) The TSO(s)
  - ~~a)c)~~c) The amount of bundled capacity made available to Users for Capacity Years Y+1 through to Y+15;
  - ~~b)d)~~d) The amount of unbundled capacity made available to Users for Capacity Years Y+1 through to Y+15;
  - ~~e)e)~~e) the reserve price(s) for each Capacity Year;
  - ~~d)f)~~f) Large Price Steps for each Capacity Year;
  - g) Small Price Steps for each Capacity Year;
  - ~~e)h)~~h) Class of capacity.
- 3) Bidding and auction arrangements will be supported via the ~~Joint Booking Platform~~JBP in terms of User bid submission rules and functions, auction closure/progression through bidding rounds, and capacity allocation to successful bids including User notification.
- 4) Following closure of the auction, The aggregate quantity of capacity allocated and the auction ~~clearing price~~surcharge for each Gas Year for each auction will be published on the ~~Joint Booking Platform~~JBP, in addition to the information specified in paragraph 2) above.
- 5) The specific amount of capacity successfully allocated to Users will be published to individual Users simultaneously by the ~~Joint Booking Platform~~JBP, and no later than the next business day after the close of the bidding round. Users will be also be informed of the share of auction premium that is due to each TSO.
- 6) National Grid NTS shall notify the Surrendered Amounts for relevant Gas Years for bundled or unbundled auctions and the associated Surrender Prices to Users who submitted a Surrender Offer and/or who had Withdrawal Offers that National Grid NTS accepted.

### 3.3.2 Annual Quarterly ~~Interconnector~~IP Capacity Auctions

- 1) The bid window for the Annual Quarterly ~~Interconnector~~IP Capacity Auction shall commence on the first Monday in June of each year, or as otherwise varied in the annually published ENTSOG Auction Calendar. The opening and duration of the bid window will be in accordance with Section 3.3 paragraph ~~2)~~2 of this modification proposal.
- 2) Two weeks prior to the start of bidding, the ~~Joint Booking Platform~~JBP will publish the following information in respect of all Annual Quarterly ~~Interconnector~~IP capacity auctions for each ~~Interconnection Point~~IP and flow direction:
  - a) The auction date and start time;
  - b) The TSO(s)
  - ~~a)c)~~c) The amount of bundled capacity made available to Users for each calendar quarter in Capacity Year Y+1;
  - ~~b)d)~~d) The amount of unbundled capacity made available to Users for each calendar quarter in Capacity Year Y+1;
  - ~~e)e)~~e) the reserve price(s) for each calendar Quarter;
  - ~~d)f)~~f) Large Price Steps for each calendar Quarter;
  - g) Small Price Steps for each calendar Quarter;
  - ~~e)h)~~h) Class of capacity.
- 3) Bidding and auction arrangements will be supported via the ~~Joint Booking Platform~~JBP in terms of User bid submission rules and functions, auction

0500

Modification

Day Month Year 2014 04 Sep  
2014

Version 1.10

Page 17 of 34

© 2014~~2014~~ all rights

closure/progression through bidding rounds, and capacity allocation to successful bids including User notification.

- 4) ~~Following closure of the auction t~~The aggregate quantity of capacity allocated and the auction ~~clearing-pricesurcharge~~ for each calendar quarter for each auction will be published on the ~~Joint Booking Platform~~JBP, ~~in addition to the information specified in paragraph 2) above.~~
- 5) The specific capacity successfully allocated to Users will be published to individual Users simultaneously by the ~~Joint Booking Platform~~JBP, and no later than the next business day after the close of the bidding round. ~~Users will be also be informed of the share of auction premium that is due to each TSO.~~
- 6) National Grid NTS shall notify the Surrendered Amounts for relevant calendar quarters for bundled or unbundled auctions and the associated Surrender Prices to Users who submitted a Surrender Offer and/or who had Withdrawal Offers that National Grid NTS accepted.

### 3.3.3 Rolling Monthly ~~Interconnector~~IP Capacity Auctions

- 1) The bid window for the Rolling Monthly ~~Interconnector~~IP Capacity Auctions shall commence on the third Monday each month, or as otherwise varied in the annually published ENTSOG Auction Calendar. The opening and duration of the bid window will be in accordance with Section 3.3 paragraph 2 of this modification proposal.
- 2) One week prior to the start of bidding, the ~~Joint Booking Platform~~JBP will publish the following information in respect of both bundled and unbundled Rolling Monthly ~~Interconnector~~IP Capacity auctions for each ~~Interconnection Point~~IP and flow direction:
  - a) ~~The auction date and start time;~~
  - b) ~~The TSO(s)~~
  - a)c) ~~The amount of capacity made available to Users for the following calendar month;~~
  - b)d) ~~the reserve price(s);~~
  - e)e) ~~Large Price Steps;~~
  - f) ~~Small Price Steps;~~
  - d)g) ~~Class of capacity.~~
- 2)3) Bidding and auction arrangements will be supported via the ~~Joint Booking Platform~~JBP in terms of User bid submission rules and functions, auction closure/progression through bidding rounds and, capacity allocation to successful bids including User notification.
- 3)4) ~~Following closure of the auction T~~the aggregate quantity of capacity allocated and the auction ~~clearing-pricesurcharge~~ for each auction will be published on the ~~Joint Booking Platform~~JBP, ~~in addition to the information specified in paragraph 2) above.~~
- 4)5) The specific capacity successfully allocated to Users will be published to individual Users simultaneously by the ~~Joint Booking Platform~~JBP, and no later than the next business day after the close of the bidding round. ~~Users will be also be informed of the share of auction premium that is due to each TSO.~~
- 5)6) National Grid NTS shall notify the Surrendered Amounts for bundled or unbundled auctions and the associated Surrender Prices to Users who submitted a Surrender Offer and/or who had Withdrawal Offers that National Grid NTS accepted.

### 3.4 Uniform Price Auctions

- 1) In a uniform price auction, there is a single bidding round in which the User bids price as well as quantity.

*Bidding*

0500

Modification

Day Month 2014 04 Sep  
2014

Version 1.10

Page 18 of 34

© 2014~~2014~~ all rights

- 2) The bid window details shall be specified within the auction specific information within this modification.
- 3) All bids shall specify:
  - a) the amount of capacity applied for;
  - b) the bid price;
  - c) the minimum amount of capacity the User would accept;
  - d) the User (EIC);
  - e) the relevant ~~Interconnection Point~~IP and direction of the flow;
  - f) the standard capacity product for which the capacity is applied for in terms of Firm / Interruptible and bundled / unbundled.
  - g) [for bids in the Rolling Day Ahead IP Capacity Auction only, whether the bid should roll forward to the Within Day IP Capacity Auction in the event the bid is unsuccessful.](#)
- 4) The minimum eligible quantity for a bid is ~~{100,000 kWh/d, or the equivalent (4,167) in kWh/h.}~~.
- 5) A bid shall be considered valid if it is submitted by a User and complies with:
  - a) all provisions of this Section (3.4);
  - b) ~~t~~The User meets UNC (Section V3) credit requirements;
  - c) ~~t~~The sum of all relevant User bids does not exceed the Available capacity for the auction;
  - d) [the bid price is greater than or equal to the reserve price;](#)
  - ~~e) a~~Any other information mandated by the GTCs of the ~~Joint Booking Platform~~JBP.
- 6) During the bidding round of a given auction, Users may submit up to 10 bids. Each bid shall be treated independently from other bids. After the closure of the bidding round, remaining bids may not be amended or withdrawn.
- 7) The ~~Joint Booking Platform~~JBP shall provide Users with functionality to submit bids automatically before the start of an auction. Bids submitted via this function shall be treated the same as bids submitted manually by a User.
- 8) Bids may be modified or withdrawn up to the close of the bid window. Once the bid window closes, no modification, withdrawal or variation to valid bids shall be accepted.

#### *Multi-Currency*

- 9) Users may submit bids in either the currency used by National Grid NTS or the currency used by the Adjacent Transporter.
- 10) All bids are internally converted into Euros by the ~~Joint Booking Platform~~JBP to evaluate the bid stack.
- 11) Once the bids have been allocated then the National Grid NTS share of the successful bids shall be converted to £ sterling. National Grid NTS shall invoice its share of the bid value in £ sterling.

#### *Uniform Price Algorithm*

- 12) Following the closure of the bid window, the bids shall be ranked according to their bid prices, highest price ranked first. Bids are allocated in order of their price ranking.
- ~~13) In the case where the sum of capacity demanded is less than or equal to the capacity offered in the auction then all the capacity bids shall be allocated in full.~~
- 13) The highest priced bid(s) shall be allocated first provided there is enough capacity offered in the auction. The next highest priced bid(s) shall be allocated out of the remaining capacity offered in the auction that has not been allocated yet. This shall continue until such times as:
  - a) All bids are allocated in full [\(cases where the sum of capacity demanded is less than or equal to the capacity offered in the auction\);](#)

0500

Modification

~~Day Month 2014~~04 Sep  
2014

Version 1.10

Page 19 of 34

© 2014~~2014~~ all rights

b) There is insufficient unallocated capacity available to meet ~~the any further~~ capacity bid(s) at a particular bid price.

~~15)14)~~ In the case of ~~13)13)14)14.~~b), all capacity bid(s) at the relevant bid price shall be pro-rated so that the remaining unallocated offered capacity is provisionally distributed between them.

~~16)15)~~ If a provisional allocation for any User, as identified in paragraph ~~15)14)~~, is less than the minimum quantity submitted by that User, then the User's bid shall become null and void. The bid stack shall ~~be re-~~continue to be evaluated without the void bid(s) ~~as in line per~~with paragraph ~~134~~.

~~17)16)~~ Once ~~all the offered capacity for the auction has been allocated to capacity bids~~there is no more available capacity that can be allocated to User bids in full or in part, then the clearing price for the auction can be determined. The clearing price shall be defined as ~~is~~ the price of the lowest successful bid, if the demand exceeds the offer at the reserve price. Where demand is less than the amount of offered capacity, then the clearing price shall be equal to the reserve price. All Users who had capacity successfully allocated to them shall pay the clearing price for their capacity (regardless of the price that they bid at).

Where a 1-to-2 situation exists then:

~~18)17)~~ Where the capacity made available by National Grid NTS is equal to or greater than the sum of the capacities made available by both of the Adjacent Transporters there will be 2 independent auctions of bundled capacity that follow the standard rules set out within this section (3.4).

~~19)18)~~ Where the capacity made available by National Grid NTS is less than the sum of the capacities made available by the Adjacent Transporters, then the 2 bundled auctions will be linked and the ~~Joint Booking Platform~~JBP will apply a 2 step process as follows:

a) both of the linked auctions are initially evaluated separately in accordance with the standard rules for a Uniform Price Auction. The available capacity for both auctions shall be the capacity made available by the Adjacent Transporters. The initial allocations from these auctions provide intermediate results;

b) ~~¶~~The successful bids from the intermediate results of the 2 linked auctions are then combined for a second joint evaluation of the bids. The available capacity for the joint evaluation is the capacity made available by National Grid NTS. The allocations from this joint evaluation are the final allocations for the auctions.

### 3.4.1 Rolling Day Ahead Interconnector/IP Capacity Auctions

1) The bid window for the Rolling Day Ahead ~~Interconnector~~IP Capacity Auctions shall be open between 15:30 and 16:00 hours on the day before the capacity can be utilised.

2) At the start of bidding for each Rolling Day Ahead ~~Interconnector~~IP Capacity Auction, the ~~Joint Booking Platform~~JBP will publish the following information in respect of both bundled and unbundled capacity auctions for each ~~Interconnection Point~~IP & flow direction:

a) The auction date and start time;

b) The TSO(s);

~~a)c)~~ The amount of capacity made available to Users for the following Day;

d) the reserve price;-

~~b)e)~~ Class of capacity.

3) Bidding and auction arrangements will be supported via the ~~Joint Booking Platform~~JBP in terms of User bid submission rules and functions, and capacity allocation to successful bids including User notification.

4) The aggregate quantity of capacity allocated and the price of the lowest successful bid for each auction will be published on the ~~Joint Booking Platform~~JBP.

0500

Modification

Day Month 201404 Sep  
2014

Version 1.10

Page 20 of 34

© 20142014 all rights

5) The specific capacity successfully allocated to Users will be published to individual Users simultaneously by the ~~Joint Booking Platform~~JBP, and no later 30 minutes after the close of the bidding round.

6) ~~Users shall be able to state in a bid submission whether, in the case that a relevant bid is not successful, that the bid should roll forward into the first Within-Day Interconnector IP Capacity Auction bid window for the same Gas Day. The following rules will be applied by the JBP.~~

- ~~a) The roll-over will not apply recursively beyond the first bid window for the Within-Day Interconnector Capacity Auction.~~
  - ~~b) Bids that have been partially awarded, following any pro-ration in the Rolling Day Ahead Interconnector Capacity Auction, are not rolled over.~~
  - ~~c) A bid that is rolled forward into the first bid window for the Within-Day Interconnector Capacity Auctions may be withdrawn or amended in exactly the same way as bids that are created manually~~
  - ~~d) Bids submitted via the Automatic Bidding may not be rolled forward~~
- ~~The following rules will apply:~~

~~The roll-over will not apply recursively beyond the first bid window for the Within-Day Interconnector Capacity Auction.~~

~~Bids that have been partially awarded, following any pro-ration in the Rolling Day Ahead Interconnector Capacity Auction, are not rolled over.~~

~~A bid that is rolled forward into the first bid window for the Within-Day Interconnector Capacity Auctions may be withdrawn or amended in exactly the same way as bids that are created manually.~~

~~a) Bids submitted via the Automatic Bidding function may not be rolled forward.~~

### 3.4.2 Within-Day Interconnector IP Capacity Auctions

1) Daily NTS Interconnector IP Capacity will also be made available in a series of within-day auctions. Users may submit bids to the ~~Joint Booking Platform~~JBP for each auction in the series in accordance with the Within-Day Interconnector IP capacity auction schedule.

2) The schedule for Within-Day Interconnector IP Capacity auctions on the ~~Joint Booking Platform~~JBP is:

- a) For the first within-day auction for a Day, bids from Users may be submitted the Day before between 18:00 and 01:30 hours and allocations shall be made by 02:00 hours;
- b) For the second within day auction for a Day, bids from Users may be submitted the Day before between 02:00 and 02:30 hours and allocations shall be made by 03:00 hours;
- c) Following on from the second within-day auction Users may submit bids in any of a series of bid windows for a series of auctions that commence on the hour, have a duration of 30 minutes and allocations shall be made within 30 minutes of closure of each in the series of bidding rounds;
- d) For the last within-day auction for a Day, bids from Users may be submitted on this Day between 00:00 (midnight) and 00:30 hours and allocations shall be made by 01:00 hours.

3) Within Day Interconnector IP Capacity allocated in the first bidding window (i.e. before 01.30 on the previous Day) shall have an effective flow time of 05:00. All other Interconnector IP Capacity allocated within day, shall have an effective flow time of 3.5 hours following the closure of the relevant bid window.

4) At the start of the first within-day auction for a Day, the ~~Joint Booking Platform~~JBP will publish the following information in respect of both bundled and unbundled capacity auctions for each ~~Interconnection Point~~IP & flow direction:

0500

Modification

Day Month 2014 04 Sep  
2014

Version 1.10

Page 21 of 34

© 2014 2014 all rights

- a) [The auction date and start time;](#)
- b) [The TSO\(s\);](#)
- a)c) The amount of capacity made available to Users for the Day;
- d) [the reserve price;](#)
- b)e) [Class of capacity.-](#)

- 5) Bidding and auction arrangements will be supported via the ~~Joint Booking Platform~~JBP in terms of User bid submission rules and functions, and capacity allocation to successful bids including User notification.
- 6) The aggregate quantity of capacity allocated and the price of the clearing price for each auction will be published on the ~~Joint Booking Platform~~JBP.
- 7) The specific capacity successfully allocated to Users will be published to individual Users simultaneously by the ~~Joint Booking Platform~~JBP, and no later 30 minutes after the close of the bidding round.

### 3.4.3 Interruptible Rolling Day Ahead ~~Interconnector~~IP Capacity Auctions

- 1) Each Day, Interruptible NTS ~~Interconnector~~IP Capacity will be made available in an Interruptible Rolling Day Ahead ~~Interconnector~~IP Capacity auction on an unbundled basis on the ~~Joint Booking Platform~~JBP.
- 2) Bids from Users in Interruptible Rolling Day Ahead ~~Interconnector~~IP Capacity Auctions may be submitted to the ~~Joint Booking Platform~~JBP each day for the following day between 16:30 and 17:00 hours.
- 3) At the start of bidding for each Interruptible Rolling Day Ahead ~~Interconnector~~IP Capacity Auction, the ~~Joint Booking Platform~~JBP will publish the following information:

- a) [The auction date and start time;](#)
- b) [The TSO\(s\);](#)
- a)c) The amount of Interruptible NTS ~~Interconnector~~IP Capacity made available to Users for the following Day;
- d) [The reserve price.](#)
- b)e) [Class of capacity](#)

- 4) The amount of Interruptible NTS ~~Interconnector~~IP Capacity made available to Users will be in accordance with the following rules for ~~Interconnection Point~~IPs with bi-directional physical flow:
  - a) The amount of Interruptible NTS ~~Interconnector~~IP Entry Capacity made available will be based on existing provisions in the UNC TPD B2.5.10/2.5.11 (i.e. an amount based on unutilised firm capacity (assessed from a rolling 30 day average) plus any additional amount released at the sole discretion of National Grid NTS).
  - b) The amount of Interruptible NTS ~~Interconnector~~IP Exit Capacity made available will be based on existing provisions in the UNC TPD B3.6.2 (b) (defined in terms of Off-peak Daily NTS Exit (Flat) Capacity) (i.e. an amount based on unutilised firm capacity (assessed from a rolling 30 day average) plus an off peak amount based on the MNEPOR – firm bookings, plus any additional amount released at the sole discretion of National Grid NTS).

- 5) Interruptible NTS ~~Interconnector~~IP Capacity shall continue to be offered day ahead, in line with the Interconnector Agreements, in order to provide a reverse flow service at ~~Interconnection Point~~IPs where physical flow is only possible in one flow direction.
- 6) Bidding and auction arrangements will be supported via the ~~Joint Booking Platform~~JBP in terms of User bid submission rules and functions, and capacity allocation to successful bids including User notification.

0500

Modification

Day Month 201404 Sep  
2014

Version 1.10

Page 22 of 34

© 20142014 all rights

- 7) The aggregate quantity of capacity allocated and the clearing price for each auction shall be published on the ~~Joint Booking Platform~~JBP.
- 8) The specific capacity successfully allocated to Users will be published to individual Users simultaneously by the ~~Joint Booking Platform~~JBP, and no later 30 minutes after the close of the bidding round.

### 3.5 Surrender Process at ~~Interconnection Point~~IPs

- 1) Users can place Surrender Offers for their Firm NTS ~~Interconnector~~IP Capacity through the ~~Joint Booking Platform~~JBP.
- 2) Users may submit Surrender Offers at any time, but only those offers received by the Surrender Submission Deadline before an auction starts will be considered for reallocation in that auction. The Surrender Submission Deadline for an auction shall be 5pm, 5 business days prior to the day that the amount of available capacity for an auction is published. Based on the current ENTSOG auction calendar the Surrender Submission Deadlines are:
  - a) 5pm one month plus 5 business days before an Annual Yearly Capacity auction;
  - b) 5pm two weeks plus 5 business days before an Annual Quarterly Capacity auction;
  - c) 5pm one week plus 5 business days before a Rolling Monthly Capacity auction.
- 3) National Grid NTS requires the User to enter the following information via the ~~Joint Booking Platform~~JBP:
  - a) Start and End date of Surrender Offer;
  - b) Surrender quantity;
  - c) Location (including direction of gas flow);
  - d) Transporter (2 Transporters in case of bundled capacity);
  - ~~e) Bundled or Unbundled Surrender Offer~~
  - ~~f) Any other information mandated by the GTC of the ~~Joint Booking Platform~~JBP.~~
- 4) There shall be a minimum Surrender Offer quantity of ~~{100,000 kWh/d}~~ or the equivalent (4,167) in kWh/h.
- 5) The Surrender Offers will be automatically transferred ~~immediately~~ from the ~~Joint Booking Platform~~JBP to the ~~relevant Transporter(s)~~National Grid.
- 6) The start and end dates of the Surrender Offer shall be used to determine which auction the offer is placed in. The Start and End dates should form:
  - a) A yearly Surrender Offer for a period of a whole Gas Year with a start date of 1<sup>st</sup> Oct; or
  - b) A quarterly Surrender Offer for a period of a whole calendar quarter with a start date of 1<sup>st</sup> Oct, 1<sup>st</sup> Jan, 1<sup>st</sup> Apr or 1<sup>st</sup> Jul; or
  - c) A monthly Surrender Offer for a period of a whole calendar month with a start date of the 1<sup>st</sup> day of any calendar month.
- 7) Subject to the Surrender Submission Deadline:
  - a) a yearly Surrender Offer shall be placed in the next ~~relevant~~ Annual Yearly ~~Interconnector~~IP Capacity Auction;
  - b) a quarterly Surrender Offer shall be placed in the relevant Annual Quarterly ~~Interconnector~~IP Capacity Auction;
  - c) a monthly Surrender Offer shall be placed in the relevant Rolling Monthly ~~Interconnector~~IP Capacity Auction.
- 8) Upon receipt of the Surrender Offer, National Grid NTS will perform the following verification on Surrender Offers:
  - a) Can the Surrender Offer be placed in the next Annual Yearly ~~Interconnector~~IP

0500

Modification

Day Month 2014 04 Sep  
2014

Version 1.10

Page 23 of 34

© 2014~~2014~~ all rights

Capacity Auction, ~~the next an~~ Annual Quarterly ~~Interconnector~~IP Capacity Auction, or ~~the next a~~ Rolling Monthly ~~Interconnector~~IP Capacity Auction, based on the start and end dates provided?

- b) Is the User within the maximum number of Surrender Offers per User - A maximum of [10] Surrender Offers will be allowed per ~~Interconnection Point~~IP per flow direction per capacity period at any time?
- c) Does the User have a sufficient firm component of the Fully Adjusted Available Capacity taking into consideration any existing Surrender or LT UIOLI offers?

9) A Surrender Offer may be rejected where it does not meet any of the above validations.

~~10)~~ In the case where the Surrender Offer is for capacity bundled with another Transporter, ~~National Grid NTS will make the Surrendered Amount available in the relevant auction only~~ may also reject a Surrender Offer, unless when the other relevant ~~Adjacent~~ Transporter has also confirmed the surrender verification via the ~~Joint Booking Platform~~JBP.

~~e)~~

~~10)~~11) ~~Users can view the verification results of the Surrender Offer by respective Transporters~~National Grid on the ~~Joint Booking Platform~~JBP. Users must then confirm the validated Surrender Offer on the ~~Joint Booking Platform~~JBP to complete the process.

- a) In the case where the User does not confirm the Surrender Offer by the Surrender Submission Deadline the Surrender Offer will be rejected (in UK Link).

~~11)~~12) ~~Users will also be able to view the status of their own Surrender Offers on UK Link. If there is any discrepancy between the status of a Surrender Offer on UK Link and on the JBP, then the status on UK Link will prevail.~~

~~12)~~13) Users will be able to withdraw the Surrender Offers (via UK Link) until the Surrender Submission Deadline. The Surrender Offers withdrawn will not feed into the next auction. Users will not be able to withdraw the Surrender Offers via the ~~Joint Booking Platform~~JBP.

14) ~~At the time of the Surrender Submission Deadline, then Users should hold sufficient Fully Adjusted Available Capacity in an amount not less than the User's aggregate Surrender Offer amount(s) for each day in the relevant period. If this is not the case then NG may reject the relevant Surrender Offer(s).~~

~~13)~~15) ~~After the Surrender Submission Deadline for any auction is reached, all relevant confirmed Surrender Offers will be made available in that auction.~~

~~14)~~16) ~~A Surrender Offer placed in an auction shall expire at the end of that auction, after National Grid NTS determines if any part of that offer shall be re-allocated.~~

~~15)~~17) ~~Upon receiving the allocation results of the auction from the ~~Joint Booking Platform~~JBP, National Grid NTS will determine if any Surrender Offers should be re-allocated in accordance with the following rules. [For bundled capacity results](#):~~

- a) Any unsold Technical Capacity shall be allocated prior to re-allocation of any Surrender Offers;
- b) Surrender Offers shall be allocated next, prior to any re-allocation of LT UIOLI offers, or any allocation of Additional capacity;
- c) Surrender Offers will be considered on a first come first reallocated basis using the Surrender Offer timestamp. Where 2 or more Surrender Offers have the

0500

Modification

Day Month 201404 Sep  
2014

Version 1.10

Page 24 of 34

© 20142014 all rights



same timestamp then they shall be reallocated, if required, on the basis of proration of the relevant Surrender Offer quantities.

e)d) [Repeat steps a\), b\) & c\) for unbundled capacity results.](#)

46)18) Upon reallocation of the Surrender Offer, the Surrendering User's Available Capacity shall reduce by the re-allocated amount, but it shall remain Registered to the original User. In the case of a bundled Surrender Offer the bundled component of the User's Available NTS Capacity shall be reduced by National Grid NTS; in the case of an unbundled Surrender Offer the unbundled component of the User's Available NTS Capacity shall be reduced by National Grid NTS.

47)19) The Surrendering User shall receive a credit for any reallocated Surrender Offers. The Surrender price is equal to the clearing price for the reallocating auction(s).

48)20) National Grid NTS shall notify the User of any reallocation of its Surrender Offer in conjunction with the results of the auction.

### 3.6 Long Term Use-It-or-Lose-It (LT UIOLI) Process

2)1) For info: Interim arrangements ~~are currently being~~ have been developed for LT UIOLI under UNC modification proposal 485. To avoid ~~parallel-duplicate~~ development and discussions, this mod will aim to avoid any unnecessary overlap with mod 485. This modification does not directly propose any alternative to mod 485 with regards to a). monitoring of utilisation, b). National Grid NTS reporting of Utilisation to Ofgem, and c). the User justification/appeals process, however the associated LT UIOLI Guidance Document will be reviewed and updated for CAM.-

3)2) An amended LT UIOLI withdrawal process is proposed to compliment the new Interconnector IP Capacity Auctions. This is detailed below.

4)3) LT UIOLI offers will be submitted by National Grid NTS on behalf of Users, following written direction from Ofgem.

5)4) National Grid NTS may decrease a LT UIOLI offer if the User does not have a sufficient firm component of Fully Adjusted Available Capacity taking account of any existing Surrender or LT UIOLI offers that can be re-allocated.

6)5) LT UIOLI offers will be entered into the next available auction subject to the LT UIOLI submission deadline.

7)6) The LT UIOLI submission deadline will be [2] business days after the same as the Surrender Submission Deadline.

8)7) Upon receiving the allocation results of the auction from the ~~Joint Booking Platform~~ JBP, National Grid NTS will evaluate if any LT UIOLI offers should be re-allocated in accordance with the following rules, [for bundled capacity results](#):

- a) Any unsold Technical Capacity & Surrender offers shall be allocated prior to re-allocation of any LT UIOLI offers;
- b) LT UIOLI Withdrawal Offers shall be allocated next, prior to any allocation of Additional capacity;

c) All LT UIOLI Withdrawal Offers will be treated equally and will be prorated (on quantity) for re-allocation.

d) [Repeat steps a\), b\) & c\) for unbundled capacity results.](#)

a)

0500

Modification

Day Month Year 2014 04 Sep  
2014

Version 1.10

Page 25 of 34

© 2014 2014 all rights

9)8) Upon reallocation of the Withdrawal Offer, the originating User's Available Capacity shall reduce by the re-allocated amount, but the Registration shall remain unchanged. In the case of a bundled Withdrawal Offer the bundled component of the originating User's Available NTS Capacity shall be reduced by National Grid NTS; in the case of an unbundled Withdrawal Offer the unbundled component of the originating User's Available NTS Capacity shall be reduced by National Grid NTS.

10)9) Upon re-allocation of the LT UIOLI Withdrawal Offer the originating User ~~may~~ will receive a credit for any capacity that is re-allocated. The price credited for the Withdrawal Offer shall be the same as the clearing price of the relevant auction it is re-allocated in, up to a cap of the weighted average price that User has paid for their Registered capacity for the relevant ~~Gas~~-Day.

11)10) Any unsold LT UIOLI quantity from an auction shall be entered into the next relevant yearly, quarterly or monthly auction(s).

12)11) \_\_\_\_\_ National Grid NTS shall notify the User of any reallocation of its Long Term UIOLI Withdrawal Offers in conjunction with the results of the auction.

### 3.7 Curtailment of Interruptible NTS ~~Interconnector~~IP Capacity

2)1) Interruptible NTS ~~Interconnector~~IP Capacity for System Exit is equivalent to Off-peak Daily NTS Exit (Flat) Capacity, and Interruptible NTS ~~Interconnector~~IP Capacity for System Entry is equivalent to Daily Interruptible NTS Entry Capacity with the following exceptions:

- a) The minimum notice period for curtailment is 75 minutes;
- b) Interruptible NTS ~~Interconnector~~IP Capacity will be curtailed based on the timestamps of capacity allocations, so that the last capacity to be allocated, is the first to be curtailed. Where Interruptible NTS ~~Interconnector~~IP Capacity has the same timestamp then the Interruptible NTS ~~Interconnector~~IP Capacity shall be curtailed based on pro-rata. (for info: as only a single auction for Interruptible NTS ~~Interconnector~~IP Capacity is currently proposed, then all Interruptible NTS ~~Interconnector~~IP Capacity shall have the same timestamp.)

### 3.8 Capacity Constraint Management of NTS ~~Interconnector~~IP Capacity

2)1) Capacity Constraint Management of NTS ~~Interconnector~~IP Capacity is the same as set out in the prevailing UNC with the exceptions set out in this modification proposal.

3)2) National Grid NTS shall for each User, following completion of a buy back (daily buy back, forward agreement or options exercised) give priority to reducing unbundled capacity over bundled capacity in accordance with the following steps;

- a) Unbundled capacity shall be reduced first;
- b) If unbundled Fully Adjusted Available Capacity is reduced down to 0, then bundled capacity shall be reduced;
- c) If bundled Fully Adjusted Available Capacity is also reduced to zero, then any further reduction shall be accounted for by reducing the unbundled component of capacity below zero.

0500

Modification

Day Month Year 2014 04 Sep

2014

Version 1.10

Page 26 of 34

© 2014~~2014~~ all rights

### 3.9 Transfer of NTS ~~Interconnector~~IP Capacity

2)1) The prevailing UNC rules for Transfers shall be amended as follows for ~~Interconnection Point~~IPs.

~~3)2)~~ The ~~Joint Booking Platform~~JBP will provide functionalities for Users to offer and obtain secondary capacity. The ~~Joint Booking Platform~~JBP shall allow for either the Transferor User or the Transferee User to set up the offer/request, and the following information should be specified:

- a) The proposing User (EIC);
- b) The counterparty User (EIC);
- c) The Trading Procedure (i.e. OTC);
- d) Whether a buy or sell is being set up by the proposer;
- e) The Transporter (2 in case of capacity registered to the selling User as bundled);
- f) Transaction Type (i.e. Transfer);
- g) Location (including direction of gas flow);
- h) The amount of NTS ~~Interconnector~~IP Capacity;
- i) Capacity Type (e.g. firm);
- j) Bundling information (bundled or unbundled);
- k) Transfer Period first and last Days;
- l) Price;
- m) Any other information mandated by the GTC of the ~~Joint Booking Platform~~JBP.

~~4)3)~~ Once the counterparty has confirmed the Transfer proposal a deal is then created on the ~~Joint Booking Platform~~JBP that is subject to ~~Transporter approval~~National Grid NTS validation.

~~5)4)~~ A Transfer will be validated by National Grid NTS in line with the following rules:

- ~~a)~~ ~~Users have secondary market access;~~
- ~~b) a)~~ Trading Procedure should be OTC;
- ~~e) b)~~ Transaction Type should be Transfer (not assignment);
- ~~d) c)~~ Transferor has sufficient Capacity:
  - i) for a bundled firm Transfer the Transferor should have sufficient bundled firm Fully Adjusted Available Capacity;
  - ii) for an unbundled transfer the Transferor should have sufficient unbundled firm Fully Adjusted Available Capacity;
  - iii) for an interruptible Transfer the Transferor should have sufficient Available Interruptible Capacity;
- ~~e) d)~~ In the case of NTS Exit (Flat) Capacity then Capacity Type should be Firm;
- ~~f) e)~~ Transferee should be different to Transferor;
- ~~g) f)~~ Deal notification is received by National Grid NTS by 03:00 on the day of the Capacity Transfer;
- ~~h) g)~~ Transferee does not have a credit sanction in place (under Section V of the UNC).

~~6)5)~~ National Grid NTS may, but shall not be required to, reject a Transfer where it does not meet any of the validation rules listed above.

~~7)6)~~ National Grid NTS shall notify the ~~Joint Booking Platform~~JBP whether a Transfer is approved or rejected, within 60 minutes of receiving notification of a Transfer Deal.

~~8)7)~~ In the case of a bundled Transfer then both National Grid NTS and the relevant Adjacent Transporter must approve a deal or else it will be rejected.

~~9)8)~~ For the avoidance of doubt, in the case of an unbundled Transfer of NTS ~~Interconnector~~IP Capacity only National Grid NTS will ~~approve-validate~~ the Transfer.

~~10)9)~~ All Capacity Transfers for ~~Interconnection Point~~IPs should be completed using the ~~Joint Booking Platform~~JBP.

### 3.10 Charging Methodology for NTS ~~Interconnector~~IP Capacity

- 1) The charging methodology changes as described below will only apply for the NTS ~~Interconnector~~IP Capacity at ~~Interconnection Point~~IPs. NTS prices for unbundled capacity and the NTS component of bundled capacity prices shall be the same.
- 2) For NTS Entry the changes to the arrangements for ~~Interconnection Point~~IPs are as specified in this proposal.

0500

Modification

~~Day Month 2014~~04 Sep  
2014

Version 1.10

Page 27 of 34

© 2014~~2014~~ all rights

- 3) The NTS Entry Capacity Reserve Prices which will apply for the ~~Interconnector~~IP Capacity Auctions will be based on the current methodologies for determining reserve prices for the relevant auctions as outlined below.

<del>Interconnector</del> IP Capacity Auction	Applicable Published Prices to which capacity relates
Annual Yearly	QSEC
Annual Quarterly	QSEC
Rolling Monthly	MSEC
Rolling Day Ahead	DADSEC
Within Day	WDDSEC
Interruptible	DISEC

- 4) The introduction of auction based pricing for NTS Exit Prices to apply at ~~Interconnection Point~~IPs for NTS ~~Interconnector~~IP Exit Capacity is as described in paragraph 5 below.
- 5) The NTS Exit Capacity Reserve Prices which will apply to ~~Interconnector~~IP Capacity Auctions will be based on the current methodologies for determining prices as outlined below.

<del>Interconnector</del> IP Capacity Auction	Applicable Published Prices to which capacity relates
Annual Yearly	Indicative Exit Capacity Prices
Annual Quarterly	Final Exit Capacity Prices
Rolling Monthly	Final Exit Capacity Prices
Rolling Day Ahead	Final Exit Capacity Prices
Within Day	Final Exit Capacity Prices
Interruptible	NTS Exit Off-peak Prices

- 6) The Final NTS Exit Capacity Prices are published annually in May (Gas Year Y) to be effective from the following October (Gas Year Y+1). The Annual Yearly ~~Interconnector~~IP Capacity Auction which is held in March will use the latest Indicative Exit Capacity Prices and therefore in accordance with the existing methodology the resultant prices will also be subject to an adjustment in the year that the Capacity is used. This adjustment is to help ensure that the final charges are designed to recover 50% of the TO Allowed Revenue.
- 7) NTS ~~Interconnector~~IP Exit Capacity at ~~Interconnection Point~~IPs will be sold based on the Reserve Price noted above plus National Grid NTS' proportion of the Auction Premium. NTS ~~Interconnector~~IP Exit Capacity will be invoiced on this amount, with the exception of Annual Yearly Capacity as the Reserve Price is based on an Indicative Exit Capacity Price.
- 8) National Grid NTS' proportion of any Auction Premium will remain fixed upon closure of the relevant auction.
- 9) For Ascending Clock Auctions the Large Price Step shall be the greater of [5%] of the reserve price or [0.0005] p/kWh/day.
- 10) For Ascending Clock Auctions the Small Price Step will be one fifth of the Large Price Step unless ~~specified otherwise in the Joint Booking Platform General Terms and Conditions~~ agreed by National Grid NTS with the Adjacent Transporter.
- 11) New notices of reserve prices will be produced for the Annual Yearly and Annual Quarterly ~~Interconnector~~IP Capacity Auctions. The notices will be issued a minimum of one month before the ~~Interconnector~~IP Capacity Auction takes place as specified in National Grid's GT Licence in respect of the NTS.
- 12) Applicable statements of Transportation charges will be published in accordance with current obligations.
- 13) Updates to any applicable Charging Documents will ensure that these are consistent with the approach currently applied for Non ~~Interconnection Point~~IPs (i.e. UK domestic) and the new approach for ~~Interconnection Point~~IPs.

0500

Modification

~~Day Month 2014~~04 Sep  
2014

Version 1.10

Page 28 of 34

© 2014~~2014~~ all rights

- 14) UNC Section Y updates will need to ensure that the relevant information is equally applicable to ~~Interconnection Point~~IPs as well as non ~~Interconnection Point~~IPs.
- 15) The following parts of Section Y of the UNC will need to be amended:
  - a) Chapter 1;
  - b) Chapter 2;
  - c) Chapter 2: Table 1 and Table 2;
  - d) Appendix B.
- 16) Charges for ~~Interconnection Point~~IPs will only be produced for ~~Interconnector~~IP Capacity Auctions.
- 17) The current methodology applying for non ~~Interconnection Point~~IPs will remain as already set out in UNC Section Y.
- 18) There are no amendments to the methodology of calculating Commodity Rates or who pays the Commodity Rates.
- 19) All charges will continue to be published in 4 decimal places and in p/kWh/day.
- 20) The existing arrangements concerning the discounts of reserve prices for Daily and Within Day auctions will continue to apply.

### 3.11 Transitional Arrangements

- ~~2~~1) All holdings of Enduring Annual NTS Exit (Flat) Capacity at ~~Interconnection Point~~IPs shall be reduced to zero on the later of 1<sup>st</sup> October ~~{2020}~~ or the date User Commitment is satisfied.
- ~~3~~2) An Assignment process shall remain in place for any legacy Exit (Flat) Capacity at ~~Interconnection Point~~IPs if/while Enduring Annual NTS Exit (Flat) Capacity and Annual NTS Exit (Flat) Capacity remains. Assignment of Capacity Registered under ~~Interconnector~~IP Capacity Auctions is not permitted.
- ~~4~~3) A Reduction process shall remain in place for any legacy NTS Exit (Flat) Capacity at ~~Interconnection Point~~IPs if/while Enduring Annual Capacity remains.
- ~~5~~4) 2015 annual auctions/applications shall continue, as per current UNC arrangements, until the implementation date for this modification.
- ~~6~~5) Any Surrender offers received by National Grid NTS prior to the start of the ~~g~~Gas Day 1<sup>st</sup> Nov 2015, shall be deemed to have a Surrender timestamp of 05:00 1<sup>st</sup> Nov 2015.
- ~~7~~6) For info - the last capacity auctions and applications for capacity at ~~Interconnection Point~~IPs before the commencement of ~~Interconnector~~IP Capacity Auctions will be:

Auction/Application Process	Date of Process	Capacity Period
AMSEC NTS Entry Capacity	February 2015	April 2015 to September 2016
QSEC NTS Entry Capacity	March 2015	October 2016 to September 2031
Enduring Annual NTS Exit (Flat) Capacity	July 2015	October 2019 onwards

0500

Modification

~~Day Month 2014~~04 Sep  
2014

Version 1.10

Page 29 of 34

© 2014~~2014~~ all rights

Annual NTS Exit (Flat) Capacity	July 2015	October 2015 to September 2018
RMTnTSEC NTS Entry Capacity	September 2015	October 2015
Daily (including Within Day) NTS Capacity Auctions	October 2015	31 <sup>st</sup> October 2015

- 8)7) The first Rolling Monthly ~~Interconnector~~IP Capacity Auction shall be held in November 2015 for Capacity Period 1<sup>st</sup> Dec – 31<sup>st</sup> Dec 2015. ~~Interconnection Point~~IPs shall not be included in the October RMTnTSEC for Capacity Period 1<sup>st</sup> Nov – 30<sup>th</sup> Nov.
- 9)8) The first Rolling Day Ahead ~~Interconnector~~IP Capacity Auction shall be held on the 31<sup>st</sup> October 2015 for gas day 1<sup>st</sup> Nov 2015.
- 10)9) The first Within Day ~~Interconnector~~IP Capacity Auction shall commence on the 31<sup>st</sup> October 2015 for gas day 1<sup>st</sup> Nov 2015.
- 11)10) The first Annual Yearly ~~Interconnector~~IP Capacity Auction shall be held in March 2016 for the 15 Gas Years commencing 1<sup>st</sup> October 2016 through to 1<sup>st</sup> October 2030.
- 12)11) The first Annual Quarterly ~~Interconnector~~IP Capacity Auction shall be held in June 2016 for the calendar quarters commencing 1<sup>st</sup> October 2016, 1<sup>st</sup> January 2017, 1<sup>st</sup> April 2017 and 1<sup>st</sup> July 2017.

### 3.12 Voluntary Bundling

- 1) A User may submit a request to National Grid NTS for the firm unbundled component of its Available NTS ~~Interconnector~~IP Capacity at an ~~Interconnection Point~~IP to be recorded as bundled.
- 2) The User request will:
  - a) Provide at least [two] months' notice before the first effective date for the relevant capacity period;
  - b) Specify the ~~Interconnection Point~~IP and flow direction and bundling Adjacent Transporter;
  - c) Specify the User (EIC);
  - d) Specify the start and end dates of the relevant capacity period;
  - e) Specify the amount of NTS ~~Interconnector~~IP Capacity to be bundled for the relevant capacity period.
- 3) National Grid will accept a bundling request if the User:
  - a) has a sufficient firm unbundled component of Available NTS ~~Interconnector~~IP Capacity for the duration of the relevant capacity period;
  - b) has submitted a valid EIC.
- 4) National Grid NTS will notify the relevant Adjacent Transporter, using details from the bundling request:
  - a) The User (EIC);
  - b) The ~~Interconnection Point~~IP and direction of gas flow;
  - c) The start and end dates of the capacity period(s);
  - d) The capacity amount(s).
- 5) Provided National Grid NTS receives from the Adjacent Transporter acceptance of the bundling request in respect of the bundling request within [one] month before the first effective date for bundling, National Grid NTS will adjust the firm bundled and firm unbundled components of the User's Available NTS ~~Interconnector~~IP Capacity in line with the bundling request.
- 6) National Grid NTS may receive a bundling request from an Adjacent Transporter and may respond with acceptance where:

0500

Modification

Day Month Year 2014 04 Sep  
2014

Version 1.10

Page 30 of 34

© 20142014 all rights

- a) There is at least [one] month's notice before the first effective date for bundling;
  - b) The conditions specified in paragraph 3 are met.
- 7) National Grid NTS will notify the requesting User which of its bundling requests are accepted no later than [5] Business Days before the first effective date for bundling.

### 3.13 Further references in UNC affected by EU Capacity Regulations

- 2)1) The UNC Overrun price and charge determination for each ~~Interconnection Point~~IP that is an ASEP will be as per the current Overrun calculation for an ASEP. The UNC Overrun price and charge determination for each ~~Interconnection Point~~IP that is an NTS Exit Point will be as per the current Overrun calculation for NTS Exit Points. For the purposes of ~~the~~ determining the highest bid price for the overrun charge in the case of bundled capacity, then only the share of the User's bid that is due to be paid to National Grid NTS shall be considered. (The share due to the Adjacent Transporter shall not be included).
- 3)2) The Surrender and re-allocation of surrendered quantities shall feed into Capacity Neutrality. The withdrawal and re-allocation of LT UIOLI quantities shall feed into Capacity Neutrality.
- 4)3) The price paid for bundled capacity is effectively 2 separate transactions, recognising that the bundle consists of both NTS ~~Interconnector~~IP Capacity and the capacity of the Adjacent Transporter. National Grid NTS will invoice all charges relating to NTS ~~Interconnector~~IP Capacity only, in accordance with UNC TPD Section S. Adjacent Transporters will be responsible for the invoicing of their capacity.
- 5)4) UNC Section I and J Liability Arrangements will continue with regards to NTS ~~Interconnector~~IP Capacity.
- 6)5) Transparency reporting requirements introduced by CMP for 1<sup>st</sup> Oct 2013 shall continue to be produced and published via the National Grid NTS website and via the ENTSOG Transparency Platform.
- 7)6) Where a User holds bundled capacity at an ~~Interconnection Point~~IP, then a Voluntary Discontinuance can only take place with the permission of the Adjacent Transporter(s).
- 8)7) In the event National Grid NTS applies a Termination Notice where the User has acquired capacity on a bundled basis, the relevant Adjacent Transporters may be notified what bundled capacity has been terminated by National Grid NTS.
- 8) UNC Ancillary Agreements relating to ~~Interconnection Point~~IPs will include reference to relevant NTS ~~Interconnector~~IP Capacity arrangements defined in this modification proposal.

#### User Pays

Classification of the modification as User Pays, or not, and the justification for such classification.

No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.

0500

Modification

Day Month 2014 04 Sep  
2014

Version 1.10

Page 31 of 34

© 20142014 all rights

Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.
Not applicable
Proposed charge(s) for application of User Pays charges to Users.
Not applicable
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.
Not applicable

0500

Modification

Day Month 201404 Sep  
2014

Version 1.10

Page 32 of 34

© 2014~~2014~~ all rights



## 4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Positive

### **g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators**

This Modification Proposal will facilitate compliance with European legislative requirements contained within EU Regulation 984/2013 and continued compliance with EU Congestion Management Procedures.

## 5 Implementation

No implementation timescales are proposed. The European Commission has specified that this regulation should come into effect on 1<sup>st</sup> November 2015.

0500

Modification

Day Month Year 2014 04 Sep  
2014

Version 1.10

Page 33 of 34

© 2014/2014 all rights

## 6 Legal Text

Suggested Legal Text shall be provided at a suitable stage during development.

## 7 Recommendation

The Proposer invites the Panel to:

- Determine that this modification should not be subject to self-governance; and
- Progress to Workgroup assessment.

0500

Modification

Day Month 201404 Sep  
2014

Version 1.10

Page 34 of 34

© 2014~~2014~~ all rights