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Dear Colleague

General Information only on the Bacton Capacity Reallocation Invitation Process

Please note if you do not hold any Registered NTS Entry Capacity at the Bacton ASEP from 1st November 2015 onwards there is no action required.

Following implementation of UNC Modification 0501V National Grid Gas plc ("National Grid") will invite all Users who hold Registered NTS Entry Capacity and also all Users that are Transferor Users holding existing NTS Capacity Transfers at the Bacton ASEP for one or more of the calendar months November 2015 to September 2016 and for one or more of the quarters beginning 1st October 2016 and ending 30th September 2031, to take part in the Bacton Capacity Initial Reallocation Invitation Process to reallocate their existing Registered NTS Entry Capacity and existing NTS Capacity Transfers¹ for the identified Months/Quarters to the Bacton UKCS or Bacton IP ASEPs.

Users who hold Registered NTS Entry Capacity at the Bacton ASEP from 1st November 2015 onwards and Transferor Bacton Users who hold NTS Entry Capacity Transfers from 1st November 2015 onwards will be notified of their existing capacity and existing capacity transfers held at Bacton and invited to reallocate this capacity to the Bacton UKCS or Bacton IP ASEPs.

Bacton Capacity Initial Reallocation Invitation

If the Initial Capacity Reallocation Process fully reallocates all existing Registered NTS Entry Capacity for all Months/Quarters to the two new ASEPs, National Grid will undertake the reallocation of Registered NTS Entry Capacity and recreate NTS Capacity Transfers at the Bacton UKCS or Bacton IP ASEPs on each Users' behalf, Users will not be required to undertake any actions on National Grid's systems and no further invitations will be issued.

Bacton Capacity Final Reallocation Invitation

If, however, the Initial Capacity Reallocation Process does not fully reallocate all existing Registered NTS Entry Capacity for all Months/Quarters to the two new ASEPs, National Grid will subsequently issue a Bacton Capacity Final Reallocation Invitation to all Users holding Registered NTS Entry Capacity at the Bacton ASEP for the Months/Quarters oversubscribed only, to re-indicate where they would wish their Registered NTS Entry Capacity rights and their NTS Capacity Transfers¹ to be held in future; either at the Bacton UKCS ASEP or the Bacton IP ASEP. Again, National Grid will undertake the reallocation of Registered NTS Entry Capacity and NTS Capacity Transfers to the two new ASEPs on the Users' behalf and the User will not be required to undertake any actions on National Grid's systems.

National Grid's IT systems will be updated by 30th September 2015.

¹ Only where User is a Transferor User

Please see the process timeline below.

Process Steps	Initial Invite	Users Response by ²	NG notify results by	Final Invite by	Users Response by ²	NG notify Results by	Systems Updated by
Date	22 nd July	5 th August	12 th August	12 th August	19 th August	26 th August	30 th September

Please be aware from the implementation date of UNC Modification 501V, a number of UNC processes relating to NTS Entry Capacity at the **existing Bacton ASEP** will cease or be significantly impacted in order to ensure that the split of NTS Entry Capacity between the two newly created ASEPs for the period commencing 1st November 2015 can be carried out. These processes at the (**existing Bacton ASEP**) are:

- New Transfers of NTS Entry Capacity in accordance with TPD B5 which have either a start or end date for the period 1st November 2015 or later will be rejected.
- National Grid will not tender for new Capacity Constraint Management agreements (in accordance with TPD B2.8) for the period 1st November 2015 onwards.

For clarity new NTS Entry Capacity Transfers and Capacity Constraint Management agreements at the existing Bacton ASEP are permitted for the period up to and including 31st October 2015.

In addition to the above:

- The September 2015 RMTTSEC auction (covering NTS Entry Capacity Trade and Transfer for October 2015) will be the final RMTTSEC at the existing Bacton ASEP³
- Daily NTS Entry Capacity (Firm and Interruptible) auctions will be applicable up to and including Gas Day 31st October 2015 and cease thereafter.

Please note that this message is being sent by e-mail via the Joint Office of Gas Transporters, web-fax (business hours operational list) and Automated Notification Service (ANS).

For avoidance of doubt, expressions used within this letter should be interpreted as having the same meaning as per the UNC Document.

If you have any queries regarding this application process please contact a member of the capacity auctions team on +44 (0)1926 65 4057. Alternatively you can e-mail the capacity team regarding any capacity issues at capacityauctions@nationalgrid.com

Yours Sincerely,

Bradley Charles
Market Operation, National Grid

² Users can submit their requests between 08.00hrs and 17.00hrs for each Business Day

³ The November 2015 RMTTSEC auction (covering NTS Entry Capacity Trade and Transfer for December 2015) will be the first RMTTSEC in which the Bacton UKCS ASEP will be included