

BUSINESS RULES

Review of necessary reform of NTS Offtake Arrangements

Introduction	5
High Level Definitions	5
Products	5
NTS Exit Points/Zones/Areas	5
Overrun User.....	6
Part I: NTS Exit Capacity Overview.....	7
Products	7
Release Mechanisms.....	8
Capacity Overruns	8
Failure to Interrupt.....	10
Interconnectors	12
Reduction Notice Period	12
Payments	13
Part II: Initialisation of NTS Exit Capacity Regime	14
Initial Prevailing NTS (Exit) Capacity	14
Transitional Timetable.....	14
Section 1: Long Term NTS Exit Capacity Sales.....	16
Unconstrained Sale, Years 4 onwards	16
High Level Principles	16
Application.....	16
Allocation Principles.....	17
Post Application Information Provision	18
Staged Commitment at New NTS Exit Points.....	18
Capacity for Intervening Period.....	19
NTS Exit ARCA.....	19
Section 2: Medium Term NTS Exit Capacity Sales	20
Constrained Sale, Years 1, 2 & 3 Ahead	20
High Level Principles	20
Invitation.....	20
Application.....	20
Allocation Principles.....	20
Post Allocation Information Provision	21
Section 3: Daily Release Short Term (Firm) NTS Exit Capacity Sales	22
High Level Principles	22
Bidding	22
Other Rules	22
Gate Closure	22
Allocations.....	23
Post Auction Information Provision.....	24
Section 4: Daily Interruptible NTS Exit Capacity Sales	25
High Level Principles	25
Bidding	25
Other Rules	25
Allocations.....	26
Post Auction Information Provision.....	26
Section 5: Transfers and Assignment of NTS Exit Capacity	28
Secondary Transfers (Trades)	28
Assignment (Primary Transfer)	29
Section 6: NTS Exit Capacity Constraint Management.....	30
General Principles.....	30
Exercising Daily Interruptible System Exit Capacity Rights.....	30
NTS Exit Capacity Buyback – Option and Forward Contracts	31
Daily NTS Exit Capacity Buyback.....	33
Bidding	33
Allocation.....	34
Post Auction Information Provision.....	35
Within Day Flow Reductions	36
Allocations.....	36
Post Within Day Flow Reduction Information Provision	37

Section 7: Charging Arrangements	38
Capacity Charges	38
Commodity Charges	38
Surrender Charges	39
Invoicing arrangements.....	39
Section 8: Credit Checks and Termination Rules.....	40
Security and Credit Limits.....	40
Termination	41
DNO Users.....	41
Shippers Users.....	41
Section 9: Liability Arrangements and User Obligations	43
Failure to make gas available for offtake liability payments	43
NTS Supply Points and CSEPs	43
NTS/LDZ Offtakes.....	43
For all NTS Exit Points.....	43
National Grid NTS obligations to make gas available for offtake	44
User obligations at NTS Exit Points.....	44
Pressure Obligations at NTS/LDZ Offtakes.....	44
Non Compliant Gas.....	45
Section 10: Monitoring of Flexibility	46
Section 11: Further references in UNC affected by Exit Reform.....	47
UNC TPD Section G	47
CSEP Ancillary Agreements	47
UNC OAD Section I - NTS Operational Flows.....	47
Revisions requested by DNO Users	48
Others	48
Appendix 1: NTS Exit Zones	49
Appendix 2: National, Area and NTS Exit Zone Maximas.....	53

DOCUMENT REVISION HISTORY

Version Number	Date of Issue	Notes
V0.1	26/11/2007	Issued to Review Group 0166 (Business Rules sub-group).
V0.2	26/11/2007	Working copy updated at the Business Rules meeting.
V0.3	04/12/2007	Issued to full Review Group

Introduction

1. This document provides detailed “**Business Rules**” of proposed enduring NTS gas offtake arrangements to support consultation on any UNC Modification Proposal that is raised by this Review Group 0166 “Review of necessary reform of NTS Offtake Arrangements” to seek implementation of the enduring arrangements.
2. The proposed model has been developed following extensive discussions at this Review Group.

High Level Definitions

Products

3. National Grid NTS will make available NTS Exit Capacity products to both Shipper and DNO Users (referred to as “**Users**” throughout these Business Rules).
4. To the extent that this is not set-out in the UNC, National Grid NTS will make available NTS Exit Capacity products and quantities in accordance with its Licence obligations.
5. Users may apply for and be registered as holding NTS Exit Capacity at any NTS Exit Point, subject to satisfactory credit checks Non-Code Parties may reserve NTS Exit Capacity at any NTS Exit Point through execution of an “**Advanced Reservation of Capacity Agreement (ARCA)**”.
6. Users may offer to surrender NTS Exit Capacity back to National Grid NTS (See Section 6 below).

NTS Exit Points/Zones/Areas

7. NTS Exit Points comprise the following:

	NTS Exit Point
a.	NTS/LDZ Offtakes
b.	Power Station /NTS VLDMCs
c.	CSEPs
d.	Storage Points
e.	Interconnectors

8. For the purposes of this document, NTS Exit Points (b. to e.) are classed as Direct Connects.
9. Except where stated otherwise, these Business Rules shall apply to all NTS Exit Points (a. to e.).
10. “**NTS Exit Capacity**” and its derived terms, where applied to an NTS/LDZ Offtake shall be that NTS Exit Point’s NTS Offtake (Flat) Capacity.
11. An “**NTS Exit Zone**” will be comprised of one or more NTS Exit Points (as described in Appendix 1)
12. An “**NTS Exit Area**” will be comprised of one or more NTS Exit Zones (as described in Appendix 2).

Overrun User

13. A single User (the “**Overrun User**”) may be appointed at an NTS Exit Point and shall be responsible for “**NTS Exit Capacity Overrun Charges**” (but not responsible for any other purpose e.g. making Nominations under TPD Section C).
14. The Overrun User shall be entitled, but will not be required, to purchase NTS Exit Capacity products.
15. Only one Overrun User per NTS Exit Point will be permitted at any one time.
16. For a User to become the Overrun User at an NTS Exit Point, it must apply to National Grid NTS providing:
 - 16.1. Its identity;
 - 16.2. The NTS Exit Point;
 - 16.3. The date from which it wishes to become the Overrun User;
 - 16.4. The formal consent of all Users that are registered to flow gas at the NTS Exit Point for the User to become the Overrun User from the proposed date. This includes any subsequent Users who register to flow gas at that NTS Exit Point. If such a new Registered User does not consent to the Overrun User, then the Overrun User will be terminated with effect from the registration date of such a User.
17. For a User, that is appointed as the Overrun User, to terminate being the Overrun User at an NTS Exit Point, it must apply to National Grid NTS providing:
 - 17.1. Its identity,
 - 17.2. The NTS Exit Point; and
 - 17.3. The date from which it wishes no longer wish to be the Overrun User;
18. National Grid NTS will respond to applications to become an Overrun User or to terminate being an Overrun User within 5 Business Days confirming whether the application is valid (i.e. contains all required information as set out above) and hence is accepted.
19. A list of Overrun Users that are in place for any NTS Exit Point will be maintained and published by National Grid NTS.

Part I: NTS Exit Capacity Overview

Products

20. This section describes the NTS Exit Capacity products that will be made available and the rights and obligations that are due to NTS Exit Capacity holders.
21. NTS Exit Capacity entitles Users to offtake a Daily quantity of gas at an even flow rate from the NTS at an NTS Exit Point without incurring overrun charges. It will be offered in terms of an End of Day quantity (kWh/day) for a specified Day, or for multiple Days.
 - 21.1. A gas flow rate entitlement is allocated that is equivalent to $1/24^{\text{th}}$ of the End of Day quantity held by Users in any hour of that Day. A similar flow rate adjustment is made following a trade. For NTS Exit Capacity sales or buyback of NTS Exit Capacity within Day, the applicable rate change to Users' NTS Exit Capacity entitlement is $1/n$, where n is equal to the number of hours remaining in the relevant Day after time of sale or purchase (and taking into account lead times required by hour-bar-plus-one acceptance rules). At any time, the aggregate of these from all capacity held at an NTS Exit Point will be the established "**Exit Capacity Rate**" (gas flow entitlement should not exceed capacity entitlements, as measured on a $1/n$ basis). See Section 9 for maximum permitted rates.
22. The following type of NTS Exit Capacity products will be made available to Users:
 - 22.1. "**Prevailing NTS Exit Capacity**" - Firm NTS Exit Capacity, which may be applied for and registered as held by a User for every Day, with effect from the first Day allocated, on the basis that the User will continue to hold such quantity of NTS Exit Capacity subject to a reduction being permitted only in accordance with the reduction notice rules (described later in this section);
 - 22.2. "**Annual NTS Exit Capacity**" - Firm NTS Exit Capacity, which may be applied for and registered as held by a User for each Day in one or more Gas Years;
 - 22.3. "**Daily Firm NTS Exit Capacity**" - Firm NTS Exit Capacity, which may be applied for and registered as held by a User for a Day only; and
 - 22.4. "**Daily Interruptible NTS Exit Capacity**" – Daily Interruptible NTS Exit Capacity, which may be applied for and registered as held by a User for one Day only.
23. Firm NTS Exit Capacity held by Users cannot be acquired by National Grid NTS other than:
 - 23.1. If the User fails to maintain the appropriate credit worthiness/guarantees commensurate with the NTS Exit Capacity it has previously booked in a primary allocation;
 - 23.2. Utilisation of "**Exit Capacity Management Tools (ExCMT)**" (see Section 6 below) and where a User places "**NTS Exit Capacity Buyback**" offers and National Grid NTS accepts such offers; or
 - 23.3. During a "**Network Gas Supply Emergency**" (see UNC TPD Section Q4) as instructed by the Network Emergency Coordinator.
24. Interruptible NTS Exit Capacity rights held by Users can be curtailed either entirely or in part by National Grid NTS if either of the following occur :

- 24.1. National Grid NTS considers that it is unlikely to be able to accept prospective gas flows consistent with the quantities of capacity released; or
- 24.2. If the User fails to maintain the appropriate credit worthiness/guarantees commensurate with the Interruptible NTS Exit Capacity booked.
- 25. A User's total entitlement at an NTS Exit Point for a Day (its "**Fully Adjusted NTS Exit Capacity**") will be the sum of all its NTS Exit Capacity entitlements purchased via the various release mechanisms, adjusted for:
 - 25.1. Any transfers/assignments (see Section 5 below); and
 - 25.2. Any constraint management actions (see Section 6 below);
- 26. Fully Adjusted NTS Exit Capacity will be used in the calculation of NTS Exit Capacity Overruns.

Table 1 Fully Adjusted NTS Exit Capacity

Sum of Positive Holdings	Sum of Negative Holdings
Prevailing NTS Exit Capacity Allocations	NTS Exit Capacity Buybacks and any Exit Capacity Management Tool that impact a User's NTS Exit Capacity.
Annual NTS Exit Capacity Allocations	
Daily Firm NTS Exit Capacity Allocations	
Daily Interruptible NTS Exit Capacity Allocations	Scale back of Daily Interruptible NTS Exit Capacity
NTS Exit Capacity Transfers bought	NTS Exit Capacity Transfers sold
NTS Exit Capacity Assignments bought	NTS Exit Capacity Assignments sold

Release Mechanisms

- 27. The following release mechanisms will be offered:
 - 27.1. Firm NTS Exit Capacity
 - 27.1.1. Long Term Release (thirty eight (38) months in advance), (see Section 1 below);
 - 27.1.2. Medium Term Release (Gas Years Y+1 to Y+3), (see Section 2 below); and
 - 27.1.3. Short Term Release (offered Day ahead and within Day), (see Section 3 below).
 - 27.2. Interruptible NTS Exit Capacity
 - 27.2.1. Short Term Release (offered Day ahead) (see Section 4 below).

Capacity Overruns

- 28. The "**Daily Quantity Offtaken (DQO)**" will be the total measured quantity of gas offtaken by Users at the NTS Exit Point determined in accordance with UNC TPD Section E3.

29. The “**Aggregate NTS Exit Overrun**”, at an NTS Exit Point, on any Day, is the quantity (if any) by which the DQO exceeds the Fully Adjusted NTS Exit Capacity held by Users “**Aggregate Holdings**” at that NTS Exit Point i.e.
- 29.1. If $DQO - \text{Aggregate Holdings} \leq 0$, $\text{Aggregate NTS Exit Overrun} = 0$;
- 29.2. If $DQO - \text{Aggregate Holdings} > 0$, $\text{Aggregate NTS Exit Overrun} = DQO - \text{Aggregate Holdings}$.
30. A “**User’s Individual NTS Exit Overrun**” at an NTS Exit Point on any Day is the quantity (if any) by which the quantity of gas it has offtaken at the NTS Exit Point exceeds that User’s Fully Adjusted NTS Exit Capacity i.e.
- 30.1. If $UDQO - \text{Fully Adjusted NTS Exit Capacity} \leq 0$, $\text{User’s Individual NTS Exit Overrun} = 0$;
- 30.2. If $UDQO - \text{Fully Adjusted NTS Exit Capacity} > 0$, $\text{User’s Individual NTS Exit Overrun} = UDQO - \text{Fully Adjusted NTS Exit Capacity}$
- NB: A User’s Fully Adjusted NTS Exit Capacity may be positive, negative, or zero.
31. A User will only incur an “**NTS Exit Capacity Overrun Charge**” at an NTS Exit Point on any Day if:
- 31.1. There is an Aggregate NTS Exit Overrun, ie not equal to zero; and
- 31.2. It has individually resulted in an overrun, ie its User’s Individual NTS Exit Overrun is not equal to zero.
32. In respect of the UDQO:
- 32.1. For NTS/LDZ Offtakes, the UDQO will be the DQO and will be allocated to the relevant DNO;
- 32.2. For NTS Exit Points type b. to e. (see paragraph 7 above), with only one Registered User, the UDQO for the User will be the DQO; and
- 32.3. For NTS Exit Points type b. to e. with more than one Registered User, the DQO will be allocated to the Registered Users (as specified in TPD Section G1.7):
- 32.3.1. In accordance with a standing instruction notified to National Grid NTS in advance by the Registered Users; or
- 32.3.2. In accordance with the proportion of the DQO notified to National Grid NTS by a User Agent, where appointed by the Registered Users.
33. In the event that an NTS Exit Capacity Overrun Charge is to levied and the sum of each User’s Individual NTS Exit Overrun is greater than the Aggregate NTS Exit Overrun, then each User’s overrun quantity will be scaled down to form the “**User’s NTS Exit Capacity Overrun**” such that sum of each User’s NTS Exit Capacity Overrun is equal to the Aggregate NTS Exit Overrun, ie
- 33.1. $\text{A User's NTS Exit Capacity Overrun} = A * B / C$
- where:
- A is the Aggregate NTS Exit Overrun;
- B is the User’s Individual NTS Exit Overrun;

C is the sum of User's Individual User NTS Exit Overrun;

34. Subject to any further adjustment set out in paragraph 36 below, the NTS Exit Overrun Charge shall be determined on a monthly basis and shall be calculated by multiplying the highest User's NTS Exit Capacity Overrun in that month by the “**Relevant Multiplier**” (determined as set out in the table below (subject to paragraph 35 below) by reference to the month in which the overrun occurred) of the highest applicable annual rate¹ of the NTS Exit Capacity Charge in respect of that NTS Exit Point.

Month	Relevant Multiplier
December to March	2.0
October, November, April, May	0.5
June to September	0.2

35. Prior to calculation of the highest User's Exit Capacity Overrun in a month, Failure to Interrupt Quantities, as defined in paragraph 39 below, not resulting from Force Majeure, shall be subtracted for all Failure Days within that month.

36. Where

36.1. A month from December to March (inclusive) is an overrun month (“**second overrun month**”); and

36.2. The preceding month was an overrun month (“**first overrun month**”),

36.3. In relation to the amount of the chargeable overrun quantity in the second overrun month which is:

36.3.1. Less than or equal to the chargeable overrun quantity in the first overrun month for which the multiplier was determined in accordance with paragraph 34 above;

36.3.2. The multiplier shall instead be 0.5.

37. However, where the NTS Exit Overrun Charge so calculated in paragraphs 34 and 35 above is less than 1.1 times the highest price paid by National Grid for NTS Exit Capacity at that NTS Exit Point for any Day within that month, for capacity buyback through any constraint management action, the NTS Exit Overrun Charge shall be set to 1.1 times the highest price so paid on any Day within that month by National Grid for NTS Exit Capacity at that NTS Exit Point.

38. Where an Overrun User has been appointed for an NTS Exit Point for a Day, it shall be liable for the NTS Exit Overrun Charge for each User at that NTS Exit Point.

Failure to Interrupt

39. There is a “**Failure to Interrupt**” in relation to Interruptible NTS Exit Capacity where, on any occasion on which the National Grid NTS exercises Interruption in respect of the NTS Exit Point, this requirement is not complied with on any Day (the “**Failure Day**”) during which the requirement for Interruption was exercised.

40. The “**Failure to Interrupt Quantity**” shall be the lesser of:

¹ The higher of the annual rates associated with Prevailing and Annual NTS Exit Capacity at that NTS Exit Point

- 40.1. The User's Net Exit Capacity Overrun; and
- 40.2. The sum of the following quantities exercised and calculated in respect that NTS Exit Point on that Day either in accordance with paragraphs 177 to 186 below; or under the terms of Option Contracts or Forward Contracts:
 - 40.2.1. Interruptible NTS Exit Capacity allocated to the User in accordance with paragraphs 82 and 83;
 - 40.2.2. Daily Interruptible NTS Exit Capacity allocated to the User for that Day;
 - 40.2.3. NTS Exit Capacity bought by National Grid NTS under Option Contract or Forward Contracts Buyback; and
 - 40.2.4. NTS Exit Capacity bought by National Grid NTS under Daily NTS Exit Capacity Buyback.
41. Save to the extent the Failure to Interrupt resulting from Force Majeure, the User shall pay, in respect of each Failure Day, a charge determined as the aggregate, for all Interruption Notices under which the requirement for Interruption was in force on that Day, of the following:
$$X = 2 * Y * Z$$

where:

X is the amount payable in respect of each NTS Exit Point by that User in respect of the Failure Day;

Y is the Failure to Interrupt Quantity

Z is the greater of:

The highest applicable annual rate of the NTS Capacity Charge in respect of Prevailing NTS Exit Capacity at that NTS Exit Point;

The highest applicable annual rate of the current NTS Capacity Charge in respect of Prevailing NTS Exit Capacity at that NTS Exit Point; and

The highest price paid by National Grid for NTS Exit Capacity at that NTS Exit Point for any Day.
42. Where National Grid NTS has exercised Interruption in respect of an Option Contract or Forward Contract, additional charges will be payable to the extent that the equivalent rate to National Grid NTS of agreeing and exercising these contracts is greater than that calculated for Z above. National Grid shall include the calculation of this rate in its Tenders.
43. No Failure Day at an NTS Exit Point shall count:
 - 43.1. Towards use of any interruption allowance set out in the Option Contract or Forward Contract for that NTS Exit Point.
 - 43.2. As a Day in respect of which National Grid NTS is required to pay the Exercise Price or Buyback Price in respect of the Failure to Interrupt Quantity.
44. The following shall not be Force Majeure affecting a User for the purposes of liability for Failure to Interrupt charges.

- 44.1. The unavailability of any such representative of the User or the consumer to be contacted by National Grid NTS, other than for wholly unforeseeable and unavoidable reasons (which must also satisfy the conditions for being Force Majeure); and
- 44.2. The fact that there is no facility for the Consumer's Plant to operate with a supply of fuel or energy alternative to or in substitution for gas.

Interconnectors

45. The present certification process will be continued, [subject to any notice issued by Ofgem to the contrary]².
46. The proposed treatment of CSEP ancillary agreements is contained within Section 11 below.

Reduction Notice Period

47. Users may hold "**Prevailing NTS Exit Capacity**" obtained through:
 - 47.1. Initialisation of the enduring regime (see Part II) – "**Initial Prevailing NTS Exit Capacity**"; and
 - 47.2. The Long Term application process by committing to be registered and therefore pay for capacity for four (4) Gas Years, plus all remaining Days of the Gas Year for which the Prevailing NTS Exit Capacity was first allocated (see Section 1 below).
48. If a User is registered as holding Prevailing NTS Exit Capacity at an NTS Exit Point and wishes to continue to hold the same level of such holding, then the User does not need to undertake any action.
49. Users may apply to reduce their Prevailing NTS Exit Capacity between 01 July and 15 July each Gas Year (the "**Reduction Application Window**") from the implementation date of this Modification Proposal.
50. Applications to reduce Prevailing NTS Exit Capacity in the Reduction Application Window will specify the earliest and latest dates from which the User is prepared to relinquish Prevailing NTS Exit Capacity. The earliest date shall not be earlier than the 01 October immediately following the end of the Reduction Application Window.
51. If National Grid NTS is able to allocate or substitute the capacity a User wishes to relinquish to satisfy a demand for capacity at a new or existing NTS Exit Point, National Grid NTS shall reduce the User's capacity from the first date between the earliest and the latest date set out in that User's application where National Grid NTS is able to make that allocation or substitution.
52. National Grid NTS shall notify the User, within two months of its application to reduce Prevailing NTS Exit Capacity, of the date at which that reduction becomes effective.
53. A notice to reduce Prevailing NTS Exit Capacity must be given between 08.00 on the 1st October and 17:00 on the 15 July in a Gas Year (Y_N) and shall specify:
 - 53.1. The identity of the User;
 - 53.2. The NTS Exit Point;

² The Business Rules Group suggested this should continue but was mindful of the need to evaluate and possibly amend the current certificates.

- 53.3. The earliest date from which the reduction is to be effective, (which shall be not earlier than 01 October Y_{N+1});
- 53.4. The latest date from which the reduction is to be effective (which shall not be later than 01 October Y_{N+2}); and
- 53.5. The reduced quantity (which may be zero) of Prevailing NTS Exit Capacity.
54. Where an application has been received from a User to increase its Prevailing NTS Exit Capacity, National Grid NTS may also invite Users to apply for reductions in Prevailing NTS Exit Capacity. In this event, National Grid NTS shall follow equivalent processes and observe the same criteria that would have applied if that application had been made within the Reduction Application Window.
55. Where National Grid NTS is unable to allocate or substitute the capacity, the Gas Year with effect from which a reduction of capacity is effective may not be earlier than the later of:
- 55.1. Gas Year Y_{N+2} (this means that the reduction will not be effective until at least 1 year + 3 months' notice of a reduction in prevailing rights where any associated User commitment has been met or has been obtained through regime initialisation, eg if a User applied to reduce its Initial Prevailing NTS Exit Capacity holdings in July 2010, then this could only be effective from October 2011 at the earliest).
- 55.2. Gas Year Y_{A+4} where Gas Year Y_A is the Gas Year with effect from which the User was most recently allocated Prevailing NTS Exit Capacity at the NTS Exit Point (excluding initial rights allocated through the initialisation of the regime). (This means that Users must meet the associated User commitment before being able to reduce additional prevailing holdings, eg In the Prevailing Application Window of July 2008, a User requests ten (10) units of capacity from Gas Years 2011/12 onwards. It would be registered capacity for the four (4) Gas Years 2011/12 to 2014/15, inclusive. In July 2009, if the User applied to reduce five (5) units of this capacity, then such a reduction could only be effective from Oct 2016 at the earliest).
56. If any of the criteria in this Section are not met then the reduction request will be rejected.

Payments

57. Payment for NTS Exit Capacity shall be made in accordance with Section 7 below.

Part II: Initialisation of NTS Exit Capacity Regime

Initial Prevailing NTS (Exit) Capacity

58. National Grid NTS shall notify each User by 1st July 2008 of its Initial Prevailing NTS Exit Capacity for each NTS Exit Point determined as follows, subject to the User meeting credit checks:
- 58.1. NTS Supply Points and CSEPs – each relevant Shipper User shall be registered the sum of its maximum firm and interruptible NTS Exit Capacity that it had registered for any Day (“**Maximum Daily Amount**”) in Gas Year 2007/08 at that NTS Exit Point, subject to the aggregate quantity of Initial Prevailing NTS Exit Capacity allocated not being greater than the baseline level of capacity for Gas Year 2012/13 for that NTS Exit Point. Where this is not the case, each Shipper User will be allocated an Initial Prevailing NTS Exit Capacity equal to the quantity determined by prorating firstly its interruption proportion, then (if required) its firm proportion, of its Maximum Daily Amount such that the sum of each User’s initial rights equals the baseline.
- 58.2. In respect of Shared NTS Supply Points and CSEPs, the Shipper Users may appoint a User Agent to be responsible for the allocation of the Aggregate Initial Prevailing NTS Exit Capacity between the Shipper Users at that NTS Exit Point.³
- 58.3. NTS/LDZ Offtakes – each relevant DNO User shall be registered the NTS Offtake (Flat) Capacity that it registered for Gas Year 20011/12 (to be stated in the September 2008 Offtake Capacity Statement) at that NTS Exit Point.
59. For clarity, a User will be able to request a reduction to its Initial Prevailing NTS Exit Capacity Holdings via the reduction process detailed in Part I between 01 July and 15 July each Gas Year from and including October 2009 onwards.

Transitional Timetable

60. The following describes the transitional timetable leading up to full implementation of the enduring regime, taking into consideration timescales for system functionality to be developed:

Date Held	Product (Firm/Interruptible)	Invitation/Auction	Annual/Long/Medium/Short Term	Period
01 July 2008 (reductions by 17:00 15 July)	Firm	Invitation	Long Term (Increase and reductions)	01 October 2011 onwards
01 July 2009 (reductions by 17:00 15 July)	Firm	Invitation	Long Term (Increase and reductions)	01 October 2012 onwards
01 August 2009	Firm	Invitation	Medium Term	01 October 2011 to 30 September 2012
01 July 2010 (reductions by 17:00 15 July)	Firm	Invitation	Long Term (Increase and reductions)	01 October 2013 onwards

³ The Business Rules Group believed this would facilitate transition from current arrangements at Interconnector Exit Points

Joint Office of Gas Transporters
Review Group 0166: Review of necessary reform of NTS Offtake Arrangements
Business Rules

Date Held	Product (Firm/ Interruptible)	Invitation/ Auction	Annual/Long/ Medium/Short Term	Period
July)				
01 August 2010	Firm	Invitation	Medium Term	01 October 2011 to 30 September 2013
01 July 2011 (reductions by 17:00 15 July)	Firm	Invitation	Long Term (Increase and reductions)	01 October 2014 onwards
01 August 2011	Firm	Invitation	Medium Term	01 October 2011 to 30 September 2014
24 September 2011	Firm	Auction (Bids Open)	Short Term	01 October 2011
30 September 2011	Firm	Auction	Short Term	01 October 2011
30 September 2011	Interruptible	Auction	Short Term	01 October 2011
01 October 2011	Firm	Auction	Short Term	01 October 2011

Section 1: Long Term NTS Exit Capacity Sales

Unconstrained Sale, Years 4 onwards

High Level Principles

61. Users may apply for new (if no previous holdings) or additional Prevailing NTS Exit Capacity at an NTS Exit Point through the Long Term Release process.
62. Such applications will result in the User being registered and therefore, subject to paragraphs 47 to 56 above, having to pay for, NTS Exit Capacity for four (4) Gas Years, plus any remaining Days of the Gas Year from which it was first registered, based on the new total quantity of Prevailing NTS Exit Capacity that it would hold⁴.

Application

63. A User may apply for Prevailing NTS Exit Capacity rights as follows:
 - 63.1. For applications at new NTS Exit Points at any time;
 - 63.2. At existing NTS Exit Points where:
 - 63.2.1. Acceptance would lead to NTS Exit Capacity exceeding 125% of the sum of the prevailing baseline plus any obligated incremental capacity; or
 - 63.2.2. The application exceeds 10GWh of incremental capacity at any time;
 - 63.3. Otherwise, at the “**Prevailing Application Window**” in July.
64. For each Business Day during the Prevailing Application Window, Users will be able submit applications from 08:00 to 17:00.
65. Users may only submit one application for each NTS Exit Point.
66. Applications both within and outside the Prevailing Application Window must specify:
 - 66.1. The User;
 - 66.2. The NTS Exit Point;
 - 66.3. The quantity (in kWh/day) applied for (not less than 100,000 kWh for applications within the Prevailing Application Window, or otherwise the quantity specified in paragraphs 63.2.1 and 63.2.2 above);
 - 66.4. The earliest date for which the Prevailing NTS Exit Capacity is requested, which shall not be:
 - 66.4.1. For applications within the Prevailing Application Window, earlier than 01 October; or
 - 66.4.2. For applications outside the Prevailing Application Window, less than six (6) months from the date of application;

⁴ The four year commitment applies to the total Prevailing Capacity not the Incremental Capacity last allocated on a Prevailing basis.

and

- 66.5. The latest date for which the Prevailing NTS Exit Capacity is requested, which shall not be:
- 66.5.1. For applications within the Prevailing Application Window, later than 01 October one (1) year after the commencement of the following Gas Year; or
 - 66.5.2. For applications outside the Prevailing Application Window, later than 01 October three (3) years after the commencement of the following Gas Year.
- 66.6. Subject to the limits set out in paragraphs 66.4 and 66.5 above, the User will be entitled to specify a single date as both the earliest and latest date in its application.
67. A User may apply for Prevailing Exit Capacity in tranches. If this is the case, the User must also specify, for each tranche, the quantity, and the earliest and latest date within its application.
68. Applications may be modified and withdrawn by the relevant User throughout the Prevailing Application Window.
69. National Grid NTS will reject any applications at the end of the Prevailing Application Window (ie the last Business Day in July):
- 69.1. That do not meet the criteria set out in paragraphs 66 and 67 above; or
 - 69.2. The User does not meet the required credit requirements (see Section 8 below), ie if a User has a credit sanction in place its applications will be rejected (either by being prevented from placing applications or by rejection at allocation).
70. For applications outside the Prevailing Application Window, National Grid NTS will reject any applications that do not meet the criteria within paragraphs 69.1 or 69.2 above as soon as reasonably practicable following the application.

Allocation Principles

71. Subject to the provisions within the EXCR Methodology Statement, National Grid NTS will use reasonable endeavours to allocate the requested quantity of Prevailing NTS Exit Capacity with effect from the earliest date requested or as soon as possible thereafter.
72. Unless agreed otherwise with the User, National Grid NTS will accept and notify each User of its allocations within two (2) months of the closure of the Prevailing Application Window, or in the case of an application outside the Prevailing Application Window within ninety (90) days of that application. This will follow the completion of any required processes under the ExCR Methodology Statement (as described in paragraph 74 below) and completion of credit checks.
73. The User will have thirty (30) days to accept or reject its allocation. Following such acceptance, which may only be for the whole allocation, the User will be registered as holding the requested new total quantity of Prevailing NTS Exit Capacity from the first Day that the NTS Exit Capacity is allocated, (the “**Registration Date**”), to the fourth anniversary of that allocation plus, where that anniversary does not fall on 1 October, any remaining Days of that Gas Year, ie the User is committed to pay for four (4) complete Gas Years of NTS Exit Capacity charges based on the new total level of its prevailing rights holding.

74. In the event that acceptance of such applications for additional Prevailing NTS Exit Capacity would result in the aggregate level at an NTS Exit Point to be above the baseline from or after the first Day of allocation, then National Grid NTS will apply to the Authority requesting the release of Incremental NTS Exit Capacity to ensure remuneration for any required investments. As part of this application, National Grid NTS may request baseline reductions at other NTS Exit Points to avoid or reduce resulting investment costs by removing the obligation to sell any unsold capacity (to be detailed in the enduring ExCR Methodology Statement).

Post Application Information Provision

75. In respect of Prevailing NTS Exit Capacity applied for, not later than twenty four (24) hours after each User has been notified of its allocation, National Grid NTS will publish the following information by NTS Exit Point by month: -
- 75.1. Aggregate quantity of Prevailing NTS Exit Capacity allocated;
 - 75.2. Aggregate quantity of reductions accepted and from when such reductions apply;
 - 75.3. Incremental quantity (where applicable); and
 - 75.4. Number of Users applying for additional prevailing rights.
76. For clarity, a revised baseline quantity (ie including any reductions accepted by the Authority) may be published as part of the ExCR Methodology Statement or National Grid NTS' Licence.

Staged Commitment at New NTS Exit Points

77. Where National Grid NTS has identified that substantial investment would be required on the NTS, in order to meet the NTS Exit Capacity application, National Grid NTS shall notify the applicant User of the latest date at which it would need to award binding construction contracts for reinforcement or extension of the NTS (the “**Demonstration Date**”).
78. In order to retain the Registration Date the User must, by the Demonstration Date, demonstrate to National Grid NTS that the relevant consents have been secured or are securable and that its construction programme is on target.
79. If the User has not provided the required demonstration by the Demonstration Date, National Grid NTS may defer the award of construction contracts and revise both the Registration Date and Demonstration Dates accordingly. It will then notify the User of both revised dates. Both the revised Registration Date and Demonstration Date will reflect, as closely as reasonably possible, any revised construction programme supplied by the User and the construction programme for reinforcement or extension of the NTS.
80. Unless agreed by the User, National Grid NTS may not revise the Registration Date and/or Demonstration Date where it has failed to meet the timescales stated in any contract to provide a connecting pipeline to the new NTS Exit Point.
81. If the User decides to cancel its application for Prevailing NTS Exit Capacity, or does not provide the required demonstration on three separate occasions, then National Grid NTS may cancel the construction programme. In this case:
- 81.1. The registration of NTS Exit Capacity will be cancelled;
 - 81.2. The applicant User will not be subject to any consequential four 4 Gas Years' User commitment; and

- 81.3. The applicant User will be liable for all reasonable costs incurred by National Grid NTS prior to the Demonstration Date, in respect of the capacity application.

Capacity for Intervening Period

82. Where a User has applied for Prevailing NTS Exit Capacity but National Grid NTS is unable to provide this Prevailing NTS Exit Capacity on the date requested, NTS Exit Capacity shall, at that User's request, be allocated for the "**Intervening Period**" as follows:
- 82.1. At the next and subsequent Annual Application Windows, the User's application shall be taken as an application for Annual NTS Exit Capacity for all Gas Years within the Intervening Period.
- 82.2. For all Days in the Intervening Period where that User's allocation of Annual and Prevailing NTS Exit Capacity is less than the User's application, the User shall be allocated the difference on an Interruptible basis.
- 82.3. The Intervening Period shall commence on the later of the date requested and extend to the date where the connection to the NTS was completed and shall end on the date where National Grid NTS provides the request NTS Exit Capacity at that Exit Point on a prevailing basis.
83. All NTS Exit Capacity so allocated on an Interruptible basis shall not be subject to NTS Exit Capacity Charges.

NTS Exit ARCA

84. National Grid NTS may enter into ARCAs (in accordance National Grid NTS' Standard Condition 4B Statement – Principles and Methods to be used to determine charges NTS connection services) with a Non-Code party (the "**Reservation Party**") at any time for the reservation of Prevailing NTS Exit Capacity (the "**Reserved Capacity**") from the date agreed with National Grid NTS, which shall not normally be more than forty eight (48) months at an NTS Exit Point.
85. The Reservation Party may nominate any User, subject to such User meeting the required credit checks, to be registered as holding part or all of the Reserved Capacity from the date agreed in accordance with paragraph 84 for the NTS Exit Point.
86. After nomination of such a User, it will be entitled to be registered as holding such quantities of Prevailing NTS Exit Capacity as if it had registered the capacity on the date that the ARCA was agreed.
87. The Reservation Party will be obliged to pay National Grid NTS an amount, if any, from the first Day that the NTS Exit Capacity was reserved to the fourth anniversary of that reservation plus, where that anniversary does not fall on 01 October, any remaining Days of that Gas Year. The capacity shall be determined as:
- 87.1. The difference between the Reserved Capacity and capacity actually registered by Users at that NTS Exit Point for each Day in that Gas Year, multiplied by
- 87.2. The charge for Prevailing NTS Exit Capacity for each Day in that Gas Year.
88. Where National Grid NTS has entered into an ARCA, the quantity of Reserved Capacity will be treated as if it were registered by a User for the purposes of determining Unsold Capacity.

Section 2: Medium Term NTS Exit Capacity Sales

Constrained Sale, Years 1, 2 & 3 Ahead

High Level Principles

89. Users may apply for Annual NTS Exit Capacity for Gas Year Y+1 to Gas Year Y+3 (inclusive) at any NTS Exit Point through the Annual NTS Exit Capacity allocations held on the last Business Day in August in each Gas Year Y (eg In August 2011, Users will be able to apply for Annual NTS Exit Capacity for Gas Years 2011/12 to 2013/14).
90. Users will pay the price set out in the Statement of Gas Transmission Transportation Charges.

Invitation

91. National Grid NTS will notify Users of relevant details for the Annual NTS Exit Capacity available for allocation by issuing an annual notification not less than twenty eight (28) days before the commencement of the “**Annual Allocation Window**”, the date for which it will set in this notification.
92. The annual notification will specify Available Annual NTS Exit Capacity for each NTS Exit Point for each Gas Year.
93. The Available Annual NTS Exit Capacity for each Gas Year will be for unsold NTS Exit Capacity, ie the difference between the baseline quantity for the NTS Exit Points and the previously allocated capacity.

Application

94. Only one application by each User for each NTS Exit Point is permitted for NTS Exit Capacity. This must specify:
 - 94.1. The User;
 - 94.2. The NTS Exit Point;
 - 94.3. The Gas Year(s) that the application is for;
 - 94.4. The NTS Exit Capacity quantity applied for (in kWh/Day) (not less than 100,000 kWh/Day and not greater than the available NTS Exit Capacity); and
 - 94.5. The minimum quantity of NTS Exit Capacity the User is willing to be allocated.
95. The NTS Exit Capacity quantity applied for (in kWh/Day) must be equal to or less than the Available Annual NTS Exit Capacity for that NTS Exit Point for that Gas Year.
96. If a User has a credit sanction in place its application will not be accepted.
97. National Grid NTS will reject a User's application if any one of these criteria is not met.

Allocation Principles

98. Where a credit sanction is in place, National Grid NTS will not allocate NTS Exit Capacity to the User and the User's applications will be rejected.
99. National Grid NTS will have two (2) Business Days after the closure of the Annual Allocation Window, to complete the allocation process below and notify the Users of their allocations.

100. All applications for all NTS Exit Points will be considered as part of the allocation process.
101. Where there are two (2) or more applications, and when aggregated the quantity of NTS Exit Capacity requested is greater than the quantity available, the allocation will be pro-rated to the applications.
102. Where the quantity to be pro-rated is less than an individual application's minimum quantity this application will be rejected and a revised allocation will be made between the remaining applications.
103. National Grid NTS will not allocate less than 100,000 kWh to each User.
104. For applications made by a User that are successful, that User will be registered as holding NTS Exit Capacity for the relevant Period for that NTS Exit Point.

Post Allocation Information Provision

105. Not later than twenty four (24) hours after each User has been notified of its allocation National Grid NTS will publish the following information for each NTS Exit Point for each Gas Year:
 - 105.1. Aggregate quantity requested;
 - 105.2. Aggregate quantity allocated;
 - 105.3. Any remaining unsold baseline NTS Exit Capacity (including any NTS Exit Capacity that the National Grid NTS is obligated to release);
 - 105.4. Number of Users who submitted applications; and
 - 105.5. Number of successful Users

Section 3: Daily Release Short Term (Firm) NTS Exit Capacity Sales

High Level Principles

106. National Grid NTS will hold Short Term NTS Exit Capacity auction sales Daily at 15:00 D-1 and at 08:00, 14:00, 18:00, 22:00 and 01:00 on the Day. In addition, National Grid NTS shall be able to hold Daily auctions at other times with sixty (60) minutes prior notice to Users.

Bidding

107. Applications for Daily Firm NTS Exit Capacity must specify:

107.1. The User;

107.2. The NTS Exit Point;

107.3. The date/Day for which the NTS Exit Capacity is applicable for;

107.4. The quantity of Daily Firm NTS Exit Capacity bid for (not less than 100,000 kWh);

107.5. The minimum quantity of Daily Firm NTS Exit Capacity bid for (not less than 100,000 kWh);

107.6. The price (p/kWh/day) bid by the User, (which must be greater than or equal to the reserve price as set out in the Statement of Transmission Transportation Charges); and

107.7. Whether this bid is “**Evergreen**” (constant quantity) or “**Reducing**” (constant rate). The bid quantity for a Reducing bid application will reduce by 1/n each hour (once the Day has started) where n is the number of hours remaining in the Day from when the application was initially posted.

108. If a User has a credit sanction in place it will be unable to bid in this auction.

109. National Grid NTS will reject a User's bids if any of the above criteria are not met (rejection for the above criteria occurs at the time the User attempts to place the bid(s))

Other Rules

110. Users may place bids between D-7 06:00 and D 00:00 every Day. Only unallocated bids may be modified and withdrawn between these times.

111. Users will be able to place up to ten (10) bids per NTS Exit Point per Day.

112. Bids may be amended (Evergreen) or withdrawn (Evergreen or Reducing) at any time up until the bid is allocated, subject to paragraphs 114 to 116 below. An Evergreen bid may be modified at any time, subject to gate closure rules, until the bid is selected. A Reducing bid cannot be modified after the first reduction has taken place. Evergreen or Reducing bids may be withdrawn at any time, subject to gate closure rules, until the bid is accepted.

113. Prior to allocation, if a bid reduces below the minimum quantity, the bid will be rejected.

Gate Closure

114. Users can bid throughout the bid window but only bids placed by the times detailed in paragraph 112 above for D-1 and D will be considered for allocation.

115. The bids placed can be modified or withdrawn before these times but cannot be modified or withdrawn after these times until the auction has been run.
116. Once processing has been completed unallocated bids can then be modified or withdrawn.

Allocations

117. For the auctions held at 15:00 ahead of the Day and at 08:00 on the Day, a quantity not less than unsold baseline will be offered for sale at each NTS Exit Point, unless National Grid NTS has identified that there is an impending constraint (subject to National Grid NTS Licence obligations).
118. For auctions held on the Day after 08:00, NTS Exit Capacity will be made available at National Grid NTS' discretion.
119. Where a Credit Sanction is in place National Grid NTS will not allocate NTS Exit Capacity to the User. The User's bids will be rejected.
120. National Grid NTS will allocate and notify Users within one (1) hour of processing for all auctions subject to there being Daily Firm NTS Exit Capacity available
121. On a Day where there is no Daily Firm NTS Exit Capacity available at an NTS Exit Point, or there is a quantity less than the 100,000 kWh, National Grid NTS will not allocate.
122. All bids will be ranked in order of price by NTS Exit Point, the highest being ranked first.
123. Daily Firm NTS Exit Capacity will be allocated in descending order, allocating the highest priced bid first until the quantity allocated in aggregate (at that NTS Exit Point) equals the quantity of Daily Firm NTS Exit Capacity available or there are no more bids to satisfy.
124. When a bid is reached where the quantity of Daily Firm NTS Exit Capacity available is less than the quantity bid for, then that bid will not be allocated in full but will be partially allocated. If the minimum quantity specified by the User is greater than the quantity available, then this bid is disregarded within that specific auction and the allocation process will descend to the next bid and apply the allocation process to that bid.
125. If two or more bids have the same price and in aggregate the quantity of Daily Firm NTS Exit Capacity requested is greater than the quantity available, then the bids will be pro-rated based on the quantities bid for. Where the pro-rated quantity is less than an individual bid's minimum quantity this bid will be disregarded and a revised allocation will be made between the remaining equally priced bids. If the pro-rated quantity, for all the equally placed bids is below the minimum quantity required these bids are disregarded within that allocation process, which then steps down to the next bid(s) to continue the allocation.
126. National Grid NTS will not allocate a Daily Firm NTS Exit Capacity quantity less than 100,000 kWh.
127. Any bid that has been disregarded during the allocation process will be available for modification and withdrawal once the allocation processes have been completed.
128. Any bids that have been placed and have not been allocated after the final allocation process at D 00:00 will be rejected.
129. Any bids made by a User that are successful, register that User as holding Firm NTS Exit Capacity rights for the relevant Day and time period for that NTS Exit Point.

130. The Users who are subsequently allocated Daily Firm NTS Exit Capacity at that NTS Exit Point, will be liable to pay for their allocated bid quantity multiplied by the bid price.

Post Auction Information Provision

131. Not later than one (1) hour after each User has been notified of its allocation the National Grid NTS will publish the following information for each NTS Exit Point for each Day:
- 108.1. Weighted Average Price of all successful bids;
 - 108.2. Aggregate quantity allocated;
 - 108.3. Unsold baseline;
 - 108.4. Number of Users who submitted bids;
 - 108.5. Number of successful Users;
 - 108.6. The highest price accepted;
 - 108.7. The quantity accepted associated to the highest price;
 - 108.8. The lowest price accepted; and
 - 108.9. The quantity accepted associated to the lowest price.

Section 4: Daily Interruptible NTS Exit Capacity Sales

High Level Principles

132. National Grid NTS will hold Short Term Interruptible NTS Exit Capacity auctions Daily at 15.00 D-1.
133. The quantity of Daily Interruptible NTS Exit Capacity to be released at each NTS Exit Point will be equal to:
- 133.1. A “**Use It or Lose It (UIOLI)**” quantity determined as the “**Daily Average Unutilised NTS Exit Firm Capacity**”; plus
- 133.2. Any discretionary quantity which National Grid NTS may wish to make available.
134. The Daily Average Unutilised NTS Exit Firm Capacity for an NTS Exit Point is a quantity equal to:

$$\text{AUC} / 30$$

Where:

AUC is the aggregate quantity for each relevant Day by which the Firm NTS Exit Capacity at the NTS Exit Point held by Users in aggregate exceeds the DQO summed over the 30 Day period ending on and including Day D-7.

Bidding

135. An application for Daily Interruptible NTS Exit Capacity must specify:
- 135.1. The User;
- 135.2. The NTS Exit Point;
- 135.3. The date/Day for which the application is applies to;
- 135.4. The maximum quantity of Daily Interruptible NTS Exit Capacity bid for (not less than 100,000 kWh); and
- 135.5. The minimum quantity of Daily Interruptible NTS Exit Capacity bid for (not less than 100,000 kWh).
136. The price bid for by the User must be greater than or equal to the reserve price stated in Statement of Transmission Transportation Charges.
137. If a User has a credit sanction in place at the time of their bid, it will be unable to bid in this auction.
138. National Grid NTS will reject a User's bids if any of the above criteria are not met (rejection occurs at the time the User attempts to place the bid(s)).

Other Rules

139. The bid window is open between D-7 06:00 and D-1 14:00 every day. Bids can be added, modified and withdrawn between these times.
140. Each User may make no more than ten (10) bids at each NTS Exit Point for each Day

Allocations

141. National Grid NTS will allocate the Daily Interruptible NTS Exit Capacity and notify Users of their allocations within one (1) hour of the auction being run at 15:00 on D-1.
142. Where a credit sanction is in place National Grid NTS will not allocate Daily Interruptible NTS Exit Capacity to the User. The User's bids will be rejected.
143. On a Day where there is no Daily Interruptible NTS Exit Capacity available at an NTS Exit Point or there is a quantity less than 100,000 kWh, National Grid NTS will not allocate.
144. All bids will be ranked in order of price by NTS Exit Point, the highest being ranked first.⁵
145. Daily Interruptible NTS Exit Capacity Bids will be allocated in descending order, allocating the highest priced bid first until the quantity allocated in aggregate (at that NTS Exit Point(s)) equals the quantity of Daily Interruptible NTS Exit Capacity available or there are no more bids to satisfy.
146. When a bid is reached where the quantity of Daily Interruptible NTS Exit Capacity available is less than the quantity bid for, then that bid will not be allocated in full but will be partially allocated. If the minimum quantity specified by the User is greater than the quantity available, then this bid is rejected and the allocation process will descend to the next bid and apply the allocation process to that bid.
147. If two or more bids have the same price and in aggregate the quantity of Daily Interruptible NTS Exit Capacity requested is greater than the quantity available, then the bids will be pro-rated based on the quantities bid. Where the quantity to be pro-rated is less than an individual bids' minimum quantity this bid will be rejected and a revised allocation will be made between the remaining equally priced bids. If the pro-rated quantity, for all the equally placed bids is below the minimum quantity required these bids are rejected and the allocation process which then steps down to the next bid(s) to continue the allocation.
148. National Grid NTS will not allocate a Daily Interruptible NTS Exit Capacity quantity less than 100,000 kWh
149. Any bids that have not been allocated in the Daily Interruptible NTS Exit Capacity auction will be rejected.
150. Any bids made by a User that are successful, register that User as holding Interruptible NTS Exit Capacity rights for the relevant Day for that NTS Exit Point.
151. The Users that are subsequently allocated Daily Interruptible NTS Exit Capacity at that NTS Exit Point will be liable to pay for their allocated bid quantity multiplied by the bid price.
152. Any Daily Interruptible NTS Exit Capacity allocated to a User will be included in their aggregate NTS Exit Capacity holding and will be used in the calculation of NTS Exit Capacity Overruns.

Post Auction Information Provision

153. Not later than one (1) hour after each User has been notified of their allocation, National Grid NTS will publish the following information for each NTS Exit Point for each Day:

⁵ National Grid NTS may elect to consider bids at a number of Exit Points where Interruption would have the same effect. In this case, bids from all the relevant Exit Points will be ranked together.

- 153.1. Weighted Average Price of all successful bids;
- 153.2. Aggregate quantity allocated;
- 153.3. Number of Users who submitted bids;
- 153.4. Number of successful Users;
- 153.5. The highest price accepted;
- 153.6. The quantity accepted associated to the highest price;
- 153.7. The lowest price accepted; and
- 153.8. The quantity accepted associated to the lowest price.

Section 5: Transfers and Assignment of NTS Exit Capacity

154. National Grid NTS will facilitate secondary transfers (trading) of NTS Exit Capacity at an NTS Exit Point, ie a User will be able to transfer (trade) any quantity of capacity at an NTS Exit Point to another User at the same NTS Exit Point, but the primary holder will still remain liable for paying the relevant capacity charges.
155. National Grid NTS will also facilitate primary transfer (assignment) of a User's capacity holding to another User at an NTS Exit Point, ie a User will be able to assign its capacity holdings at an NTS Exit to another User at the same NTS Exit Point, including the liability to pay the relevant capacity charges.
156. The system functionality for transfers and assignment of NTS Exit Capacity will be available from 01 August 2011.

Secondary Transfers (Trades)

157. A User ("**Transferor User**") will be able to transfer all or part of its Firm NTS Exit Capacity at an NTS Exit Point for a Day or Days to another User ("**Transferee User**") at the same NTS Exit Point.
158. To facilitate a transfer, the Transferor User must notify, and the Transferee User must confirm, to National Grid NTS:
 - 158.1. The identity of the Transferor User and Transferee User;
 - 158.2. The NTS Exit Point;
 - 158.3. The quantity of NTS Exit Capacity to be transferred; and
 - 158.4. The relevant Day or Days for the transfers.
159. Transfers may not be notified in respect of any Day within a Gas Year later than 04:00 hours on the Day or first Day for which capacity is requested to be transferred.
160. Transfers may be rejected by National Grid NTS where the requested transfer quantity exceeds the Transferor User's Fully Adjusted NTS Exit Capacity as it stood prior to the transfer.
161. If a requested transfer has not been rejected within sixty (60) minutes of the notification by the Transferor User and the Transferee User (whichever is later), the transfer will be deemed to have been accepted by National Grid NTS.
162. If a transfer has been accepted, the transferred capacity for the relevant Day(s) will be:
 - 162.1. Deducted from the Transferor User's Fully Adjusted NTS Exit Capacity at the NTS Exit Point, but the Transferor User will continue to be liable for capacity charges for the transferred quantity; and
 - 162.2. Added to the Transferee User's Fully Adjusted NTS Exit Capacity at the NTS Exit Point, but the Transferee User will not become liable for capacity charges for the transferred quantity.
163. The revised Users' Fully Adjusted NTS Exit Capacity for both Users will be used in the calculation of NTS Exit Capacity Overrun Charges and other liabilities associated with NTS Exit arrangements. However, the Transferor User will remain liable for the payment of NTS Exit Capacity charges and any remaining User commitment.

Assignment (Primary Transfer)

164. A User (“**Assignor User**”) will be able to assign all of its NTS Exit Capacity obtained through the long and medium term capacity release mechanisms at an NTS Exit Point to another User (“**Assignee User**”) at the same NTS Exit Point from a specified Day (the “**Assignment Day**”).
165. To facilitate a capacity assignment, the Assignor User must notify, and the Assignee User must confirm, to National Grid NTS:
 - 165.1. The identities of the Assignor User and Assignee User;
 - 165.2. The NTS Exit Point; and
 - 165.3. The Assignment Day.
166. Assignments may not be notified later than five (5) Business Days before the Assignment Day.
167. Assignments will be rejected by National Grid NTS where the Assignee User does not meet the required credit worthiness.
168. If a requested assignment has not been rejected within 4 Business Days of the notification by the Assignor User and the Assignee User (whichever is later), the assignment will be deemed to have been accepted by National Grid NTS.
169. If an assignment has been accepted:
 - 169.1. The Assignor User’s NTS Exit Capacity holdings at the NTS Exit Point will be reduced to zero and the Assignor will no longer be liable for capacity charges for the assigned quantity from the Assignment Day;
 - 169.2. The Assignee User’s NTS Exit Capacity holdings at the NTS Exit Point will be increased by the Assignor’s NTS Exit Capacity, and the Assignee will become liable for capacity charges for the assigned quantity from the Assignment Day;
 - 169.3. The Assignee User takes on any remaining commitment associated with any Prevailing NTS Exit Capacity from the Assignor User with effect from the Assignment Day (e.g. the Assignor User had registered Prevailing NTS Exit Capacity from Gas Year Y+4 resulting in a commitment to pay NTS Exit Capacity Charges for four (4) Gas Years from Y+4 to Y+7. If it assigns its NTS Exit Capacity at the end of the first Gas Year of commitment, the Assignee User would become responsible for capacity charges for the remaining three (3) Gas Years Y+5 to Y+7).

Section 6: NTS Exit Capacity Constraint Management

General Principles

170. An NTS Exit Capacity constraint occurs when physical capability at a point of the NTS is expected to be below anticipated flows (forecast demand) and the aggregate of the NTS Exit Capacity holdings at that location, at some time in the remainder of the Day.
171. In accordance with Section 9, National Grid NTS shall have an entitlement to a number of maintenance days. NTS ExCMTs will be utilised if any maintenance is undertaken outside these defined maintenance days.
172. The following ExCMTs are currently envisaged (but additional tools may be developed over time):
 - 172.1. Scale back of Interruptible NTS Exit Capacity,
 - 172.2. Forward and Option contract(s) for NTS Exit Capacity Buyback,
 - 172.3. Daily NTS Exit Capacity Buyback,
 - 172.4. Daily purchase of “**Within Day Flow Reductions**” (see paragraphs 231 to 248 below) by National Grid NTS; and
 - 172.5. Locational buy action on the OCM to reduce demand at an Exit Point.
173. Payments (and revenues) in respect of ExCMTs will be counted towards the National Grid NTS Exit Capacity Incentive, subject to National Grid NTS Licence incentive arrangements.
174. The ExCMTs described above will only be used to resolve NTS Exit Capacity constraints, or in the circumstances of a Network Gas Supply Emergency. In such circumstances, ie Network Gas Supply Emergency, no payment will be made under the ExCMTs.
175. National Grid NTS will use ExCMTs in accordance with its System Management Principles Statement (SMPS) and will procure such tools in accordance with its Procurement Guidelines.
176. The User will be required to have installed at the NTS Exit Point measuring equipment of a satisfactory standard having due regard to the maximum range of flow rates that would be likely to be experienced, particularly where the NTS Exit Point will participate in resolving constraints via the ExCMTs.

Exercising Daily Interruptible System Exit Capacity Rights

177. In the following paragraphs, reference to Daily Interruptible NTS Exit Capacity shall include Interruptible NTS Exit Capacity allocated in accordance with paragraph 82 above.
178. Where the system cannot accommodate the expected gas flow rate or where action is requested of the Transporter by the NEC (National Emergency Co-ordinator) National Grid NTS will reduce Daily Interruptible NTS Exit Capacity entitlements.
179. Daily Interruptible NTS Exit Capacity can be interrupted at any time after 15:00 D-1 before or during the Day but with an effective time not earlier than 06:00 on D and not later than 02:00 on D. If a reduction in Daily Interruptible NTS Exit Capacity is necessary within Day then the reduction will be applied with effect from the next hour bar plus 4.

180. A User's Daily Interruptible NTS Exit Capacity entitlement will be calculated taking into account any reduction in the entitlement as a result of scaling back of Interruptible entitlements, which may have been called during the Day.
181. Should Daily Interruptible NTS Exit Capacity require curtailment, each User's available Daily Interruptible NTS Exit Capacity will be determined as:

$$R * (\text{ExICF1} * P1 + \text{ExICF2} * P2 + \dots + \text{ExICFn} * Pn) / 24$$

where:

R is the quantity of the User's available Daily Interruptible NTS Exit Capacity for the Day.

ExICF is the "**NTS Exit Interruptible Curtailment Factor**" issued by National Grid NTS in accordance with paragraph 183 below.

P is the period in hours from the curtailment effective time until the effective time of a subsequent curtailment notice or the end of the Day.

182. National Grid NTS shall determine the aggregate proportion of Daily Interruptible NTS Exit Capacity to be scaled off in the event that it should deem such action necessary.
183. National Grid NTS will issue an "**NTS Exit Interruptible Curtailment Notice (ExICN)**" which will state, the affected NTS Exit Point(s), the ExICF and the effective time the ExICN is to be applied. The ExICN will be issued to all Users.
184. After scaling, a User will have the right to offtake gas at a rate not exceeding 1/24th of their capacity holding multiplied by the ExICF. The User will have no right to flow against any accrued capacity.
185. If at an NTS Exit Point, a User does not have measuring equipment of a satisfactory standard to measure gas flow at the implied rate, post scaling, then it may be required to cease all gas flow for the period to which the scaling instruction applies.
186. The User will pay for the allocated quantity of Daily Interruptible NTS Exit Capacity (pre scaling) multiplied by the allocation price.

NTS Exit Capacity Buyback – Option and Forward Contracts

187. National Grid NTS may issue a tender for Option and/or Forward Contracts to affect a buyback ("**NTS Exit Capacity Buyback**") of NTS Exit Capacity at NTS Exit Point(s) Capacity. A single tender may include a requirement for 1 or more contract types and NTS Exit Points.
188. A "**Forward Contract**" is an advance buyback of NTS Exit Capacity for a pre-agreed period and quantity. National Grid NTS will pay the User for the buyback for that period at a price agreed at the time of the tender.
189. An "**Option Contract**" allows the National Grid NTS to buy a quantity of NTS Exit Capacity back from a User on a defined number of Days within a defined period; the exact dates and quantities are determined when the contract is exercised. National Grid NTS will pay a premium for the right to buy back the NTS Exit Capacity and an exercise fee should it use that right.
190. Initial tenders are expected to be issued in October 2008.

191. An invitation to tender may be issued by National Grid NTS at any time, but typically be expected to take place on an annual basis for a period of one (1) to seven (7) years ahead but could be any period up to the Day ahead.
192. The “**NTS Interruptible Capacity Methodology**” is the methodology established by National Grid NTS setting out:
 - 192.1. The financial terms (including terms as to the Premium Price and Exercise Price) on which interruption offers are made;
 - 192.2. The basis on which Interruption offers will be ranked for selection;
 - 192.3. The basis on which Exit Points may be defined or grouped.
193. National Grid NTS shall, following publication of its proposed NTS Interruptible Capacity Methodology, or any revisions thereof, invite Users to submit representation within twenty eight (28) days. Following close out of representations it may submit its final proposal to the Authority for approval. If the Authority does not disapprove the document within 28 days of submission, National Grid NTS will be entitled to apply the NTS Interruptible Capacity Methodology in subsequent tenders.
194. In the invitation to tender, National Grid NTS will provide information about its requirements; the type of information will include:
 - 194.1. The Period for which the contract would apply;
 - 194.2. The NTS Exit Point(s) for which a contract is required;
 - 194.3. Whether an Option or Forward Contract is required;
 - 194.4. The quantity of the NTS Exit Capacity Buyback required at each NTS Exit Point(s); and
 - 194.5. Such further terms and conditions of the invitation as may be required or permitted by the NTS Interruptible Capacity Methodology.
 - 194.6. For Option Contracts the following may also be provided:
 - 194.6.1. Number of Days within the period on which the contract would be exercisable;
 - 194.6.2. Premium Price;
 - 194.6.3. Exercise Price;
 - 194.6.4. Latest Day and time at which the contract could be exercised (relative to Day); and
 - 194.6.5. Lead time for exercise min h+1, max h+24.
 - 194.7. For Forward Contracts the following may also be provided:
 - 194.7.1. Price.
195. If any of the above parameters are not given by the National Grid NTS in the invitation to tender (or a maximum/minimum value is provided), the User would be able to offer a suitable value.
196. A limit on the number of offers made by a User would be placed in the tender.

197. All prices will be in p/kWh/day to four decimal places and all quantities will be in kWh/day.
198. The Contract will be made up of terms and conditions, the invitation to tender and the offer posted by a User and the acceptance by National Grid NTS.
199. The User will be required to accept the terms and conditions (either by way of fax or electronically) before posting an offer and will be bound by the current version of terms and conditions if its offer is accepted.
200. Option premiums will be at a constant rate for all Days in the period, so that if the contract period spans a number of months a pro-rata proportion is allocated to each month.
201. Payment from National Grid NTS to Users for agreed contracts will be invoiced on an Ad-Hoc Invoice. Any payments that are due will be identified on such invoices. These will be produced on a monthly basis for charges arising in the previous month in respect of that previous month.⁶
202. Forward costs will be a constant rate over the period of which the contract applies.
203. On any Day, an NTS Exit Capacity Buyback option contract could be exercised either wholly or in part, (subject to the minimum quantity). Once the option quantity has been partially exercised for a Day the remainder will not be available.
204. Each time an NTS Exit Capacity Buyback option contract is exercised the number of times remaining for exercise will be decremented by one. Once a contract has been exercised the maximum number of times (as specified in the contract), it will cease to be available.
205. An Option Contract may be exercised by National Grid NTS at any time between the acceptance of the tender and the final exercise time for action for a Day specified at the time of exercise.
206. Following the exercise of an Option Contract prior to the Day, it will be deemed to be effective from 06:00 on the Day to which the exercise applies. For Option Contracts exercised within Day the effective time will be after the agreed lead-time min h+1 - max h+24.
207. The exercise of an Option Contract or the acceptance of a Forward Contract will be a reduction in the User's Fully Adjusted NTS Exit Capacity and hence will be deemed to reduce the rate at which the User has a right to offtake gas by the equivalent amount for all remaining hours in the Day following the hour in which the exercise/acceptance becomes effective.
208. A reduction in the User's Fully Adjusted NTS Exit Capacity will affect the User's liability for NTS Exit Capacity Overruns.

Daily NTS Exit Capacity Buyback

Bidding

209. When National Grid NTS identifies:
 - 209.1. An NTS Exit Capacity constraint it will initiate an “**NTS Exit Capacity Selection Period**” not earlier than 15:00 D-1. National Grid NTS will notify all Users that such a constraint has been identified, at which NTS Exit Points(s) the offers are

⁶ This may need clarifying

required and that a selection period has commenced. During the NTS Exit Capacity Selection Period, National Grid NTS will consider offers to surrender NTS Exit Capacity.

210. Only a User can offer to surrender Firm NTS Exit Capacity.
211. An offer to surrender Firm Exit Capacity shall include:
 - 211.1. The identity of the User;
 - 211.2. The NTS Exit Point;
 - 211.3. Day for which the offer applies;
 - 211.4. The maximum quantity (not less than 100,000 kWh in kWh/day),
 - 211.5. The minimum quantity (not less than 100,000 kWhs in kWh/day),
 - 211.6. The offer price in pence/kWh/Day; and
 - 211.7. Whether the offer is Reducing or Evergreen.
212. An offer:
 - 212.1. May be submitted seven (7) Days prior to the offer date and up until 02:00 on the Day.
 - 212.2. May be amended (Evergreen) or withdrawn (Evergreen or Reducing) at any time up until the offer is selected for surrender. An Evergreen offer may be modified at any time, until the offer is selected. The maximum offer quantity for a Reducing offer will reduce by 1/n each hour (once the Gas Flow Day has started) where n is the number of hours remaining in the day from when the offer was initially posted. A Reducing offer cannot be modified after the first reduction has taken place. Evergreen or Reducing offers may be withdrawn at any time, until the offer is accepted.
 - 212.3. May not be withdrawn during an NTS Exit Capacity Selection Period (even if it is not at the NTS Exit Point(s) that have the constraint)
213. A maximum of ten (10) offers may be submitted for each NTS Exit Point.
214. National Grid NTS may reject an offer if any of the inclusions above are not adhered to. Rejection for the criteria set out in paragraphs 211 to 213 above occurs at the time the User attempts to place the offer(s). National Grid NTS may also reject an offer if the implied revised gas flow rate would not be within an acceptable meter range for that NTS Exit Point.
215. National Grid NTS will reject a Reducing offer in the event that the maximum quantity is reduced to below the minimum quantity.
216. National Grid NTS will accept NTS Exit Capacity offers in accordance with the SMPS and the quantity of Firm NTS Exit Capacity held by each User will be reduced by the quantity for which the accepted offer was selected.

Allocation

217. All offers will be ranked in order of price by NTS Exit Point(s), by period with the lowest ranked first

218. Offers will be allocated in ascending order, allocating the lowest priced offer first until the quantity allocated in aggregate of NTS Exit Capacity at that NTS Exit Point equals the quantity of NTS Exit Capacity Buyback required or until there are no more offers to take.
219. When an offer is received where the quantity of NTS Exit Capacity Buyback required is less than the quantity offered, then that offer will not be allocated in full but partially allocated to the quantity of NTS Exit Capacity Buyback required. If the minimum quantity specified by the User is greater than the NTS Exit Capacity Buyback quantity required, the offer will be disregarded and the allocation process will descend to the next offer and apply the allocation process from there.
220. Where two or more offers have the same price, and when aggregated the quantity of NTS Exit Capacity Buyback offered is greater than the quantity required then the offers will be pro-rated based on the quantities offered.
221. Where the quantity to be pro-rated is less than an individual offer's minimum quantity this offer will be disregarded and a revised allocation will be made between the remaining equally priced offers or if all the equally priced offers are disregarded then the allocation process steps down to the next offer(s) to continue allocation.
222. National Grid NTS will not allocate less than 100,000 kWh.
223. Any offers made by a User that are successful reduce that User's Fully Adjusted NTS Exit Capacity for the relevant period for that NTS Exit Point.
224. The final allocation time will be 02.00 D.
225. Any offers that have been placed and have not been allocated after the final allocation process will be rejected.

Post Auction Information Provision

226. National Grid NTS will no later than one (1) hour after processing of the offer inform the User of those of its offers that have been accepted, by product, the quantity of NTS Exit Capacity that has been surrendered for each offer and the quantity by which it's available NTS Exit Capacity has been reduced for each NTS Exit Point.
227. National Grid NTS will no later than 1 hour after acceptance of offers publish information in respect of the accepted offers:
 - 227.1. The NTS Exit Point(s);
 - 227.2. The Day; and
 - 227.3. The Total quantity bought.
228. National Grid NTS will no later than 12:00 on D+1 publish:
 - 228.1. The NTS Exit Point(s);
 - 228.2. The Day;
 - 228.3. The highest buyback price in pence/kWh/day; and
 - 228.4. The buyback quantity accepted in kWh/day.

229. Payments from National Grid NTS to the User(s) will be made via the NTS Exit Capacity Invoice.
230. These will be produced at the beginning of the month following the month in which the NTS Exit Capacity Buybacks occurred.

Within Day Flow Reductions

231. **“Within Day Flow Reductions”** will be initiated by National Grid NTS to manage within Day flow rate variations, where National Grid NTS identify a within Day constraint. A within Day constraint will be identified where flow rate variations exceed the system capability.
232. National Grid NTS will initiate a **“Within Day Flow Reduction Period”** by notifying Users of:
 - 232.1. The NTS Exit Point(s) where a Within Day Flow Reduction is required;
 - 232.2. The required quantity;
 - 232.3. The time by which the reduction is required; and
 - 232.4. The time at which the offer assessment shall be carried out.
233. Users will then be able to submit offers to National Grid NTS detailing :
 - 233.1. The NTS Exit Point;
 - 233.2. The maximum offer quantity;
 - 233.3. The minimum offer quantity acceptable to the User; and
 - 233.4. The period over which the reduction would be effective.
234. In respect of the reduction made as part of the offer, this will be referenced against its IOPN at the time that Users are invited to make offers in respect of Within Day Flow Reductions.
235. National Grid NTS will reject any offers if any of these criteria are not met (rejection for the above criteria occurs at the time the User attempts to place the offer(s))
236. The User can place up to ten 10 offers at each NTS Exit Point.
237. Offers may be modified and withdrawn up to the time of offer assessment.
238. After the assessment time, National Grid NTS shall consider the offers received.

Allocations

239. All offers for the relevant NTS Exit Points will be ranked in order of price, with the lowest ranked first.
240. Within Day Flow Reduction offers will be allocated in ascending order, allocating the lowest priced offer first until the quantity allocated in aggregate, at that NTS Exit Point, equals the quantity of Within Day Flow Reduction required or until there are no more offers to take.
241. When an offer is received where the quantity of Within Day Flow Reduction required is less than the quantity offered, then that offer will not be allocated in full but partially

allocated to the quantity of Within Day Flow Reduction required. If the minimum quantity specified by the User is greater than the Within Day Flow Reduction required, the offer will be disregarded and the allocation process will descend to the next offer and apply the allocation process from there.

242. Where two (2) or more offers have the same price, and when aggregated the quantity of Within Day Flow Reduction offered is greater than the quantity required then the offers will be pro-rated based on the quantities offered.
243. Where the quantity to be pro-rated is less than an individual offer's minimum quantity this offer will be disregarded and a revised allocation will be made between the remaining equally priced offers or if all the equally priced offers are disregarded then the allocation process steps down to the next offer(s) to continue allocation.
244. Any offers that have been placed and have not been allocated after the final allocation process, held at D 21:00, will be rejected.

Post Within Day Flow Reduction Information Provision

245. National Grid NTS will no later than one (1) hour after processing the offer(s) inform the User of those of its offer(s) that have been accepted, and the quantity of Within Day Flow Reduction that has been surrendered for each offer.
246. National Grid NTS will no later than one (1) hour after acceptance of offers will publish the following information regarding the accepted offers:
 - 246.1. The NTS Exit Point,
 - 246.2. The Day; and
 - 246.3. The total reduction quantity bought.
247. National Grid NTS will no later than 12:00 on D+1 publish
 - 247.1. The NTS Exit Point;
 - 247.2. The Day;
 - 247.3. The highest accepted price in pence/kWh/day; and
 - 247.4. The reduction quantity accepted in kWh/day.
248. Payments from the National Grid NTS to the User(s) will be made via the NTS Exit Capacity Invoice.

Section 7: Charging Arrangements

249. This section describes the charging arrangements that will apply in respect of charges payable by Users to National Grid NTS and charges payable by National Grid NTS to Users.
250. A User will pay to National Grid NTS;
- 250.1. **“NTS Exit Capacity Charges”** in respect of its NTS Exit Capacity holdings at the end of the Day (as described in this section); and
 - 250.2. **“NTS Exit Commodity Charges”** in respect of its use of the NTS on any Day (as described in this section);
 - 250.3. NTS Exit Capacity Overrun Charges (as described in Part I above)
 - 250.4. Failure to Interrupt Charges (as described in Part I above)
251. National Grid NTS will pay to Users:
- 251.1. **“NTS Exit Capacity Surrender Charges”** in respect of accepted buy back offers (as described in this section);
 - 251.2. Non-compliant gas and failure to make gas available for offtake liability payments, if incurred, (as described in Section 9 below);

Capacity Charges

252. The NTS Exit Capacity Charge payable by a User in respect of each Day will be determined for each NTS Exit Point as the quantity of NTS Exit Capacity of the relevant class multiplied by the Applicable Daily Rate determined as:
- 252.1. In respect of Prevailing NTS Exit Capacity obtained through initialisation of the regime and/or the Long Term application process, the Prevailing NTS Exit Capacity charge for that Gas Year as stated in the Statement of Transmission Transportation Charges for that Day;
 - 252.2. In respect of Annual NTS Exit Capacity obtained through the Medium Term application process, the Prevailing NTS Exit Capacity charge for that Gas Year as stated in the Statement of Transmission Transportation Charges for that Day;
 - 252.3. In respect of Daily NTS Exit Capacity obtained through the Day ahead or on the day auctions, the bid price submitted by the User and allocated for the relevant Day; and
 - 252.4. In respect of Daily Interruptible NTS Exit Capacity obtained through the Day ahead auctions, the bid price submitted by the User and allocated for the relevant Day.
253. Bid prices submitted in the capacity auctions must be at or above the relevant reserve price set for that auction as specified in the Statement of Transmission Transportation Charges.

Commodity Charges

254. The NTS Exit Commodity Charge payable by a User for each Day in respect of the end of day gas offtaken will be determined for each NTS Exit Point as:

- 254.1. In the case of an NTS/LDZ Offtake, a DNO will pay an amount equal to the daily gas offtaken at each of its offtakes multiplied by the Applicable Commodity Rate; and
- 254.2. In the case of an NTS Supply Point or an NTS Connected System Exit Point types b, c or e;
- 254.2.1. The relevant Shipper User(s) will pay an amount equal to its UDQO multiplied at each NTS Exit Point by the Applicable Commodity Rate;
- 254.3. In the case of a Storage Connection Point; Storage use gas providers at Storage Facilities will pay an amount equal to:

$$(SUG / n) * CR$$

where:

SUG is the quantity of storage use gas attributed to the User in accordance with the terms of the Storage Connection Agreement for the Storage Facility;

n is the number of days in the calendar month in which such Day falls;

and

CR is the Applicable Commodity Rate.

255. The Applicable Commodity Rates will be specified in the Statement of Transmission Transportation Charges.
256. The current UNC provisions in respect of the NTS Optional Commodity Rate will continue to apply.

Surrender Charges

257. National Grid NTS will pay to the User the NTS Exit Capacity Surrender Charge in the event that it accepts from a User a Daily or annual capacity offer.
258. The NTS Exit Capacity Surrender Charge will be determined as:
- 258.1. For a Daily capacity offer, the quantity of NTS Exit Capacity accepted by National Grid NTS multiplied by the offer price specified by the User in the offer;
- 258.2. For an annual capacity offer, the quantity of NTS Exit Capacity accepted by National Grid NTS multiplied by the offer price specified by the User multiplied by the number of days in the relevant Gas Year.
259. National Grid NTS will not pay to the User the NTS Exit Surrender Charge in respect of quantities subject to Failure to Interrupt charges.

Invoicing arrangements

260. All charges will be invoiced and payable in accordance with UNC TPD Section S.
261. The Primary Capacity holder (User) shall be invoiced for NTS Exit Capacity charges on the first capacity invoice after the month in which the capacity was valid. Invoices are issued on a monthly basis.

Section 8: Credit Checks and Termination Rules

262. These rules will apply to the NTS Exit Capacity Services contained within these Business Rules. The current credit rules, as applied to entry, will be extended to accommodate NTS Exit Capacity. The rules below provide a summary of the current entry rules that have been converted to reflect NTS Exit Capacity. This Section includes DNOs under the definition of User and as such they would be required to have the appropriate security provisions.

Security and Credit Limits

263. National Grid NTS will determine and assign to each User (in a manner which mirrors the current Code Credit Rules) a Credit Limit and will keep the User informed of its credit limit.

264. National Grid NTS will make its credit rules and any revisions available⁷. They will outline the following:

264.1. The principles on which the National Grid NTS will assess and from time to time revise its assessment of the credit worthiness of Users (and persons providing surety for Users) and establish credit limits;

264.2. The basis on which a User (with a view to increasing its credit limit) will provide surety or security for relevant indebtedness, or (with a view to reducing its indebtedness) make prepayments to National Grid NTS;

264.3. Procedures by which a User may discuss its credit limits with National Grid NTS; and

264.4. National Grid NTS will establish the User's maximum relevant indebtedness. This will be an aggregate amount for which a User is at any time liable to National Grid NTS. This will be determined on the basis of amounts accrued and irrespective of whether these amounts have been invoiced or (where invoiced) have become due for payment, less any amount which has been paid to National Grid NTS by the User by way of prepayment.

265. A User's liability for NTS Transportation Services charges in respect of a Day will be treated as accruing on the following Day.

266. A User will be able to dispute whether the National Grid NTS has correctly calculated any such amount.⁸

267. National Grid NTS will be able to dispute the validity of any invoice query submitted by a User⁹.

268. National Grid NTS may review and revise a User's credit limit by giving minimum notice period of not less than thirty (30) days (or a lesser period if agreed by the User) at:

268.1. Intervals of approximately 12 months,

268.2. The User's request; or

268.3. Where the User's (or any person providing surety for the User) published credit rating is revised downwards, any surety/security expires or National Grid NTS

⁷ May require a statement on how these will be published – also need to take into account the impact of recent implemented Modification Proposals.

⁸ Need to determine time limit on disputes.

⁹ Need to determine time limit on disputes.

has reasonable grounds to believe that the effect of the review will be to reduce the credit limit.

269. Where a User's indebtedness exceeds 70% of its credit limit, and National Grid NTS has notified the User and at any time following such notice the User's indebtedness exceeds 85% of its credit limit (and again has been notified of this) National Grid NTS will be entitled to reject or refuse to accept any or all of the following (until the User's level of indebtedness has been reduced to less than 85% of its credit limit ie a credit sanction would be applied):

269.1. Any application for Firm or Interruptible NTS Exit Capacity;

269.2. The purchase of NTS Exit Capacity via a trade with another User; and

269.3. Any other NTS Transportation services.

270. National Grid NTS will also carry out a monthly credit check that will take into account the payments due from the next 12 months worth of NTS Exit Capacity, NTS Entry Capacity and any additional NTS Exit products that a User has procured. In the event that a User's indebtedness position exceeds 85% of the Users Credit limit then the National Grid NTS will be entitled to carry out the measures detailed below.

271. Where a User has provided surety/security it may request that National Grid NTS release all or agree to a reduction in the maximum amount of that security.

272. Where a User requests that its security be released or credit limits be reduced, National Grid NTS will have ten (10) Business Days (from receipt of the request) to release (the security) or reduce (the surety). Security does not need to be released if a User's credit requirements, as calculated in accordance with the credit rules, are greater than the level of security cover that would be left in place if a release were granted by National Grid NTS.

273. Any credit sanction that is in place will only be removed whenever the Users indebtedness is reduced to less than 85% of its credit limit.

Termination

DNO Users

274. If a DNO were to be terminated, the incoming DNO that takes over the terminated DNO's NTS Exit Points would become liable for any products that the terminated DNO had procured from National Grid NTS.

275. The incoming DNO would adopt responsibility from the termination date.

276. Trades for any products would be deemed to have been transferred to the incoming DNO or cancelled.

277. Any ExCMTs held by the terminated DNO would pass to the incoming DNO.

Shippers Users

278. If a User were to be terminated, any product that User had not traded on to another User would revert to National Grid NTS.

279. If the terminated User had traded one or more of the products to another User then the following would apply:

- 279.1. If a selling User is terminated then the buying User would have five (5 days to confirm whether it wishes to become the primary owner of the traded quantity. If the buying User confirms that it does not want to maintain the trade then the product would revert to National Grid NTS.
- 279.2. The price paid by the incoming User would be the greater of:
 - 279.2.1. The quantity weighted average price paid by the terminated User for the product for the duration of the trade; or
 - 279.2.2. The applicable reserve price at the location where the incoming User is taking over the product.
280. If a buying User is terminated then the trade would be cancelled and the selling User would revert to being the 'owner' of the product.

Section 9: Liability Arrangements and User Obligations

Failure to make gas available for offtake liability payments

281. In the event that National Grid NTS was in breach of its obligation to make gas available for offtake from the NTS at an NTS Exit Point, or gas made available for offtake did not comply with the Applicable Offtake Requirements and the “**Offtaking User**” has declined to offtake such gas, then National Grid NTS shall be liable for failure to make gas available for offtake charges.

NTS Supply Points and CSEPs

282. In the case of NTS Supply Points and CSEPs, the liability amounts will be determined separately for Firm and Interruptible NTS Exit Capacity at NTS Exit Points as defined below:

$$C * (1-X/Y) * P * F$$

Where:

282.1. C is the quantity of NTS Exit Capacity held by the User at the NTS Exit Point at the time of failure;

282.2. X is the End of Day quantity made available by National Grid NTS for the User;

282.3. Y is the End of Day quantity nominated by the User when the failure first occurred based on the prevailing IOPN at the time of failure at the NTS Exit Point;

282.4. P is the prevailing NTS Exit Capacity charge rate for NTS Exit Capacity; and

282.5. F is 10 for Daily Firm and 5 for Interruptible Daily Interruptible NTS Exit Capacity.

NTS/LDZ Offtakes

283. In the case of NTS/LDZ Offtakes, the current liability arrangements in the UNC will continue to apply ie National Grid NTS will recompense DNO claims for the amount of requested gas that was not made available at NTS/LDZ Offtakes up to the amount of UNC liabilities to shippers at its LDZ Supply Points and CSEPs and Guaranteed and Overall Standards of Service (GOSS) compensation payments¹⁰ to domestic consumers that the DNO consequently incurred as a direct result of NTS failure.

For all NTS Exit Points

284. On any Day where, at an NTS Exit Point, there is an NTS Exit Overrun or Failure to Interrupt and as a result of any such overrun or Failure to Interrupt National Grid NTS fails to make gas available for offtake at another NTS Exit Point, then the relevant User shall be liable to National Grid NTS for all quantities for which the National Grid NTS finds itself liable to any other User as a consequence of not making gas available for offtake.

285. Any dispute regarding the amount payable shall be referred to Expert Determination.

¹⁰ GOSS payments (as a result of the introduction of the Utilities Act) to domestic consumers are £30 for each consecutive 24-hour period of supply failure after the first 24-hour period. Each premise is capped at £1,000 per incident, and in the event that more than 50,000 premises are affected, no compensation is required to be paid.

286. Compensation Payments will be invoiced according to TPD Section S of the UNC.
287. Current rules within TPD Section V of the UNC regarding Force Majeure shall continue to apply.

National Grid NTS obligations to make gas available for offtake

288. National Grid NTS will not be obliged to make gas available for offtake at an NTS Exit Point by a User:
- 288.1. On any Day, where the quantity flowed exceeds the User's NTS Exit Capacity;
- 288.2. At any time, at a rate which exceeds the "**Permitted Offtake Rate**" (as defined in paragraph 289 below); or
- 288.3. On any Day that is a "**Planned Maintenance Day**" within the permitted number of Days as set out in the relevant Network Exit Agreement (NExA) for direct connects or the OAD for NTS/LDZ Offtakes.

User obligations at NTS Exit Points

289. A User shall take all reasonable steps to not offtake gas at an NTS Exit Point at a rate that exceeds the Permitted Offtake Rate as defined in UNC TPD Section J 4.5.10.

Pressure Obligations at NTS/LDZ Offtakes

290. Under the current UNC arrangements, National Grid NTS has a commitment to make gas available for offtake at NTS/LDZ Offtakes at 06:00 and 22:00 each Day at the Assured Offtake Pressures. These Assured Offtake Pressures are intended to support the DNOs satisfying their 1:20 capacity licence obligations.
291. The Assured Offtake Pressures will be set for each NTS/LDZ Offtake for Gas Year 2010/11 by rolling over the pressure commitments that will be granted to DNOs by September 2006 for Gas Year 2009/10 in response to their June/July 2006 applications, unless National Grid NTS or the relevant DNO has requested and been granted a permanent or finite reduction and/or increases as described below:
292. National Grid NTS will be able to request that the relevant DNO agrees to:
- 292.1. A permanent decrease to the Assured Offtake Pressures at an NTS Exit Point in April of each year, detailing:
- 292.1.1. The requested new Assured Offtake Pressures; and
- 292.1.2. The start of the Gas Year from which the decrease applies.
- 292.2. A finite decrease to the Assured Offtake Pressures at any time, detailing
- 292.2.1. The requested new Assured Pressures; and
- 292.2.2. The period (minimum of a Day, maximum of a month) for which the decrease applies.
293. A DNO will be able to request that National Grid NTS agrees to:
- 293.1. A permanent increase to the Assured Offtake Pressures at its NTS Exit Points in July of each year, detailing:
- 293.1.1. The requested new Assured Offtake Pressures; and

- 293.1.2. The start of the Gas Year from which the increase applies
 - 293.2. A finite increase to the Assured Offtake Pressures at any time, detailing:
 - 293.2.1. The requested new Assured Pressures; and
 - 293.2.2. The period (minimum of a Day, maximum of a month) for which the increase applies.
 - 294. Both the DNO and National Grid NTS must accept such a permanent increase/decrease request within two (2) months or a finite increase/decrease request within ten (10) days unless it would prejudice the safe and efficient operation of its network, with an overriding obligation to co-operate in the establishment of operating pressures to “optimise the safe and efficient operation of the NTS and the LDZ”.
 - 295. National Grid NTS will maintain an “**Assured Offtake Pressure Statement**”¹¹ for each DNO summarising for each of its NTS/LDZ Offtakes the Assured Offtakes Pressures, including any agreed permanent or finite increases or decreases.
- Non Compliant Gas**
- 296. In the event that National Grid NTS makes available non-compliant gas, the amount of compensation paid by National Grid NTS to the relevant Users will continue as specified under UNC TPD Section J.

¹¹ Publication and governance of this to be established.

Section 10: Monitoring of Flexibility

297. The Daily Flexibility Utilised (DFU) for an NTS Exit Zone shall be determined as follows:

$$DFU = DQO_{2200, Z} - ADQO_{2200, Z}$$

where:

$DQO_{2200, Z}$ is the quantity of gas offtaken by all Users between 06:00 hours and 22:00 hours on the Day for all NTS Exit Points in the NTS Exit Zone;

$ADQO_{2200, Z}$ is the average quantity of gas deemed to have been offtaken by all Users at the NTS Exit Zone at an even rate between 06:00 hours and 22:00 hours on the relevant Day.

298. $ADQO_{2200, Z}$ shall be determined as follows:

$$ADQO_{2200, Z} = DQO_Z * (16 / 24),$$

where:

DQO_Z is the quantity of gas offtaken by all Users on the Gas Day for all NTS Exit Points in the NTS Exit Zone.

299. The Daily Quantity Offtaken (DQO_{2200}) between 06:00 hours and 22:00 hours on the Day for an NTS Exit Point will be the total measured quantity of gas offtaken by Users at the NTS Exit Point over this period determined in accordance with arrangements as for End of Day measurements under TPD Section E3.

300. By 11:00 on Day D + 1 National Grid NTS will publish on its website the following information in respect of Day D for each Exit Zone

300.1. DQO_Z

300.2. $DQO_{2200, Z}$

300.3. $ADQO_{2200, Z}$

300.4. DFU

301. By 11:00 on Day D + 1 National Grid NTS will publish on its website in respect of Day D for each Exit Point where Interruption was exercised, the quantity so exercised.

302. National Grid NTS will revise the information published under paragraphs 300 and 301 as more accurate information becomes available.

303. National Grid NTS will publish annually on its website a review of the Zone, Area and National design maxima for flexibility and report on actual use of flexibility against these maxima (see Appendix 2).

Section 11: Further references in UNC affected by Exit Reform

UNC TPD Section G

304. “**IFA (Interruptible Firm Allowance)**” will no longer be offered for NTS Supply Points, as these Interruptible services will be replaced by the introduction of constraint management tools (as described in Section 9 of the Business Rules). [Section G1.15 (TPD) will apply only in respect of LDZ Supply Points. Section G1.15.2 d will be amended such that Users will pay IFA charge to the DNO only]¹².
305. The Link between SOQ and NTS Exit Capacity Booking will be removed.
306. In respect of the SPA Process, described in UNC TPD Section G2, all references to SOQ in respect of NTS Supply Points will be reviewed.
307. DM Supply Point Capacity and Offtake Rate (UNC TPD Section G5) will apply to LDZ Supply Points only. For NTS Exit Points, NTS Exit Capacity requests will be in accordance of UNC Section B of the UNC and Offtake rates will be reviewed in accordance with these Business Rules.
308. Interruptible Supply Points (UNC TPD Section G6) – all paragraph in this Section to be reviewed such that it will only apply in respect of LDZ Supply Points. The rules on NTS sites responding to requests to interrupt will be set out in the SMPS and the term sheets for NTS Constraint Management.
309. Partnering Supply Points (UNC TPD Section G.6) to be withdrawn from UNC for NTS Supply Points to align it with the introduction of the proposed constraint management tools, as described in Section 6 of these Business Rules.

CSEP Ancillary Agreements

310. The current CSEP Ancillary and Agency Rules contained within the UNC and the CSEP Ancillary Agreements shall continue to apply, subject to the following:
 - 310.1. The enduring offtake provisions will apply different provisions to those in the existing NTS CSEP Ancillary Agreements (eg the booking and allocation process for NTS Exit Capacity and the introduction of a Firm only product other than Daily Interruptible, overrun calculation). Therefore a provision will be included in the UNC to recognise that in the event of any conflict between the UNC and the CSEP Ancillary Agreements/associated CSEP NExAs/connection Agreements, the UNC provisions will prevail and accordingly National Grid NTS will apply such provisions and disregard those conflicting provisions in the CSEP Ancillary Agreements. To the extent that the UNC changes resulting from enduring exit reforms do not affect the other provisions of the CSEP Ancillary Agreements, they will continue to operate in accordance with such terms (eg conditions of becoming and ceasing to be a CSEP User, CSEP User Agent, and measurement provisions). Where existing UNC terminology is used in the CSEP Ancillary Agreements, but such terminology is changed as a result of the UNC revisions, the corresponding revised UNC terminology will applied to the extent that its use needs to continue in the CSEP Ancillary Agreements.

UNC OAD Section I - NTS Operational Flows

311. The provisions detailed in Section I of the OAD and the table below specifies whether the provisions are to be removed:

¹² IFA may no longer exist within DNOs as a result of implementation of UNC Modification Proposal 0090. Other parts of this Section may also need to be reviewed for impacts associated with Modification Proposal 0090.

Section I Offtake Arrangements Reference	Removed?
I2.1 - General Requirements	No
I2.2 – Initial Offtake Profile Notice	No
I2.3 - Revisions to offtake Profile Notices	No
I2.4 - Revisions Requested by NTS	No
I2.6.1 - Variation of Restrictions	No
I3.1 - Further Provisions of TPD Section J	No
I3.2 - Further Provisions of TPD Section J	No
I4.0 – Pressure	No
I6.0 - Further Provisions	No
I2.5 - Low Demand Days	Yes
I2.6.2 - Variations of Restrictions	Amended
I5.0 – Interruption	Yes

Revisions requested by DNO Users

312. Where there is an operational event on a DNO’s network, National Grid NTS will co-operate with the DNO to ensure security of supply. This may include swapping of flow between NTS/LDZ Offtakes, where possible, to seek to avoid an emergency. In addition, during a Network Gas Supply Emergency, commercial arrangements will be suspended and, in particular, Users will not be liable for any exit capacity overrun changes that may arise as a result of actions undertaken by National Grid NTS under the instruction of the NEC.

Others

313. Other sections of the UNC will require amendment and will be identified as part of development of the legal text.

Appendix 1: NTS Exit Zones

The list in Table 2 below details which NTS Exit Zones the existing NTS Offtakes plus new Distribution Network Offtakes have been attributed to for Gas Year 2010. These have been included in the Business Rules for clarity and will be included in the ExCR rather than the Uniform Network Code. New Exit Points will be included within the appropriate NTS Exit Zone by National Grid NTS.

Table 2 – Attribution of NTS Exit Points to NTS Exit Zones

Count	NTS Exit Point	NTS Exit Zone
1	AberdeenOT	0
2	BalgrayOT	0
3	BPGrngemouthPS	0
4	CarestonOT	0
5	DrumOT	0
6	GlenmavisLNG	0
7	GlenmavisOT	0
8	GowkhallPS	0
9	KinknockieOT	0
10	PeterheadPS	0
11	PitcairnOT	0
12	StFergusOT	0
13	ArmadaleOT	1
14	BroxburnOT	1
15	ColdstreamOT	1
16	HumbletonOT	1
17	HumeOT	1
18	KeldOT	1
19	LangholmOT	1
20	LockerbieOT	1
21	MelkinthorpeOT	1
22	MoffatInt	1
23	NetherHwclghOT	1
24	SaltwickHOT	1
25	SaltwickOT	1
26	SoutraOT	1
27	TowLawOT	1
28	WetheralOT	1
29	AucklandOT	2
30	CorbridgeOT	2
31	GuyzanceOT	2
32	AsselbyOT	3
33	BaldersbyOT	3
34	BASFInd	3
35	BeltoftStor	3
36	BOCTeesInd	3
37	BPSaltendHPIInd	3
38	BurleyBankOT	3
39	CowpenBewleyOT	3
40	EltonOT	3
41	EnronPS	3
42	GansteadOT	3

Joint Office of Gas Transporters
Review Group 0166: Review of necessary reform of NTS Offtake Arrangements
Business Rules

Count	NTS Exit Point	NTS Exit Zone
43	GooleGlassInd	3
44	HornseaStor	3
45	ICIBillinghmInd	3
46	LtBurdonOT	3
47	PannalOT	3
48	PaullOT	3
49	PhillipsTeesPS	3
50	PickeringOT	3
51	RawcliffeOT	3
52	RoughStor	3
53	SaltendPS	3
54	ThrintoftOT	3
55	TowtonOT	3
56	AMPaperInd	4
57	BlackburnMInd	4
58	BlackrodOT	4
59	BrdgewaterPInd	4
60	BurtonPointPS	4
61	DeesidePS	4
62	HaysChemInd	4
63	HolmesChapelOT	4
64	ICIRuncornInd	4
65	LuptonOT	4
66	MickleTrafdOT	4
67	PartingtonLNG	4
68	PartingtonOT	4
69	RocksavagePS	4
70	RoosecotePS	4
71	SamlesburyOT	4
72	SellafieldPS	4
73	ShellStarInd	4
74	ShottonPaprlnd	4
75	WarburtonOT	4
76	WestonPointOT	4
77	WinningtonPS	4
78	BlabyOT	5
79	CaldecottOT	5
80	CorbyPS	5
81	MktHarboroughOT	5
82	PeterborEyeOT	5
83	PeterboroPS	5
84	SilkWilloughOT	5
85	TurLangtonOT	5
86	EveshamOT	6
87	LeamingtonOT	6
88	LowerQuintonOT	6
89	RugbyOT	6
90	StratfrdAvonOT	6
91	AylesbeareOT	7
92	BraishfieldAOT	7
93	BraishfieldBOT	7

Joint Office of Gas Transporters
Review Group 0166: Review of necessary reform of NTS Offtake Arrangements
Business Rules

Count	NTS Exit Point	NTS Exit Zone
94	DidcotPS	7
95	IlchesterOT	7
96	Ipsden1OT	7
97	KennOT	7
98	MappowderOT	7
99	GtWilbrahamOT	8
100	PetersGrnNTOT	8
101	PetersGrnSMOT	8
102	RoudhamHeathOT	8
103	RoystonOT	8
104	WhitwellOT	8
105	BarkingPS	9
106	CorytonPS	9
107	DamheadCreekPS	9
108	FarninghamOT	9
109	GtYarmouthPS	9
110	HorndonOT	9
111	LuxboroughLnOT	9
112	MedwayPS	9
113	ShorneOT	9
114	TatsfieldOT	9
115	YelvertonOT	9
116	EppingGreenPS	10
117	LtBarfordPS	10
118	MatchngGreenOT	10
119	RyeHousePS	10
120	BlyboroughOT	11
121	BriggPS	11
122	CottamPS	11
123	ImminghamInd	11
124	KeadbyBPS	11
125	KeadbyPS	11
126	Stallingbor1PS	11
127	Stallingbor2PS	11
128	ThorntonCurtOT	11
129	ThorntonCurtPS	11
130	WalesbyOT	11
131	AlrewasEMOT	12
132	AlrewasWMOT	12
133	AspleyOT	12
134	AudleyNWOT	12
135	AudleyWMOT	12
136	AustreyOT	12
137	DrointonOT	12
138	EcclestonOT	12
139	HoleHousFmStor	12
140	Maelor	12
141	MalpasOT	12
142	MilwichOT	12
143	ShustokeOT	12
144	BactonInt	13

Count	NTS Exit Point	NTS Exit Zone
145	BactonOT	13
146	BrisleyOT	13
147	KingsLynnPS	13
148	WestWinchOT	13
149	AvonmouthLNG	14
150	BaglanBayPS	14
151	CirencesterOT	14
152	DowlaisOT	14
153	DyffrynClydOT	14
154	DynevorArmsLNG	14
155	EastonGreyOT	14
156	FiddingtonOT	14
157	GilwernOT	14
158	ICISvrnsidelnd	14
159	LittletnDrewOT	14
160	PucklechurchOT	14
161	RossSWOT	14
162	RossWMOT	14
163	SeabankBPS	14
164	SeabankOT	14
165	SeabankPS	14
166	GosbertonOT	15
167	KirksteadOT	15
168	SpaldingPS	15
169	SuttonBridgeOT	15
170	SuttonBridgePS	15
171	HardwickOT	16
172	WinkfieldNTOT	16
173	WinkfieldSEOT	16
174	WinkfieldSOOT	16

Appendix 2: National, Area and NTS Exit Zone Maximas

This Appendix 2 details the Area, Zonal and National Maxima that usage of Flexibility, as set out in Section 10, will be monitored against. These have been included in the Business Rules for clarity and National Grid NTS envisages that the values in this Appendix 2 will be specified in National Grid NTS's EXCR.

The information displayed in this Appendix 2 will apply for Gas Years 2010/11 and 2011/12 and will subsequently be reviewed annually.

Area	Zone	Zonal Maxima (mcm)	Area Maxima (mcm)	National Maximum (mcm)
North	0	3.58	9.00	22
	1	4.60		
	2	0.40		
	3	3.19		
	4	5.95		
Central	5	1.54	8.00	
	6	0.64		
	11	2.67		
	12	2.21		
	15	1.46		
West	7	2.02	5.00	
	14	1.62		
East	8	2.03	8.00	
	9	3.01		
	10	1.29		
	13	3.26		
	16	1.21		

The notes below explain some of the implications of the values detailed above:

1. Network Analysis indicates that Northern Area might not be able to accommodate simultaneous utilisation of all flexibility capacity holdings should in excess of 9 mcm “migrate” to the North under the allocation mechanism.
2. Central Area: some limited potential for capacity holdings to exceed Area Maximum unless the area limitation is introduced
3. As with North, East Area could not accommodate simultaneous utilisation of all flexibility capacity holdings should in excess of 8 mcm “migrate” to the East under the allocation mechanism