Enduring Interruptible Exit Capacity Arrangements

General Comments

- Recognise this is subject to E.ON's additional requirements.
- More detail is required to enable clearer understanding and to enable legal text drafting.
- Is the intention that each Mod proposal should be considered independently of the other so that it may be implemented if the other is not implemented ? If not then one Mod would be preferable. If they are intended to be separate Mods then there will be a need to ensure that there is no overlap or dependency of any type.
- Business Rules would be useful especially for legal text drafting – meeting didn't want to go down this route.
- How does charging work ? How is the charge calculated ? When is the charge levied ? (All needs to be detailed)
- Possibly need to be clear that there is no neutrality as there are no daily sales and the Licence does not allow costs to be passed through a neutrality mechanism.
- When do the rules apply from ?
- Information provision from NTS to the community needs to be detailed.
- Must be compliant with EU Gas Regulations (our belief is that 0116V was compliant).
- Can Interruptible be traded ?
- Are the arrangements intended to apply to Shipper Users and DNO Users ?
- The proposal refers to NTS Exit Points for much of the proposal but occasionally refers to NTS Offtake Point (which is assumed to be DN Offtakes), further clarity on consistency of terms and understanding of terms is required.
- Is this product only available to NTS Exit Users (Mod will need to justify) ?
- Consideration needs to be given to the treatment of existing Flex arrangements for DN's with regards to both draft modifications.

- These changes are likely to require significant systems development and is likely to impact shippers own systems.

Nature of Proposal

- Needs to define when the products apply from and the timelines involved.

Long Term Buy-Back Arrangements

- Why is this limited to 12 months and an October window ? Why is National Grid NTS not able to enter into shorter term contracts i.e. 2, 3, 4, 6 months in advance for periods of a month to 12 months?

Methodology Statement

- The UNC should facilitate the long term buyback arrangements and detail the information provision that NTS provides. The terms and conditions provide the overall User sign on and the specific details relating to that Tender. The invitation to tender and the individual sub tender information provide further details relating to that long term buyback arrangement. It will be difficult to provide specific information in a methodology statement as the detail will be unique to each tender/sub tender.
- Bullet c) I am not sure how this differs from a User just submitting different option quantities with different quantities / prices or the option contract could specify different tranches i.e. these options are exercised first, these second etc.
- Bullet (d) the arrangements should be at an NTS Exit Point level but National Grid NTS could issue an invitation where multiple NTS Exit Points would be considered together. This will be dependant upon the nature of the problem that is being resolved. If the zonal concept is maintained on what basis will the zones be established? Will they apply for all exit points within a Zone (i.e. CSEP's, supply

Points, DN Offtakes) ? It appears that National Grid NTS will be required to produce all of this but on what basis ?

- Bullet (e) as there is no exit capacity neutrality there is minimal impact on Users and as such I don't believe that National Grid NTS need to publish the basis of their maximum number of day's calculation.
- What is the proposed timeline for the creation of the methodology, consultation and implementation ?

The Invitation

- Make it clear that this is related to long term buybacks
- 2 or 3 days duration?
- See Exit Point comment above
- Has National Grid NTS got the ability to tender for forward contracts ? This should be included.

Interruption Offers

- Is the intention that National Grid NTS will be able to tender for forward contracts ? If so this should be included.
- Bullet (e) rather than pro-forma this should be terms and conditions

Acceptance and Notification

- Need to understand how this is utilised in the overrun calculation.

Short Term Buy-Back Arrangements

- There is nothing regarding Within Day Flow Reductions within the document this is a product that National Grid NTS developed with the industry as part of 0116V and believe that it should be included.
- How does the invoicing work .i.e. when and how is it calculated ?
- Again should be by NTS Exit Point but National Grid NTS could request offers at various Exit Points in the same location and accept the lowest priced first. This will be dependant upon the issue that is being resolved.
- Need to understand how this is utilised in the overrun calculation.
- See comment above regarding Zones
- Within the Offer the user will need to specify the date for which the offer applies (i.e. for a specific gas flow day).

Use it or Lose It

- Define the use it or lose it calculation ?
- Can National Grid NTS scaleback this capacity ? If not how is the capacity reduced/removed ?
- The last paragraph is this discretionary release in addition to the Use it or Lose it ?
- Within the bid the user will need to specify the date for which the bid applies (i.e. for a specific gas flow day).

Interim Interruption

- 1st paragraph "…Where a User applies for **new or incremental** NTS Exit Capacity at…"
- Will this be available at all exit points ?
- This appears to enable an Interruptible product to be applied for (as distinct from the concept of universal firm with interruptible offers) so what elements of the existing Interruptible provisions will continue to apply in respect of such products e.g. G6 ?
- What happens when firm becomes available ?
- What quantity can a User request up to ?

- How does long term buyback fit in with this ?
- Need to understand how this relates to the Licence i.e. there is no concept of a long term interruptible product in the licence how does this product tie in with permits ?
- Will this be subject to NTS approval ?
- Can National Grid NTS scaleback this capacity ? If not how is the capacity reduced/removed ?

Failure to Interrupt Charge

- If the interruptible holdings and buybacks (long term, short term and scaleback) are utilised in the overrun calculation the User will be charged twice. At present only firm holdings are utilised in the exit overrun calculations – but buying back the firm product (under this proposal) should be fed into the overrun calculation.
- Under what circumstances does the FTI apply i.e. when scaleback UIOLI / Interim Interruptible and/or when NTS buyback (even if this is a forward ?) / exercise options
- I think the calculation is the same as the overrun calculation – are both required / how do they relate ? Or could this be simplified to qty offtaken – capacity held at the end of the day ? There should be a strong incentive on Users to reduce their flows when National Grid NTS have either boughtback firm or scaled their interruptible.
- The rates need to be clear if they are generated and applied at/for that Exit Point or if they are generated for all Exit Points (i.e. highest price at the Exit Points or across all Exit Points).
- The penultimate paragraph of this section is unclear.
- In the last paragraph what happens in the day after i.e. can the User continue to offtake gas, do they have to apply for firm exit capacity, if so and investment is required and there is a lead time what happens during this lead time? How does this relate to interim interruption ?
- Does the last paragraph apply to any Exit Point e.g. a power station or an LDZ ? Will isolation occur for just failure ore repeated failures ? Will there be a notice period ? Are there any safety consequences ? Will the costs include reconnecting the affected firm premises downstream of the isolated offtake ? Is this in addition to the FTI charge ?

Shared NTS Supply Meter points, NTS Offtakes and NTS CSEP's

- Consideration needs to be given to ascertain if the Interruptible Flat capacity changes impact any other processes detailed within the UNC.