

Cumulative Deviation (Imbalance) Cashout
Proposed Business Rules V0.2

1. Daily Imbalance

Existing UNC F2 – ‘Daily Imbalances’ provisions are highlighted in yellow

1.1. Introduction

1.1.1. The gas representing the amount of a User’s Daily Imbalance in respect of a day shall be deemed to be sold and purchased and the imbalance cleared in accordance with this paragraph 1.

1.1.2. The Daily Imbalance Charge in Respect of a User’s Daily Imbalance shall be determined in accordance with paragraph 1.3.

1.2. Daily Balancing System Clearing Contract

1.2.1. The quantity of gas comprising a User’s Daily Imbalance shall be deemed to have been sold and purchased pursuant to a System Clearing Contract.

1.2.2. For the purposes of such System Clearing Contract:

(a) where the Daily Imbalance is positive, the seller is the User and the buyer is National Grid NTS;

(b) where the Daily Imbalance is negative, the seller is National Grid NTS and the buyer is the User.

1.2.3. The System Clearing Contract shall be deemed to have been performed fully except as to payment.

1.2.4. The Daily Imbalance shall be extinguished by the System Clearing Contract.

1.3. Daily Imbalance Clearing Charge

1.3.1. The Daily Imbalance Clearing Charge shall be the Clearing Charge in respect of the System Clearing Contract under this paragraph 1 and shall be calculated by multiplying the daily Imbalance of the User as follows:

(a) where the Daily Imbalance is positive, the SAP for the Gas Flow Day; and

(b) where the Daily Imbalance is negative, the SAP for the Gas Flow Day.

2. Cumulative Deviation

2.1. Cumulative Deviation Quantity

- 2.1.1. In respect of each gas flow Day the User's Daily Imbalance Quantity shall be used to determine the User's **Cumulative Deviation Quantity** for the gas flow Day.
- 2.1.2. For each consecutive Day in a **Cumulative Deviation Period** the Cumulative Deviation Quantities will determine the net position of the Cumulative Deviation Quantity for the proceeding gas flow Day.
- 2.1.3. A Cumulative Deviation Period shall be completed where the former of;
- (a) [5] consecutive gas flow Days have past; or
 - (b) a Day where National Grid NTS has taken a System Balancing Action.
- Such a Day shall be the '**Cumulative Deviation Clearing Day**'.
- 2.1.4. A Cumulative Deviation Period will begin on the gas Flow day following the completion of the preceding Cumulative Deviation Period.
- 2.1.5. **Cumulative Deviation Clearing** shall apply to all Users' Cumulative Deviation positions on the Cumulative Deviation Clearing Day.

2.2. Cumulative Deviation Charge

- 2.2.1. The **Cumulative Deviation Charge** shall be applied by multiplying the Cumulative Deviation Quantity of the User on the Cumulative Deviation Clearing Day with the following:

where the deviation on a Cumulative Deviation Clearing Day is positive; either

- (a) where the [5] day Cumulative Deviation Period is complete;
 - (i) The Default Cashout differential (buy) price for the relevant Cumulative Deviation Clearing Day; or
- (b) where National Grid NTS has taken a System Balancing Action; the price will be the greater of the following values:
 - (i) SMP price for the relevant Cumulative Deviation Clearing Day minus SAP for the relevant Cumulative Deviation Clearing Day; and
 - (ii) The Default Cashout differential (buy) price for the relevant Cumulative Deviation Clearing Day; and

where the deviation on a Cumulative Deviation Clearing Day is negative; either

- (c) where the [5] day Cumulative Deviation Period is complete,

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- (i) The Default Cashout differential (sell) price for the relevant Cumulative Deviation Clearing Day; or
- (d) where National Grid NTS has taken a System Balancing Action; the price will be the lesser of the following values;
 - (i) SMP for the relevant Cumulative Deviation Clearing Day minus SAP for the relevant Cumulative Deviation Clearing Day; and
 - (ii) The Default Cashout differential (sell) price for the relevant Cumulative Deviation Clearing Day.

2.2.2. Where a System Balancing Action is taken on day [5] of a Cumulative Deviation Period; the Cumulative Deviation Charge applied will be:
for a positive deviation;
the greater value of 2.2.1 (a) (i) and (b) (i); and

for a negative deviation;
the lesser value of 2.2.1 (c) (i) and (d) (i).

3. Neutrality Arrangements

3.1. All Daily and Cumulative Imbalance Charges/Credits will be payable or recoverable to relevant Users' through the Balancing Neutrality process and will be recovered in accordance with section F4 – Balancing Neutrality Charges.

4. Invoicing Arrangements

4.1. The Daily and Cumulative charges shall be invoiced and payable in accordance with Section S

5. Section X credit Implications

6. Contingency Arrangements

6.1. **To be considered**

7. Definitions

- 7.1. Cumulative Deviation/Imbalance Quantity
- 7.2. Cumulative Deviation/Imbalance Period
- 7.3. Cumulative Deviation/Imbalance Clearing Day