

APPENDIX

**PROPOSED BUSINESS RULES FOR REVISED DN INTERRUPTION
ARRANGEMENTS**

1. **INTRODUCTION**
2. **LDZ EXIT CAPACITY DEFINITION**
3. **NDM SUPPLY POINTS**
 - 3.1 Registration Process
 - 3.2 Supply Point Capacity
 - 3.3 LDZ Capacity
 - 3.4 Energy Measurement
4. **LDZ DM FIRM SUPPLY POINTS & CSEPs**
 - 4.1 Registration Process
 - 4.2 Application for LDZ Capacity
 - 4.3 Supply Point Ratchet
 - 4.4 LDZ CSEP Overrun
 - 4.5 Energy Management
5. **LDZ DM INTERRUPTIBLE SUPPLY POINTS & CSEPs**
 - 5.1 Registration Process
 - 5.2 Application for Supply Point Capacity
 - 5.3 Supply Point Ratchet
 - 5.4 LDZ CSEP Overrun
 - 5.5 Application for LDZ Capacity
6. **Interruption Notice**
7. **Failure to Interrupt**
8. **Shared Supply Meter Points**
9. **Transition Arrangements**

1. INTRODUCTION

This section describes proposed LDZ interruptible exit capacity high-level principles.

- 1.1. The business rules contained in this document have been raised to prompt discussion of how Interruptible capacity in the LDZs could be reformed. Modification to the arrangements with respect to NTS Supply Points are outside the scope of these business rules.
- 1.2. The revised Interruptible Capacity arrangements described in this document will not supersede the established Emergency ~~A~~arrangements described in Section Q of the UNC.
- 1.3. The existing Firm Exit Capacity booking arrangements will not be changed.
- 1.4. The existing UNC arrangements for requesting a switch from Interruptible to Firm will continue to apply outside the annual process described in this document.
- 1.5. Arrangements for requesting a switch from Firm to Interruptible will only be via the Interruptible Application Process.
- 1.6. Applications for Interruptible LDZ Capacity and management of Interruption will continue on an individual Supply Point basis.
- 1.7. Applications for Interruptible LDZ Capacity will occur each year, at least ~~three~~3 years ahead of the applicable Gas Year, for example June ~~2007~~ for the Gas Year starting October 2010.
- 1.8. DN~~O~~s ~~may~~will be permitted to tender for Interruptible rights in timescales shorter than three Gas Years ~~where, for instance, demand patterns change significantly.~~
- 1.9. ~~Shipp~~Users will be able to register for multiple Gas Years, up to and including [5]; ~~Interruption terms.~~
- 1.10. ~~Shipp~~Users will be able to apply for “n” maximum Days of Interruption for each Supply Point.
- 1.11. Interruption payments by DN~~O~~s to ~~Shipp~~Users will be based on an option and exercise scheme where the option fee will be an upfront payment and the exercise fee will be payable for each Day that Interruption was incurred. The charging pricing methodology will be described in each Transporter’s Transportation Charging Methodology Statement.
- 1.12. Each Transporter will publish its Interruption requirements on a location by location basis and offer Interruptible Exit Capacity based on a range of maximum Interruptible Days, say 5, 15, 30 and 45 Days. Prices for Interruptible rights would be dependent on the permitted number of Days of Interruption. ~~Each number of Days of interruption will attract an option/exercise scheme dependent on the pricing methodology of the relevant Transporter.~~
- 1.13. ~~Shipp~~Users will be able to apply for Interruptible Capacity in respect of all ~~DM~~ Supply Points and CSEPs with an AQ greater than 5,8,60,0,000 kWh, both Firm and Interruptible.

- 1.14. The Transporter will be permitted to reject an application for Interruptible Capacity if the application was not required to maintain its required transportation capability.
- 1.15. A User at a new Supply Point that is new after the Application Process has begun that requests to be Firm will be Firm if the LDZ Capacity is available; otherwise, the Supply Point will be allocated the minimum number of Interruptible Days that the Transporter can provide.
A User at a new Supply Point that is new after the Application Process has begun [1 June] that requests to be Interruptible will be allocated the minimum number of Interruptible Days that the Transporter can provide. The User can then enter the next available Annual Application Process [the following 1 June] to obtain revised terms although the minimum number of Interruptible Days will apply until the until the revised terms take effect]
- 1.16 Users will pay firm LDZ capacity charges (from 2010) and those Users that obtain Interruptible LDZ capacity will receive a payment for interruptible rights as set out in the Relevant Transporters Transportation Statement
- 1.17 There will not be facility for Users to enter into Interruptible Partnering Arrangements (ref UNC.....)
- 1.18 For the period from the [implementation date of the proposal to 30th September 2010], "the Transition Period", Transitional Arrangements will apply. For Interruptible Supply Points the present interruptible arrangements will continue to apply i.e 45 day interruptible allowance, attracting the level of discount on LDZ capacity charges as set out in the Relevant Transporters' Transportation Statement ~~New Supply Points that will be connected outside the application process and want to go Firm will be allowed to go Firm when the Capacity becomes available. Otherwise, they will be allocated the minimum number of Interruptible Days that the Transporter believed it must have available in order to ensure it could continue to meet its obligations to other Supply Points. [If the User wished the Supply Point to be Interruptible then it will be allocated [45] Days of potential interruption at the appropriate option discount and will enter the next available tender process.]~~

Draft business rules are described for each of the following categories of points:

- NDM Supply Points
- LDZ DM Firm Supply Points
- LDZ DM Interruptible Supply Points
- LDZ DM CSEPs (Firm & ~~Interruptible~~).

~~[Add an exclusion related to 'Buddying']~~

2. LDZ CAPACITY DEFINITION

- 2.1 **This section describes the capacity products that will be made available for LDZ exit. The business rules in this section reflect existing arrangements and no change is intended. There will be two categories of LDZ Capacity; Firm and Interruptible.**
- 2.2 Non Daily Metered (NDM) LDZ Capacity
- 2.2.1 NDM LDZ Capacity will be only available as Firm.
- 2.2.2 NDM LDZ Capacity will be based on an estimate of Supply Point Capacity (SOQ) that is provided by the Transporter in accordance with agreed algorithms described in the UNC.
- 2.3 Daily Metered (DM) LDZ capacity
- 2.3.1 Both Firm and Interruptible LDZ Capacity will be available.
- 2.3.2 Both categories of Capacity will be subject to monitoring and control in two dimensions, daily demand (SOQ) and hourly rate (SHQ). The maximum permissible level for each dimension will be set by agreement with the Transporter. ShippUser will be able to apply for an increase in either. The ratio of SOQ to SHQ will be controlled by limits set within the UNC with the purpose of limiting the extent of profiling to acceptable levels.
- 2.4 Booking and allocation of LDZ Capacity will be with reference to each Supply Point.
- 2.5 LDZ Capacity will not be tradable.
- 2.6 [User LDZ Firm and Interruptible Capacity charges will be managed on an administered price basis and these charges will be set out in the Transporter's Transportation Statement.]
- 2.7 The purchaser of LDZ Capacity will be liable for payment to the Transporter on the first capacity invoice after the month in which the LDZ Capacity was valid. Invoices will be issued on a monthly basis.
- 2.8 Firm LDZ Capacity held by a User will not be acquirable by the Transporter other than by curtailment of demand in accordance with Emergency Steps set out in Section Q of the UNC or through a tender processor by agreement of a purchase price with the User.
- 2.9 Interruptible LDZ Capacity contracts will be exercisable by the Transporter from a User on a Day for constraint management purposes. Exercise —of LDZ Interruptible Capacity could be for whole or part Days and whole or part of previously allocated volumes (by Supply Point). An exercise payment in accordance with the agreed Interruption Terms maywill be required from the Transporter to the relevant ShippUser for each Day of Interruption.
- 2.10 Failure by the Transporter to make gas available for offtake at a Supply Point where Firm transportation arrangements apply will require compensation

payments from the Transporter to the relevant ~~Ship~~User(s). The terms and payment calculation will be as currently set-out in Section ~~-J~~ of the UNC. The existing offtake obligations on Users will also continue to apply as described in Section J.

3. NON-DAILY METERED (NDM) SUPPLY POINTS

3.1 The process described below is unchanged from existing Uniform Network Code procedures and is provided for completeness in this review of LDZ capacity arrangements.

3.1.1 Supply Point Registration

3.1.1.1 Confirmation Only

3.1.1.2 A User will be permitted to become the ~~R~~Registered User at a Smaller Supply Point (AQ not more than 73,200 kWh) through a Confirmation only process, save where the Smaller Supply Point contains more than one Supply Meter Point.

3.1.2 Nomination, Offer, and Confirmation

3.1.2.1 A User will be permitted to become the ~~R~~Registered User at a Larger Supply Point (more than 73,200 kWh), or Smaller Supply Point containing more than one Supply Meter Point, by submitting a Nomination and by successful Confirmation of the resultant transportation Offer made by the Transporter.

3.1.3 An incumbent User will be permitted to submit a Supply Point Objection against a Confirmation submitted by a proposing User. Failure by the proposing and incumbent Users to resolve such objection would prevent a successful ~~s~~Supply ~~p~~Point transfer.

3.2 Supply Point Capacity

3.2.1 The ~~R~~Registered User at a Supply Point will be deemed to hold Supply Point Capacity as a consequence of successfully submitting, and the Transporter accepting, a Confirmation.

3.2.2 Capacity will be effective from the Supply Point Registration Date.

3.2.3 The level of Capacity will solely be determined by the Transporter by reference to the UNC formula utilising Supply Point Annual Quantity and the relevant End User Category Peak Load Factor.

3.3 LDZ Capacity

3.3.1 A ~~R~~Registered User will hold LDZ Capacity in an equal amount to the registered Supply Point Capacity of the LDZ Supply Point.

3.3.2 Users will not be permitted to submit separate applications for Supply Point LDZ Capacity.

3.3.3 A Connected System Exit Point (CSEP) User will be permitted to request LDZ Capacity in accordance with the relevant CSEP Network Exit Agreement.

3.4 Energy Measurement / Allocation

- 3.4.1 NDM Supply Meter Point Demand will be determined by the Transporter for each NDM Supply Point in accordance with the formula stated within UNC rather than by reference to any individual meter readings.
- 3.4.2 Deemed demand will be subject to reconciliation for both Transportation Commodity and Energy Balancing, but not LDZ Capacity, where reconciliation is conducted for:
 - 3.4.2.1 Larger Supply Point demand will be reconciled individually by reference to Valid Meter Reads.
 - 3.4.2.2 Smaller Supply Point demand will be reconciled through NDM Aggregate Reconciliation as an equal, though opposite, consequence of Individual NDM Reconciliation quantities within the relevant LDZ.

4 DAILY METERED (DM) SUPPLY POINTS & CSEPS – FIRM

4.1 The process described below is unchanged from existing Uniform Network Code procedures and is provided for completeness in this review of exit LDZ Capacity arrangements.

4.2 Firm Supply Point Registration

4.2.1 A User will be permitted to become the Registered User at a Daily Metered Supply Point by submitting a Nomination and by successful Confirmation of the resultant Supply Point Offer made by the Transporter.

4.2.2 An incumbent User will be permitted to submit a Supply Point Objection against a Confirmation submitted by a proposing User, failure by the proposing and incumbent Users to resolve such objection will prevent a successful Supply Point transfer.

4.3 Firm Supply Point Capacity

4.3.1 The Registered User at a Supply Point will be deemed to have requested Supply Point Capacity as a consequence of successfully submitting, and the Transporter accepting, a Confirmation.

4.3.2 Capacity will be effective from the Supply Point Registration Date.

4.3.3 Supply Point Capacity will be subject to a minimum and maximum level, a User may submit a Capacity Revision Application within these upper and lower parameters.

4.3.3.1 The Supply Point Capacity will not be less than the Bottom Stop SOQ, defined as the highest Supply Point Daily Quantity for any day within the preceding winter period (October to May).

4.3.3.2 The Supply Point Capacity will not be more than the Transporter determines can feasibly be off-taken by the DM Supply Point within a Day.

4.3.3.3 An application to amend the Capacity within the minimum and maximum requirements may be made at any time in respect of a capacity increase, and during the months of October to January inclusive in respect of a capacity decrease.

4.4 Firm LDZ Capacity

4.4.1 A registered User will hold LDZ Capacity in an amount equal to the registered Supply Point Capacity of the LDZ Supply Point.

4.4.2 Users may not submit separate applications for LDZ Capacity.

4.4.3 A Connected System Exit Point (CSEP) User may request LDZ Capacity in accordance with the CSEP Network Exit Agreement.

4.5 Firm Supply Point Ratchet

- 4.5.1 A User at a Supply Point, where the gas allocation on a day during the months of October to May inclusive exceeds the registered Supply Point Capacity for the Day, will incur a ratchet charge.
- 4.5.2 The ratchet quantity will represent the excess of the gas allocation above the registered Supply Point Capacity, with the charge rate multiplier defined in UNC and the charge rate defined within the Transportation Statement.
- 4.5.3 The User registered Supply Point Capacity will be ratcheted upward by the amount of the ratchet quantity on the day following the ratchet occurrence.
- 4.5.4 Two ratchet components will be charged:
 - 4.5.4.1 LDZ Capacity
 - 4.5.4.2 Customer Charge
- 4.6 Firm LDZ CSEP Overrun
 - 4.6.1 A User at a CSEP where the gas allocation on a day during the months of October to May inclusive exceeds the registered LDZ Capacity for the day will incur a LDZ Overrun Charge.
 - 4.6.2 The LDZ Overrun quantity will represent the excess of the gas allocation above the registered LDZ Capacity of either individual Users or Users in aggregate, subject to the Network Exit Agreement. The charge rate multiplier will be defined within the UNC with the charge rate being contained within the Transportation Statement.
 - 4.6.3 Only one LDZ Overrun charge will be applied within any Overrun Month, with such charge representing the highest overrun occurrence within the month.
 - 4.6.4 LDZ Capacity will not be increased to reflect the overrun quantity.
- 4.7 Energy Measurement / Allocation
 - 4.7.1 A User's UDQO for a DM Supply Point or CSEP will reflect individual Metered Volume.

DM gas allocations will be subject to reconciliation for both Transportation Commodity and Energy Balancing, but not LDZ Capacity. Reconciliation will be undertaken by reference to an initial UDQO and subsequent check reconciliation Quantity.

5. LDZ DAILY METERED (DM) SUPPLY POINTS & CSEPs - INTERRUPTIBLE

5.1 Supply Point Registration

5.1.1 Existing Supply ~~Meter~~ Points – transfer of ownership

A User may become the registered User at a Daily Metered Supply Point by submitting a Nomination and by successful Confirmation of the resultant Supply Point Offer made by the Transporter.

An incumbent User may submit a Supply Point Objection against a Confirmation submitted by a proposing User. Failure by the proposing and incumbent Users to resolve such objection will prevent a successful Supply Point transfer.

Upon transfer, the Interruptible rights for the Supply Point would transfer to the new User.

[Release of information to be considered further.]

[5.1.2 New Supply Points (Greenfield Sites)

A User at a new Supply Point that is new after the ~~A~~application ~~P~~rocess has begun that requests to be Firm will be Firm if the LDZ Capacity is available; otherwise, the Supply Point will be allocated the minimum number of Interruptible Days that the Transporter can provide.

A User at a new Supply Point that is new after the ~~A~~application ~~P~~rocess has begun [1 June] that requests to be Interruptible will be allocated the minimum number of Interruptible 45-Days that the Transporter can provide. potential interruption and up to one (1) Gas Year duration, subject to the existing siteworks confirmation process.

The User ~~can~~will then enter the next available ~~A~~annual ~~A~~application ~~P~~rocess [the following 1 June] to obtain revised terms although the minimum number of Interruptible Days will apply until the revised terms take effect.

5.1.3 Re-designation of Supply Points from Firm to Interruptible

~~Users at Firm Supply Points will not be entitled to make applications for Interruptible LDZ Capacity outside an application process~~

Users at Firm Supply Points will only be entitled to apply for Interruptible LDZ Capacity through anthe ~~A~~application ~~P~~rocess ~~(in accordance with 5.5.4).~~

5.1.4 Re-designation of Supply Points from Interruptible to Firm

Interruptible Supply Points that were not allocated LDZ Interruptible Capacity in the ~~A~~annual ~~A~~application ~~P~~rocess will be re-designated as ~~F~~firm three (3) Gas Years from the start of the following Gas Year.

~~A User will not be entitled to submit a request for redesignation of a Supply point from Interruptible to Firm during the annual application process for LDZ Interruptible Capacity.~~

A User will be entitled to re-designate an Interruptible Supply Point as Firm (outside the Annual Application Process) with effect from an Eligible Status Change Date, by giving notice to the Transporter not later than the Change Request Deadline.

Where the Supply Point ceased to be eligible for Interruptible designation the Supply Point shall, unless the Transporter otherwise determines, be re-designated as Firm with effect from the first Eligible Status Change Date.

Where a Supply Point was requested to be re-designated as Firm with effect from an Eligible Status Change Date, and the Transporter determined and notified the User that the Firm transportation requirement would not be not satisfied the re-designation ~~as Firm~~ would not be effective.

5.2 Application for Supply Point Capacity

(This does not represent a change to existing Uniform Network Code rules.)

5.2.1 The registered User at a Supply Point will be deemed to have requested Supply Point Capacity as a consequence of successfully submitting, and the Transporter accepting, a Confirmation.

5.2.2 Capacity will be effective from the Supply Point Registration Date.

5.2.3 Supply Point Capacity will be subject to a minimum and maximum level. A User will be entitled to submit a Capacity Revision Application within these upper and lower parameters.

5.2.4 The Supply Point Capacity shall not be less than the Bottom Stop SOQ, defined as the highest Supply Point Daily Quantity for any Day within the preceding winter period (October to May).

5.2.5 The Supply Point Capacity shall not be more than the Transporter determines can feasibly be off-taken by the DM Supply Point within a 24-hour period (the "**maximum supply point capacity**").

5.2.6 An Application to revise the Capacity within the minimum and maximum requirements may be made at any time in respect of a Capacity increase, and during the months of October to January inclusive in respect of a Capacity decrease.

[5.2.7 For the purposes of charging and booking arrangements, aAll Supply Point Capacity will be deemed as Firm by the relevant Transporter.]

[5.3 Supply Point Ratchet

(New section that proposes arrangements to ensure appropriate registration of load details)

- 5.3.1 A User at an Interruptible DM Supply Point where the UDQO on any Day, during the months of October to May inclusive, exceeded the registered Supply Point Capacity for that Day will incur a ratchet charge.
- 5.3.2 The ratchet quantity will be the excess of the gas allocation above the ~~R~~registered Supply Point Capacity, with the charge rate multiplier defined in UNC and the charge rate defined within the Transportation Statement.
- 5.3.3 The User's Registered Supply Point Capacity will be ratcheted upward by the amount of the ratchet quantity on the day following the ratchet occurrence, subject to Section G5.5.5.
- 5.3.4 Two ratchet components will be charged:
- LDZ Capacity
 - Customer Charge
- ~~with the charges being discounted in accordance with the relevant option/discount for the Supply Point.]~~

5.4 LDZ Interruptible CSEP Overrun

(New section that proposes arrangements to ensure appropriate registration of load details)

- 5.4.1 A User at a CSEP where the UDQO on a Day, during the months of October to May inclusive, exceeded the registered LDZ Capacity for the day will incur a LDZ Overrun Charge.
- 5.4.2 The LDZ Overrun quantity will be the excess of the gas allocation above the registered LDZ Capacity of either individual Users or Users in aggregate, subject to the Network Exit Agreement. The charge rate multiplier will be defined within the UNC with the charge rate being contained within the Transportation Statement.
- 5.4.3 Only one LDZ Overrun charge will be applied within any Overrun Month, with such charge representing the highest overrun occurrence within the month.
- 5.4.4 LDZ Capacity will not be increased to reflect the overrun quantity.]

5.5 Application for Interruptible LDZ Capacity

(This section presents the application process for Interruptible LDZ capacity where ~~Shipp~~Users can apply for differing option rates, durations, and years of ~~I~~interruptible rights and the Transporter can use the process for choosing which applications to satisfy.)

5.5.1 Introduction

- 5.5.1.1 Interruptible Capacity will be released for a Gas Year (~~October~~ – ~~September~~) or parts or multiples thereof. The process for considering how much capacity to be released will be conducted on at least an annual basis.

- 5.5.1.2 Quantities of Interruptible Capacity applied for will ~~not exceed be commensurate with~~ the ~~R~~registered Supply Point Capacity.
- ~~[5.5.1.3~~ Successful applications for Interruptible LDZ Capacity will be effective from 1~~st~~ October (start of the Gas Year) three ~~(3)~~ years ahead of the sale process.]
- 5.5.1.4 Applications for Interruptible LDZ Capacity outside an ~~A~~application ~~P~~process will not be permitted ~~(ref. 5.1.2)~~.
- 5.5.1.5 A User will be deemed to hold Supply Point Capacity at the DM Supply Point as part of the Supply Point ~~C~~econfirmation and with effect from the Supply Point Registration Date.
- 5.5.1.6 A Connected System Exit Point (CSEP) User will be entitled to request Interruptible LDZ Capacity in accordance with Section 5.5 [and with due regard to the CSEP Network Exit Agreement].]

5.5.2 Annual Application Process

5.5.2.1 No later than twenty eight (28) Days before the annual Interruptible LDZ Capacity Invitation Date the Transporter will publish estimates of the Interruptible LDZ Capacity requirements for each location for each Gas Year commencing in Gas Year +4 against which Users are invited to make applications. Such estimates will be net of any existing long term interruptible quantities. At this stage the Transporter will also confirm the annual Interruptible LDZ Capacity Invitation Date.

5.5.2.2 The annual Interruptible LDZ Capacity Invitation Date will be no earlier than [1 June] and no later than [30 June] in any Gas Year. From such date the Transporter will invite and Users may apply for Interruptible LDZ Capacity from Gas Years +4 to [Gas Year +x].

5.5.2.3 The period for submitting applications will be a period of ten (10) consecutive Business Days.

5.5.2.4 Applications may be submitted by Users up to 17:00 on the last annual Interruptible LDZ Capacity Invitation Date for any number and combination of Gas Years.

5.5.2.5 Applications may be withdrawn or amended until but not after 17:00 on the last annual Interruptible LDZ Capacity Invitation Date.

5.5.2.6 Following the last annual Interruptible LDZ Capacity Invitation Date the Transporter will conduct the allocation process in accordance with [5.5.5].

5.5.2.7 No later than 28 Days following the last annual Interruptible LDZ Capacity Invitation Date the Transporter will inform each successful User of those bids which have been accepted along with details of accepted bids [see 5.5.7.2].

5.5.3 Ad Hoc Application Process

5.5.3.1 The Transporter can invite Users to make applications for Interruptible LDZ Capacity at any other time, for any location or number of locations and for any period by giving notice to Users.

5.5.3.2 Ad hoc invitations will specify:

- the invitation date from which bids can be submitted
- the cut off date and time by which bids must be submitted
- the location(s) at which Interruptible LDZ Capacity is required
- the period for which Interruptible LDZ Capacity is required
- the date and time by which the Transporter must consider and confirm to Users whether applications have been successful and details of successful bids.

5.5.3.3 Applications may be amended or withdrawn up to the last invitation date and cut off time but not after.

~~5.5.1.7 Users of Firm Supply Points will be entitled to apply for Interruptible LDZ capacity.~~

~~[5.5.2 Invitation Process~~

~~5.5.2.1 No later than [.....] the Transporter will publish estimates of Interruptible LDZ Capacity for each Exit Zone or other specified grouping, in accordance with [...] against which Users will be entitled to bid. Such estimates will be net of existing long term Interruptible quantities.~~

~~5.5.2.2 The Transporter will provide [28 days?] notice of the annual Interruptible LDZ Capacity allocation process, including the planned application dates.]~~

5.5.43 Participation Rules

5.5.43.1 Users will only be entitled to submit applications in respect of ~~qualifying~~ **DM** Supply Points for which the User ~~was~~ the prevailing Registered User or has received a Supply Point Confirmation or for which it had received a Supply Point Offer (in accordance with Section G-2.4).

5.5.43.2 Users will only be entitled to apply in respect of **DM** Supply Points that meet the conditions for designation as Interruptible (in accordance with Section G-6.2).

5.5.43.3 Users will not be entitled to apply for Interruptible LDZ Capacity in respect of Supply Points with existing long term Interruptible rights. [ie can be added to – incremental -, but not removed]

5.5.4 Annual Application Process

~~5.5.4.1 On [1 June] (or no later than), the application window will open.~~

5.5.4.42 For each application for Interruptible LDZ Capacity, the applicant User will be required to specify the following information:

- User ID
- Supply Point ID [confirmation number, Meter Point Reference number, and Logical Meter number~~offer no.~~]
- duration [minimum duration one+ year; default condition one+ year]
- number of Days' interruption (the interruptible allowance)
- the pricing information as required by the Relevant Transporters' Charging methodology~~option and exercise discounts [default condition of maximum option discount]~~
- ~~other require~~the supply point capacity that the User wishes to be interruptible
- the information shall be supplied for each tranche of the interruptible supply point capacity nts (e.g. less than 5 hour notice period, partial interruption service partial interruption service and IFAs)]
- the User may not be limited to submit an application for only one interruptible allowance per supply point or tranche~~[provision for multiple bids]~~

[an accompanying pro forma for use by applicant User]

5.5.4.53 Applications will automatically be rejected if:

- information provided is not in accordance with 5.5.4.2.
- ~~they relate to a Supply Point with existing long term Interruptible arrangements~~

5.5.4.65 ~~All existing Interruptible Supply Points, irrespective of whether applications have been submitted, will be included for consideration in allocation process.~~ Non-participation will assume that the User wishes to go Firm.

~~5.5.4.5 After [N] business days, the application window will be closed.~~

~~5.5.4.6 On closure of the application period the Transporter will conduct the allocation process.~~

5.5.5 Ranking Process

5.5.5.1 Further validation of all submitted applications. Applications for multi-year interruptible contracts will be ranked together with all

other applications within the annual process for short term (i.e. one year) interruption.

5.5.5.2 Applications will be sorted into relevant location groups.

5.5.5.3 Bids will be ranked in price order for each applicable location group.

5.5.5.4 For the purposes of determining the daily LDZ eCapacity charge, the LDZ eCapacity rate will be based on the bBottom-sStop SOQ (BSSOQ) as determined by the Transporter as part of the annual BSSOQ process [as defined in the UNC Ref], [for in the event of shipper dispute, the shipper nominated value (or previous BSSOQ)]—and the chargeable quantity will be the registered Supply Point Capacity (with registered SPC not less than revised BSSOQ).

5.5.6 Allocation of Contracts

5.5.6.1 Interruptible LDZ Capacity Quantities attributed to all applications will be allocated in accordance with the number of iInterruptible requirement of each Days required by the Relevant Transporter for system security purposes.

5.5.6.2 Quantity—In accordance with the relevant Transporter’s Transportation Charging Methodology, Interruptible LDZ Capacity will be allocated against applications, in price descending order (lowest charge first), until all iInterruptible volume requirements weare satisfied

5.5.6.3 The Aallocation process will be completed by [N] Business Days following closure of the application window.

5.5.7 Results

5.5.7.1 No later than [N] Business Days after completion of the allocation process, the each Transporter will publish results for each relevant year, with the following information to be made publicly available:

- number of applications received (in aggregate and per exit zone);
- Interruptible LDZ Capacity offered (in aggregate and per Exit Zone);
- [The maximum potential cost if all accepted offers were fully exercised (in aggregate and per Exit Zone);]
- quantity of iInterruptible LDZ eCapacity allocated (in aggregate and per exit zone).

□ whether over-subscribed

5.5.7.2 No later than [N] Business Days after completion of the allocation process, the Transporters will provide the following

information for each relevant year to and the following information will be provided to each the relevant Shipper User:

- those applications that were ~~invalid,~~ accepted;
- those applications that were not accepted;
- for accepted applications, the contract terms (e.g. price, duration) on which they were accepted and confirmation of the Interruptible volumes—LDZ Capacity per accepted application;
- identity of those Supply Points that have changed Firm/Interruptible designation.

5.5.8 Effective Date

5.5.8.1 Where applications for Interruptible LDZ ~~Capacity~~ ~~we~~ are successful, the Interruptible LDZ Capacity would become effective from the date confirmed through the allocation process ~~36 months from the start of the next Gas Year.~~

5.5.8.2 For successful applications for Interruptible LDZ Capacity relating to Firm DM Supply Points, the Supply Point will be re-designated as Interruptible prior to the date confirmed through the allocation process ~~the start of Gas Year 36 months hence.~~

5.5.8.3 For applications for Interruptible LDZ Capacity relating to Interruptible Supply Points that were not successful, the Supply Point will need to be re-designated to firm prior to the date confirmed through the allocation process ~~the start of the next Gas Year~~ ~~36~~ ~~months~~ ~~hence.~~

6 Interruption Notice

- 6.1 Existing notification requirements to remain with the exception that Partnering arrangements will not apply and Users will not be able to request an alternative supply point to be interrupted when an Interruption Notice has been served
- 6.2 Relevant Transporter will give 5 hours notice of interruption specifying:
 - 6.2.2 The supply points (and tranches to be interrupted)
 - 6.2.3 The Gas Flow Day
 - 6.2.4 The Interruption Start Time
 - 6.2.5 An estimate that interruption will cease to apply
- 6.3 User confirms receipt of notice and confirms interruption taken place or notify Transporter where interruption may be prevented from taking place
- 6.4 Where User not acknowledged receipt then Transporter can notify consumer directly
- 6.5 Where Transporter identifies interruption ceases to apply then Transporter will notify User when interruption will cease to apply
- 6.6 Existing communication processes e.g. Batch Transfer Communication to apply
- 6.7 Interruption will not necessarily be required at all interruptible supply points at a Shared Supply Meter Points
- 6.8

7 Failure to Interrupt

7.1 The failure to interrupt provisions are triggered when interruption is called (interruption notice) and not complied with

7.2 Failure to comply with interruption for testing purposes will not be counted as failure to interrupt for the five strikes rule

7.2.2 it will be treated as failure if all reasonable steps are taken to ensure it does not recur at the Supply Point, or

7.2.3 if interruption is called for testing purposes and the failure is the third failure at the relevant Supply Point

7.3 Where the Transporter determines that the failure to interrupt results in a significant risk to the security of the relevant System the Transporter may take any steps available to isolate or disconnect any of the relevant Supply Meter Points

7.4 Where there is a failure to interrupt on the first Day of the first failure the User will pay a charge determined as 2 times the Applicable Annual Rate of the interruptible compensation payment or LDZ Capacity Charge, whichever is the higher

7.5 On all subsequent days other than the first Day of the first period a charge determined as 2 times the Applicable Annual Rate of the interruptible compensation payment or LDZ Capacity Charge, whichever is the higher

7.6 Charges will be invoiced in accordance with Section S

7.7 The Relevant Transporter will be reimbursed by the User for any costs incurred under paragraph 7.3

7.8 The Registered User shall ensure that the Relevant Transporter has access to the relevant Supply Point for the purposes of paragraph 7.3

7.9 Where the number of occasions for a failure to interrupt at by a User exceeds 5 or 50% of the total number of Interruptible Days available to the User (whichever is the lower) then paragraph 7.10 shall apply

7.10 In the circumstances of paragraph 7.9

7.10.2 the User shall repay any interruption compensation payments received for that year to the date that paragraph 7.9 is triggered

7.10.3 until the expiry of the interruptible contract the User may not apply for Interruptible LDZ Capacity for any of its Supply Points

7.11 Paragraph 7.10 will not apply if the User can demonstrate that the User has taken all reasonable steps to comply with the requirement to Interrupt

7.12 No Day on which there is a failure to interrupt at a Supply Point shall count towards the use of the Interruptible Allowance in respect of that Supply Point

8 Shared Supply Meter Points

8.1 The process to obtain Shared Supply Meter Point status shall remain the same

8.2 A Shared Supply Meter Point that requires an interruptible Supply Point component can only obtain Interruptible LDZ capacity through an Application Process

8.3 An application for Interruptible LDZ Capacity (through an Application Process) can be made by the User or a person appointed as User Agent

8.4 [The Shared Supply Meter Point shall be limited to only one Interruptible Supply Point contract]

8.5 On calling Interruption the Relevant Transporter shall notify the User and/or User Agent of the interruption requirement

8.6 Where there is a User Agent the Relevant Transporter will inform the User Agent of the interruptible contract that is to be called

8.7 The failure to interrupt provisions will apply

8.8 Reallocation of the firm and interruptible supply point component cannot occur while an interruptible contract is in place

8.9

9 Transition Arrangements

For the period from the [implementation date of the proposal to 30th September 2010], “the Transition Period”, Transitional Arrangements will apply. For Interruptible Supply Points the present interruptible arrangements will continue to apply i.e 45 day interruptible allowance, attracting the level of discount on LDZ capacity charges as set out in the Relevant Transporters’ Transportation Statement

A User at a New Supply Point that connects within the Transition Period that requests to be Firm will be Firm if the LDZ Capacity is available; otherwise, the Supply Point will be allocated a minimum number of Interruptible Days (45 Days until the end of the Transition Period)

A User at a New Supply Point that connects within the Transition Period that requests to be Interruptible will be allocated the minimum number of Interruptible Days that the Transporter can provide (45 days until the end of the Transition Period)

The User can then enter the next available Annual Application Process [the following 1 June] to obtain revised terms although User will remain on the applicable terms (firm or minimum interruptible terms) until the revised terms take effect three years from that application process

Code Concerned, sections and paragraphs

UNC The Principal Document

Section G