

## 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 set out prompt discussion of how enduring arrangements for 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 Arrangements described in Section Q of the UNC.
- 1.3. The existing Firm LDZ 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 Interruptible Application 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 Users will be able to apply for Interruptible Capacity in respect of all Supply Points and CSEPs with an AQ greater than 5,860,000 kWh, both Firm and Interruptible.
- 1.87 Annual Applications for Interruptible LDZ Capacity will occur each year, at least three years ahead of the applicable Gas Year, for example June 2007 for the Gas Year starting October 2010.
- 1.98 DNOs may will be permitted to tender for Interruptible rights in timescales shorter than three Gas Years through the Adhoc Interruptible Application Process where, for instance, demand patterns change significantly.
- 1.109 ShippUsers will be able to register Interruptible LDZ Capacity through the Annual Interruptible Application Process for multiple Gas Years, up to and including [5]; Interruption terms.
- 1.110 ShippUsers will be able to apply for “n” maximum Days of Interruption for each Supply Point per annum.
- 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. Compensation payments for Interruptible rights would be dependent on the permitted number of Days of Interruption per annum and location.
- 1.131 Interruption payments by DNOs to ShippUsers will be based on an option and exercise scheme where the option fee will be a monthlyn-upfront payment and the exercise fee will be payable for each Day that Interruption was incurred. The charging pricing methodology will be described in a Statement provided by each

~~Transporter in a form approved by the Authority 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. ShippUsers will be able to apply for Interruptible Capacity in respect of all DM Supply Points and CSEPs with an AQ greater than 58,600,000 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 will be Firm if the LDZ Capacity is available; otherwise, the Supply Point will be allocated the minimum number of Interruptible Days and compensation payment that the Transporter can provide.
- The User can then enter the next available Annual Application Process to obtain revised terms although the minimum number of Interruptible Days will apply until the until the revised terms take effect
- 1.16 All Users will pay firm LDZ capacity charges (from 2010) and those Users that obtain Interruptible LDZ capacity will receive a compensation payment for interruptible rights as set out in the Transporters relevant statement
- 1.17 There will not be facility for Users to enter into Interruptible Partnering Arrangements (ref UNC G 6.1.3)
- 1.18 The classification of Network Sensitive Loads (NSLs) and Transporter Nominated Interruptibles (TNIs) will no longer apply
- 1.19 Section I 5 of the Offtake Arrangements Document relating to interruption for NTS purposes will no longer apply
- 1.20 Users applying for Interruptible LDZ Capacity will be able to retain a portion of their Supply Point capacity as firm subject to the minimum interruption requirement (200,000 therms)
- 1.21 For the period from the implementation date of the proposal to 30<sup>th</sup> September 2010, "the Transition Period", Transitional Arrangements will apply. For

~~Interruptible Supply Points the present interruptible arrangements will continue to apply e.g. 45 day interruptible allowance, attracting the level of discount on 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 iInterruption 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 & ~~Interruption~~).

~~[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 Ccapacity; Ffirm and Interruptible.**
- 2.2 Non Daily Metered (NDM) LDZ Ccapacity
- 2.2.1 NDM LDZ Capacity will ~~be~~ only be available as Ffirm.
- 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 Ccapacity 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. ShippUsers 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.
- 2.3.3 For an increase in SOQ the firm portion of the SOQ will increase; for a decrease in SOQ the firm portion will decrease, if the firm portion is zero the interruptible SOQ should be maintained
- 2.4 Booking and allocation of LDZ Ccapacity will be with reference to each Supply Point.
- 2.5 LDZ Capacity will not be tradable.
- 2.6 ~~{Users LDZ Firm\_ and Interruptible Capacity chargescharges will be managed on an administered price basis and these charges will be set out in the Transporter's Transportation Statement. Users Interruptible LDZ Capacity compensation payments will be set out in the Transporters relevant 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 an Interruptible Application Process as set out in this document tender process ~~or 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 Ccapacity 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 ~~T~~erms ~~may~~will be required from the Transporter to the relevant ~~Ship~~User 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 firm 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 but in future will apply to all LDZ Supply Points 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 **R**egistered 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 **R**egistered 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 **Firm** 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 **Firm** 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 ([subject to Section G5.5.5](#)).
- 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 Interruptible 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 45 Days 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 Interruptible Annual Application Process ~~[the following 1 June]~~ and will remain on the applicable terms (firm or minimum interruptible terms) until the revised terms take effect (e.g. three years from that application process).

#### 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 Application Process ~~(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 Annual Application Process will be re-designated as 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, a~~ All Supply Point Capacity will be deemed as Firm by the relevant Transporter.

5.2.2 For the purposes of determining the daily LDZ Capacity charge, the LDZ Capacity rate will be based on the Bottom-Stop SOQ (BSSOQ) as determined by the Transporter as part of the annual BSSOQ process and the chargeable quantity

will be the registered Supply Point Capacity (with registered SPC not less than revised BSSOQ).

‡

### ~~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 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**

**(For the avoidance of doubt all LDZ Users are Firm and apply for Interruptible LDZ Capacity. This section presents the application process for Interruptible LDZ capacity where ShippUsers can apply for differing**

**option rates, durations, and years of 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 interruptible capacity is 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 Registered Supply Point Capacity.

~~5.5.1.3~~ Successful applications for Interruptible LDZ Capacity through an Annual Application Process will be effective from 1st 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 Application 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 Confirmation 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.

5.5.1.7 Users will indicate the portion of the supply point capacity that they wish to be interruptible [minimum 5,860,000 kwh/annum]

5.5.1.8 The interruptible capacity can be applied for in tranches; the minimum tranche size will be 5,860,000 kwh per annum and the maximum number of tranches per supply point will be nine

5.5.1.9 Each tranche at a supply point can apply for separate interruptible terms

#### 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, days per annum and location.

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 their accepted bids and Transporter will also inform all other Users of those bids that have not been accepted [ 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 unless such application is to offer incremental amounts of interruptible LDZ Capacity. [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 for an Annual Application process]; default condition one+ year~~)
- number of Days' interruption (the interruptible allowance)
- the compensation payment information as required by the Relevant Transporters' relevant statement option and exercise discounts [default condition of maximum option discount]
- ~~[other requirem~~ 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 can submit an application for more than one interruptible allowance per supply point or tranche[provision for multiple bids]~~

~~DNs will issue a template for Users to submit this information.[an accompanying pro forma for use by applicant User]~~

~~5.5.4.53 Transporters will seek to validate applications during the application process and Users will be notified if applications do not satisfy the criteria set in 5.5.4.2 and 5.5.4.4 and Users can resubmit applications. 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 .....], [or 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 Interruptible requirement of each Days required by the Relevant Transporter for system security purposes.~~

~~5.5.6.2 Applications for multi-year interruptible LDZ capacity will be considered together with all other applications. Applications will be sorted into relevant location groups.]~~

~~5.5.6.32~~ ~~Quantity~~ ~~In accordance with the relevant Transporter's relevant StatementTransportation—Charging—Methodology, Interruptible LDZ Capacity will be allocated against applications, in price descending order (lowest charge first), until all interruptible volume requirements are satisfied~~

~~5.5.6.43~~ ~~The Allocation process will be completed in 28 days for an Annual Application Process and in accordance with 5.5.3.2 for an Adhoc Application Process by [N] Business Days following closure of the application window.~~

## 5.5.7 Results

~~5.5.7.1~~ ~~Following~~ ~~No later than [N] Business Days after~~ completion of ~~the~~ allocation process, ~~the each~~ Transporter will publish results ~~in accordance with 5.5.2.7 (Annual Application Process) and 5.5.3.2 for each relevant year, (Adhoc Application Process)~~ with ~~the~~ as a minimum the following information to be made publicly available ~~(the information will be made available on a location by location basis provided four or more shippers applied for interruptible LDZ capacity in that location):~~

- ~~• number of applications received i.e. per interruptible allowance, number of years (in aggregate and per locationexit zone);~~
- ~~• number of successful applications i.e. per interruptible allowance, number of years (in aggregate and per location);~~
- ~~• Interruptible LDZ Capacity offered by Users (in aggregate and per locationExit Zone);~~

~~Interruptible LDZ Capacity allocated (in aggregate and per location).~~

- ~~• [The maximum potential cost if all accepted offers were fully exercised (in aggregate and per Exit Zone)~~
- ~~• The highest and lowest price received in aggregate and per location~~
- ~~• The highest and lowest price for all accepted offers in aggregate and per location;]~~
- ~~• quantity of interruptible LDZ Capacity allocated (in aggregate and per exit zone);~~

~~□ whether over subscribed~~

~~5.5.7.2~~ ~~Following completion of the allocation process, each Transporter will publish results in accordance with 5.5.2.7 (Annual~~

~~Application Process) and 5.5.3.2, (Adhoc Application Process) No later than [N] Business Days including the 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 ShippUser:~~

- 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 with effect from ruptible 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 ~~with effect from~~ ~~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 of when 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 and subsequent Day of the failure the User will pay a charge determined as 2 times the higher of Applicable Annual Rate of the interruptible compensation payment or the LDZ Capacity Charge

7.5 Charges will be invoiced in accordance with Section S

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

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

7.8 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

7.9 For the avoidance of doubt FTI obligations will not apply to sites that have been isolated or are no longer taking gas and will not be eligible for compensation payments

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

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

8.6 The failure to interrupt provisions will apply

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

8.8

## 9 Transition Arrangements

For the period from the implementation date of the proposal to 30<sup>th</sup> September 2010, “the Transition Period”, Transitional Arrangements will apply. For Interruptible Supply Points the present interruptible arrangements will continue to apply e.g. 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 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