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Monday 12th May 2014

Dear Colleague

NTS Exit (Flat) Capacity Surrender Application
Invitation to participate in the Surrender Process for EU Interconnection Points for Exit Capacity
from October 2014 onwards

Following implementation of UNC modification 0449 and pursuant to TPD Section B` Annex B-3 of the Uniform Network Code, National Grid Gas plc ("National Grid") invites you to take part in the 2014 NTS Exit Capacity surrender process for EU Interconnection Points (IPs) at the following IPs:

Bacton BBL
Bacton IUK
Moffat

The provisions of the Uniform Network Code (including in particular, but not limited to, TPD Section B and Annex B-3) apply to this invitation, the 2014 Enduring Annual NTS Exit (Flat) Capacity (EAFLEC) and Annual NTS Exit (Flat) Capacity (AFLEC) applications, any application made and rejected pursuant to such application, and any subsequent allocation of surrendered capacity, at an IP, via this surrender process.

National Grid will conduct the surrender process for the IPs on the following dates:

Monday 19th May 2014
Tuesday 20th May 2014
Wednesday 21st May 2014
Thursday 22nd May 2014
Friday 23rd May 2014

Each surrender window will commence at 08:00 and close at 17:00 on the same calendar day. Each surrender offer may be withdrawn or amended until, but not after, 17:00 on each day.

A proforma for the submitting of surrender offers is contained within Appendix 1.

All surrender offers are to be sent via the following facsimile number:

Direct fax: +44 (0)1926 654059

Enduring Annual NTS Exit (Flat) Capacity (EAFLEC)

Users are invited to submit Enduring NTS Exit (Flat) Capacity surrender offers in kWh/day (but not for a quantity less than 100,000kWh/day) up to an aggregate amount not exceeding their Enduring Firm NTS Exit Capacity entitlement at the IP for that month. If these criteria are not met the surrender offer will be rejected.

Users may submit no more than one Surrender Offer per start date per IP but may submit four Surrender Offers for each Gas Year:

- 1st October 2017 to 30th September 2018
- 1st October 2018 to 30th September 2019
- 1st October 2019 to 30th September 2020

Each accepted surrender offer will be on an enduring basis.

All surrender offer(s) must be submitted via facsimile and each surrender offer will be time stamped. Where surrender offers are subsequently accepted this will be in order of time stamp i.e. surrender offers will be taken based on the time and date that they were received by National Grid with the earliest received taken first. Please note that National Grid will only accept a surrender offer for a surrender period where the quantity of unsold NTS Exit (Flat) Capacity made available in the EAFLEC application is exceeded by the aggregate capacity bid quantities received.

Each surrender offer will specify:

- The identity of the User
- The IP (Bacton BBL; Bacton IUK; Moffat)
- The amount that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount of 100,000kWh/day
- The minimum amount that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount of 100,000kWh/day and less than or equal to the amount that is being offered for surrender
- The start date for which the Surrender Offer applies, which must be the 1st day of a calendar month and cannot be earlier than 1st October 2017 or later than 1st September 2020
- Whether the start date is fixed or flexible. Fixed will mean that the Surrender Offer can only be taken from the start date specified, flexible will mean that National Grid NTS may utilise the Surrender Offer from a later start date within that Gas Year, than that requested in the Surrender Offer.
- The Gas Year which shall be one of:
 - 1st October 2017 to 30th September 2018
 - 1st October 2018 to 30th September 2019
 - 1st October 2019 to 30th September 2020

Any surrender offer will be taken as confirmation that sufficient NTS System Exit (Flat) Capacity is held by the User.

After the Surrender Window closes Users will be informed of the aggregate quantities of Registered System Capacity that have been offered for surrender, the calendar month(s) from which it has been offered and the Gas Year, via the first Notification to participate in the July Application Window issued after the Surrender Window.

In the event of surrender offers being accepted National Grid NTS will undertake the surrender of Registered System Capacity on behalf of the surrendering User through the existing Enduring Annual NTS Exit (Flat) Capacity Reduction process functionality.

National Grid NTS will update its systems on behalf of each surrendering User after the closure of the July Application Window and no later than five Business Days after the completion of the Enduring Annual NTS Exit (Flat) Capacity allocation process on 30 September in Gas Year Y.

National Grid NTS will then notify the surrendering User of the following in relation to its Surrender Offer(s):

- The IP (Bacton BBL; Bacton IUK; Moffat)
- The User Reduction Date, which must be the 1st Day of a calendar month and cannot be earlier than 1st October 2017 or later than 1st September 2020

- The amount of Enduring Annual NTS Exit (Flat) Capacity that the User will be registered as holding at the IP from the User Reduction Date

The surrendering User shall not be invoiced or credited for any surrendered Registered System Capacity that is allocated through this process.

Annual NTS Exit (Flat) Capacity Surrender Process

Users are invited to submit Annual NTS Exit (Flat) Capacity surrender offers in kWh/day (but not for a quantity less than 100,000kWh/day) up to an aggregate amount not exceeding their Annual Firm NTS Exit Capacity entitlement at the IP for that year. If these criteria are not met the surrender offer will be rejected.

Each surrender offer will specify:

- The identity of the User
- The IP (Bacton BBL; Bacton IUK; Moffat)
- The amount that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount of 100,000kWh/day
- The minimum amount that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount of 100,000kWh/day and less than or equal to the amount that is being offered for surrender
- The start date of the surrender offer which shall be 1st October
- The Gas Year which shall be one of:
 - 1st October 2014 to 30th September 2015
 - 1st October 2015 to 30th September 2016
 - 1st October 2016 to 30th September 2017

Users may submit no more than one Surrender Offer per start date per IP in the AFLEC surrender process, where a Surrender Offer has been withdrawn a new Surrender Offer may be submitted for that start date.

National Grid NTS will undertake the surrender through a Forward Agreement. This will not require the User(s) to undertake any actions on National Grid NTS' systems or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.

The surrendering User will be invoiced for their registered Annual NTS Exit (Flat) Capacity (which will be unaffected by the surrender of Available System Capacity) and will receive a credit for their surrendered Available System Capacity allocated as additional Annual NTS Exit (Flat) Capacity.

This will be done via existing invoicing processes. The amount that is paid to the Surrendering User for the surrendered Available System Capacity is based on the prevailing charge for the period for which the Available System Capacity was surrendered.

Please note that this message is being sent by e-mail via the Joint Office of Gas Transporters and web-fax (business hours operational list). An Automated Notification Service (ANS) message will also be issued informing users that the invitation has been published.

For avoidance of doubt, expressions used within this Invitation Letter should be interpreted as having the same meaning as per the UNC Document.

If you have any queries regarding this application process please contact a member of the capacity auctions team or myself on +44 (0)1926 65 4057. Alternatively you can e-mail the capacity team regarding any capacity issues at capacityauctions@nationalgrid.com

Yours faithfully,

Helen Bennett
Market Operation, National Grid

APPENDIX 1

Surrender of Exit NTS Exit (Flat) Capacity under Congestion Management Procedures

Capacity Team, Warwick	Tel: 01926 65 4057	Fax: 01926 65 4059
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***Please delete as appropriate**

Application:	*EAFLEC	Application Transaction Period	01 Oct 2017 to 30 Sep 2020
Application:	*AFLEC	Application Transaction Period	01 Oct 2014 to 30 Sep 2017

BA Code: (i.e. Gemini 3 letter code) _____ **Shipper Name** _____

confirm that the following firm entitlements are being offered for surrender at **Bacton BBL; Bacton IUK** and/or **Moffat** Exit Point in accordance with UNC Transportation Principal Document Section B Annex B3.
 To withdraw or amend existing surrender offers for a particular sub-transaction period then please send a new form with the new quantities for each relevant sub-transaction period. (Quantity of 0 for withdrawal).

Interconnection Point (IP) ID	Start date	End date	Surrender Offer Quantity (kWh/d)	Minimum Surrender Amount (kWh/d)

Fax Originated By:		Fax Received By:	
Company:		On Behalf Of:	National Grid
Signature:		Signature:	
Position:		Position:	
Date:		Date:	
Tel No:		Tel No:	01926 65 4057
Fax No:		Fax No:	01926 65 4059

Please note: Illegibility and/or failure to complete the proforma correctly will result in NON input of data and the return of the form to the originator

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