

BUSINESS RULES

Reform of the NTS Offtake Arrangements

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DOCUMENT REVISION HISTORY

Version Number	Date of Issue	Notes
V1.0	31/08/06	Issued to industry in advance of Transmission Workstream discussions on 5 th September 06
V1.1	11/09/06	Issued to industry in advance of Transmission Workstream discussions on 12th September 06 including changes from 5th September 06 meeting
V2.0	18/09/06	Issued to support explanation of the UNC Modification Proposal 0116 incorporating comments from Transmission Workstream meetings

Introduction

1. This document provides detailed business rules of National Grid NTS' proposed enduring NTS gas offtake arrangements to support discussions with the industry ahead of a UNC Modification Proposal being formally raised to seek implementation of the enduring arrangements.
2. The proposed model has been developed following extensive discussions at Ofgem's Enduring Offtake Working Group meetings to support assessment of the relative benefits of such a model compared to the current offtake arrangements and alternatives such as the model put forward as part of the "Towards A New Industry Framework" (TANIF) consultation which concluded early 2005¹.
3. This model has been developed based on the following key assumptions underpinning the enduring NTS offtake arrangements:
 - 3.1. common NTS exit capacity services should be made available to all Users (shippers and DNOs) to avoid the scope for undue discrimination and meet EU Gas Regulation requirements ([Regulation \(EC\) No 1775/2005 – "Regulation of the European Parliament and of the Council on Conditions for Access to the Natural Gas Transmission Networks", Article 4 -Third party access services](#));
 - 3.2. "pay-as-bid" release mechanisms should be used where investment cannot be completed in time (or is unlikely to be efficient) as a means of seeking to minimise the risk of any potential undue discrimination in the allocation of constrained amounts of capacity;
 - 3.3. capacity products embracing the concept of "flexibility" utilisation should be implemented that will support efficient and economic network operation;
 - 3.4. a "User commitment model" should be promoted requiring UNC (and non-UNC) Users to provide financially backed signals for capacity requirements to minimise the risk of investment inefficiencies and, in the extreme, asset stranding;
 - 3.5. system investments to deliver incremental capacity at NTS Exit Points can be completed within a 3 year investment lead time.²

High Level Definitions

Products

4. National Grid NTS will make available two separate NTS Exit Capacity products to ~~both Shipper and DNO UNC~~ Users (~~referred to as "Users" —this includes both Shippers and DNO's throughout these rules~~); NTS Exit (Flat) Capacity at NTS Exit Points and NTS Exit (Flexibility) Capacity at NTS Exit Zones. An overview of these products is provided in Parts I and II.
5. National Grid NTS will make available amounts of NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity in accordance with its Licence obligations.
6. Users may apply for and be registered as holding NTS Exit (Flat) Capacity at any NTS Exit Point or NTS Exit (Flexibility) Capacity at an NTS Exit Zone, subject to satisfactory credit checks ~~and payment of transportation charges.~~ Non UNC parties may reserve

¹ The TANIF model was developed consistent with the Ofgem "Option 2a model" that was recommended in the Ofgem final decision document on DN sales (Feb 2005).

² In the event that a default lead time of 4 years as opposed to 3 years is agreed as part of the transmission price control, then National Grid NTS will only accept applications for incremental capacity within 4 years where it is able to deliver such requirements.

NTS Exit Capacity at any NTS Exit Point through execution of an Advanced Reservation of Capacity Agreement (ARCA) [\(see Appendix 1\)](#).

7. Users may offer to surrender NTS Exit Capacity back to National Grid NTS [\(See Section 9\)](#).

NTS Exit Points / Zones / Areas

8. NTS Exit Points comprise of the following:

	NTS Exit Point
a.	NTS/LDZ Offtakes
b.	Power Station / NTS VLDMCs
c.	CSEP
d.	Storage Point
e.	Interconnectors

9. For the purposes of this document NTS Exit points (b. to e.) are classed as Direct Connects.
10. An NTS Exit Zone will be comprised of one or more NTS Exit Point (as defined in Appendix 1)
11. An NTS Exit Area will be comprised of one or more NTS Exit Zones (as defined in Appendix 2).

Overrun User

12. A single User (the "Overrun User") may be appointed at an NTS Exit Point and shall be responsible for (and not responsible for any other purpose e.g. making gas flow nominations):

12.1. NTS Exit (Flat) Capacity Overrun charges at an NTS Exit Point;

12.2. NTS Exit (Flexibility) Capacity Overrun charges generated by Users as a result of aggregate offtake of gas at that NTS Exit Point within the relevant NTS Exit Zone.

13. The Overrun User shall be able to but will not be required to purchase either NTS Exit (Flat) Capacity or NTS Exit (Flexibility) Capacity.

14. Only one Overrun User per NTS Exit Point will be permitted at any one time.

15. For a User to become the Overrun User at an NTS Exit Point, they must apply to National Grid NTS providing:

15.1. their identity;

15.2. the NTS Exit Point;

15.3. the date from which they wish to become the Overrun User;

15.4. the formal consent of all Users that are registered to flow gas at the NTS Exit Point for the User to become the Overrun User from the proposed date. This includes any subsequent Users who register to flow gas at that NTS Exit Point.

If such a new Registered User does not consent to the Overrun User, then the Overrun User will be terminated with effect from the registration date of such a User.

16. For a User who is appointed as the Overrun User to terminate being the Overrun User at an NTS Exit Point, they must apply to National Grid NTS providing:
 - 16.1. their identity;
 - 16.2. the NTS Exit Point;
 - 16.3. the date from which they wish no longer wish to be the Overrun User;
17. National Grid NTS will respond to applications to become an Overrun User or to terminate being an Overrun User within 5 days confirming whether the application is valid (i.e. contains all required information as set out above) and hence is accepted.
18. A list of Overrun Users that are in place for any NTS Exit Point will be maintained and published by National Grid NTS.

Part I: NTS Exit (Flat) Capacity Overview

Products

12.19. This section describes the NTS Exit (Flat) Capacity products that will be made available and the rights and obligations that are due to NTS Exit (Flat) Capacity holders.

13.20. NTS Exit (Flat) Capacity entitles Users to offtake a daily quantity of gas at an even flow rate from the NTS at an NTS Exit Point without incurring overrun charges. It will be offered in terms of an end of day quantity (kWh/day) for a specified Gas Day, or for multiple Days.

13.1.20.1. A gas flow rate entitlement is allocated that is equivalent to $1/24^{\text{th}}$ of the end of day quantity held by Users in any hour of that gas-dayGas Day. A similar flow rate adjustment is made following a trade. For NTS Exit (Flat) Capacity sales or buy-back of NTS Exit (Flat) Capacity within day, the applicable rate change to Users NTS Exit (Flat) Capacity entitlement is $1/n$ where n is equal to the number of hours remaining in the relevant gas-dayGas Day after time of sale or purchase (and taking into account lead times required by hour bar plus one acceptance rules). At any time the aggregate of these from all capacity held at an NTS Exit Point is the established Exit Capacity Rate (gas flow entitlement should not exceed capacity entitlements, as measured on a $1/n$ basis, except where NTS Exit (Flexibility) Capacity confers additional rights). See Section 13 for maximum permitted rates.

14.21. The following type of NTS Exit (Flat) Capacity products will be made available to Users:

14.1.21.1. "Prevailing NTS Exit (Flat) Capacity" - Firm NTS Exit (Flat) Capacity which may be applied for and registered as held by a User for every Day with effect from 1 October in a Gas Year on the basis that the User will continue to hold such amount of NTS Exit (Flat) Capacity subject to a reduction being permitted only in accordance with the reduction notice rules(see rules on page 9 (described later in this section))until the User provides a notice to reduce its prevailing rights;

14.2.21.2. "Annual NTS Exit (Flat) Capacity" - Firm NTS Exit (Flat) Capacity which may be applied for and registered as held by a User for each Day in a Gas Year;

14.3.21.3. "Daily NTS Exit (Flat) Capacity" - Firm NTS Exit (Flat) Capacity which may be applied for and registered as held by a User for a Day only; and

14.4.21.4. "Daily Interruptible NTS Exit (Flat) Capacity" - Interruptible Daily NTS Exit (Flat) Capacity which may be applied for and registered as held by a User for a Day only.

15.22. Firm NTS Exit (Flat) Capacity rights held by Users cannot be acquired by National Grid NTS other than:

15.1.22.1. if the User fails to maintain the appropriate credit worthiness/guarantees commensurate with the NTS Exit (Flat) Capacity they have previously booked in a primary allocation;

15.2.22.2. utilisation of Exit Capacity Management Tools and where a User places NTS Exit (Flat) Capacity buyback offers and National Grid NTS accepts such offers; or

15.3.22.3. ~~when a transportation constraint has occurred and a market failure obstructs a remedy in a time frame that can ensure safe operation of the pipeline system, National Grid NTS will take appropriate actions to ensure the safety of the system, during a Network Gas Supply Emergency (see section UNC TPD~~

~~Section Q4) as this would be an instructed by the ion from the Network Emergency Co-ordinator under a Gas Supply Emergency (clarify UNC changes -potential change to Section Q4.1).~~

~~16.23.~~ Interruptible NTS Exit (Flat) Capacity rights held by Users can be curtailed either entirely or in part by National Grid NTS if ~~either of the following occur~~ :

~~16.1.23.1.~~ National Grid NTS considers that it is unlikely to be able to accept prospective gas flows consistent with the quantities of capacity released;

~~16.2.23.2.~~ if the User fails to maintain the appropriate credit worthiness/guarantees commensurate with the Interruptible NTS Exit (Flat) Capacity booked.

~~17.24.~~ A User's total entitlement at an NTS Exit Point for a ~~gas dayGas Day~~ (its "Fully Adjusted NTS Exit (Flat) Capacity") will be the sum of all its NTS Exit (Flat) Capacity entitlements purchased via the various release mechanisms, adjusted for:

~~17.1.24.1.~~ any transfers/assignments (see section 5); and

~~17.2.24.2.~~ any constraint management actions (see section 9);

~~18.25.~~ Fully Adjusted NTS Exit (Flat) Capacity shall be used in;

~~18.1.25.1.~~ the calculation of NTS Exit Capacity Neutrality credits/debits, ~~(except for Daily Interruptible NTS Exit (Flat) Capacity which is not included in a User's holdings for the calculation of NTS Exit Capacity Neutrality chargesbearing);~~ and

~~18.2.25.2.~~ in the calculation of NTS Exit (Flat) Capacity Overruns.

Table 1 Fully Adjusted NTS Exit (Flat) Capacity Holdings

Sum of Positive Holdings	Sum of Negative Holdings
Prevailing NTS Exit (Flat) Capacity Allocations	NTS Exit (Flat) Capacity Buy Backs and any ExCMT'sExit Capacity Management Tool that impact a User's NTS Exit (Flat) Capacity.
Annual NTS Exit (Flat) Capacity Allocations	
Daily Firm NTS Exit (Flat) Capacity Allocations	
Daily Interruptible NTS Exit (Flat) Capacity Allocations	Scale back of Daily Interruptible NTS Exit (Flat) Capacity
NTS Exit (Flat) Capacity Transfers bought	NTS Exit (Flat) Capacity Transfers sold
NTS Exit (Flat) Capacity Assignments bought	NTS Exit (Flat) Capacity Assignments sold

Release Mechanisms

~~19.26.~~ The following release mechanisms will be offered:

~~19.1.26.1.~~ Firm NTS Exit (Flat) Capacity

~~19.1.1.26.1.1.~~ Long term release (Gas Years Y+4 onwards), (see section 1).

~~19.1.2.26.1.2.~~ Medium term release (Gas Years Y+1 to Y+3), (see section 2).

~~19.1.3.26.1.3.~~ Short term release (offered day-ahead and within day), (see section 3)

19.2.26.2. Interruptible NTS Exit (Flat) Capacity19.2.1.26.2.1. Short term release (offered day ahead) (see section 4).**Capacity Overruns**20.27. The “Aggregate NTS Exit (Flat) Overrun” at an NTS Exit Point on any Day is the amount (if any) by which the aggregate quantity of gas offtaken by Users at the NTS Exit Point exceeds the aggregate NTS Exit (Flat) Capacity held by Users i.e.20.1.27.1. If Daily Quantity Offtaken (DQ) - Aggregate Holdings ≤ 0 , Aggregate NTS Exit (Flat) Overrun = 0;20.2.27.2. If Daily Quantity Offtaken (DQ) - Aggregate Holdings > 0 , Aggregate NTS Exit (Flat) Overrun = Daily Quantity Offtaken (DQ) - Aggregate Holdings21.28. A “User’s Individual NTS Exit (Flat) Overrun” at an NTS Exit Point on any Day is the amount (if any) by which the quantity of gas it has offtaken at the NTS Exit Point exceeds its NTS Exit (Flat) Capacity holding i.e.21.1.28.1. If User’s Daily Quantity Output (UDQO)-User Holdings ≤ 0 , User’s Individual NTS Exit (Flat) Overrun = 0;21.2.28.2. If User’s Daily Quantity Output (UDQO)-User Holdings > 0 , User’s Individual NTS Exit (Flat) Overrun = User’s Daily Quantity Output (UDQO)-User Holdings

NB. A User’s NTS Exit (Flat) Capacity holdings may be positive, negative or zero.

22.29. A User will only incur an NTS Exit (Flat) Capacity overrun charge at an NTS Exit Point on any day if:22.1.29.1. there is an "Aggregate NTS Exit (Flat) Overrun" i.e. not equal to zero; AND22.2.29.2. it has individually resulted in an overrun i.e. its “User’s Individual NTS Exit (Flat) Overrun” is not equal to zero.23.30. In respect of the User Daily Quantity Output (UDQO):23.1.30.1. for NTS/LDZ offtakes, the User Daily Quantity Output (UDQO) will be the Daily Quantity offtaken and will be allocated to the relevant DNO;23.2.30.2. for NTS Exit Points with only one Registered User, the User Daily Quantity Output (UDQO) for the User will be the Daily Quantity offtaken;23.3.30.3. for NTS Exit Points with more than one Registered User, the Daily Quantity (DQ) will be allocated to the Registered Users (as specified in TPD Section G1.7):23.3.1.30.3.1. in accordance with a standing instruction notified to National Grid NTS in advance by the Registered Users; or

30.3.2. in accordance with the proportion of the Daily Quantity notified to National Grid NTS by a User Agent, where appointed by the Registered Users.

24.31. The Daily Quantity (DQ) offtaken will be the total measured quantity of gas offtaken by users at the NTS Exit Point determined in accordance with [TPD Section E3].25.32. In the event that an NTS Exit (Flat) Capacity **Overrun** charge is to levied and the sum of each “User’s Individual NTS Exit (Flat) Overrun” is greater than “Aggregate NTS Exit (Flat) Overrun”, then each User’s overrun amount will be scaled down to form the

“User’s NTS Exit (Flat) Overrun” such that sum of each “User’s NTS Exit (Flat) Overrun” is equal to ~~the~~ “Aggregate NTS Exit (Flat) Overrun” i.e.

$$\underline{25.4.32.1.} \text{ A "User's NTS Exit (Flat) Capacity Overrun" = A * B / C}$$

where:

A is the “Aggregate NTS Exit (Flat) Overrun”;

B is the “User’s Individual User NTS Exit (Flat) Overrun”;

C is the sum of “User’s Individual User NTS Exit (Flat) Overrun”;

~~26.33.~~ A User’s NTS Exit (Flat) Capacity overrun charge will be determined as the User’s NTS Exit (Flat) Capacity Overrun amount multiplied by the highest of:

~~26.4.33.1.~~ 8 times the highest price paid by Users at the relevant NTS Exit Point to National Grid NTS for any class of ~~firm~~ NTS Exit (Flat) Capacity for that day;

~~26.2.33.2.~~ 8 times the highest reserve price at the relevant NTS Exit Point for any NTS Exit (Flat) Capacity auctions (NB. This is to cover scenario where no capacity is booked at an NTS Exit Point, but Users still utilise system Flat);

~~26.3.33.3.~~ 1.1 times the highest price paid by National Grid for NTS Exit (Flat) Capacity at the relevant NTS Exit Point for that day for capacity buy back through any constraint management action.

34. Where an Overrun User has been appointed for an NTS Exit Point for a Gas Day, it shall be liable for the NTS Exit (Flat) Capacity overrun charge for each User at that NTS Exit Point.

Interconnectors

~~27.35.~~ The present Certification process will be discontinued.

~~28.36.~~ ~~T~~Details on the proposed change treatment of CSEP ancillary agreements are contained within Section 14.

Reduction Notice Period

~~29.37.~~ Users may hold Prevailing NTS Exit (Flat) Capacity rights obtained through: -

~~29.1.37.1.~~ Initialisation of the enduring regime (see Part III) – “Initial Prevailing NTS Exit (Flat) Capacity”; and

~~29.2.37.2.~~ the Long Term application process by committing to be registered and therefore pay for capacity for [4] Gas Years (see section 1)³.

~~30.38.~~ If a User is registered as holding Prevailing NTS Exit (Flat) Capacity at an NTS Exit Point and wishes to continue to hold the same level of such holding, then the User does not need to undertake any action.

~~31.39.~~ If a User is registered as holding Prevailing NTS Exit (Flat) Capacity at an NTS Exit Point and wishes to reduce its holdings, then the User may reduce such holdings with effect from the start of any Gas Year by giving notice of such reduction to National Grid NTS as described below.

~~32.40.~~ A notice to reduce Prevailing NTS Exit (Flat) Capacity must be given by 17.00 on the 15th July of a Gas Year (Y_N) and shall specify: -

³ To be specified in the Exit Capacity Release (ExCR) Methodology Statement Subject to ExCR

32.1.40.1. the identify of the User;

32.2.40.2. the NTS Exit Point;

32.3.40.3. the Gas Year with effect from which the reduction is to be effective, subject to paragraph below;

32.4.40.4. the reduced amount (which may be zero) of Prevailing NTS Exit (Flat) Capacity.

33.41. The Gas Year with effect from which a reduction of Prevailing NTS Exit (Flat) Capacity is effective may not be earlier than the later of:

33.41.1. Gas Year Y_{N+2} ⁴; (This means that Users need to provide at least 1 year+3 months notice of a reduction in prevailing rights where any associated User commitment has been met or has been obtained through regime initialisation eg. if a User applied to reduce its Initial Prevailing NTS Exit (Flat) Capacity holdings in July 2010, then this could only be effective from Oct 2011 at the earliest.)

33.41.2. Gas Year Y_{A+4} ⁵ where Gas Year Y_A is the Gas Year with effect from which the User was most recently allocated Prevailing NTS Exit (Flat) Capacity at the NTS Exit Point (excluding initial rights allocated through the initialisation of the regime) (This means that Users must meet the associated user commitment before being able to reduce additional prevailing holdings e.g. In the Annual Application Window of July 2007, a User requests 10 units of capacity from Gas Years 2010/11 onwards. It would be registered capacity for the [4] Gas Years 2010/11 to 2014/15, inclusive. In July 2008, if the Users applies to reduce 5 units of this capacity, then such a reduction could only be effective from Oct 2015 at the earliest).

34.42. If any of the criteria in this Section are not met then the reduction request will be rejected.

Payments

35.43. Payment for NTS Exit (Flat) Capacity shall be made in accordance with section 11.

⁴ The Reduction Notice Period will be stated in the ~~enduring Incremental~~ Exit Capacity Release Methodology Statement.

⁵ The number of years of the required commitment to underpin system investments will be stated in the ~~enduring Incremental~~ Exit Capacity Release Methodology Statement.

Part II: NTS Exit (Flexibility) Capacity Product Overview

Products

36.44. This section describes the NTS Exit (Flexibility) Capacity products that will be made available and the rights and obligations that are due to NTS Exit (Flexibility) Capacity holders.

37.45. "NTS Exit (Flexibility) Capacity" entitles Users to offtake a daily quantity of gas at a non-even flow rate from the NTS at NTS Exit Points within an NTS Exit Zone without incurring [NTS Exit \(Flexibility\) Capacity eO](#)verrun charges. It will be offered in terms of an end of day quantity (kWh/day) for a specified day, or for multiple days.

38.46. The following NTS Exit (Flexibility) Capacity products will be made available to Users:

38.1.46.1. "Annual NTS Exit (Flexibility) Capacity" - Firm NTS Exit (Flexibility) Capacity which may be applied for and registered as held by a User for each Day in a Gas Year; and

38.2.46.2. "Daily NTS Exit (Flexibility) Capacity" - Firm NTS Exit (Flexibility) Capacity which may be applied for and registered as held by a User for a Day only.

39.47. Firm NTS Exit (Flexibility) Capacity rights held by Users cannot be acquired by National Grid NTS other than:

39.1.47.1. if the User fails to maintain the appropriate credit worthiness/guarantees commensurate with the NTS Exit (Flexibility) Capacity they have previously booked in a primary allocation;

39.2.47.2. utilisation of Exit Capacity Management Tools and where a User places NTS Exit (Flexibility) Capacity buyback offers and National Grid NTS accepts such offers or

39.3.47.3. ~~when a transportation constraint has occurred and a market failure obstructs a remedy in a time frame that can ensure safe operation of the pipeline system, National Grid NTS will take appropriate actions to ensure the safety of the system—during a Network Gas Supply Emergency (see section UNC TPD Section Q4) as instructed by the Network Emergency Co-ordinator.~~

40.48. A User's total entitlement at an NTS Exit Point for a ~~gas day~~[Gas Day](#) (its "Fully Adjusted NTS Exit (Flexibility) Capacity") will be the sum of all its NTS Exit (Flexibility) Capacity entitlements purchased via the various release mechanisms, adjusted for:

40.1.48.1. any transfers/assignments (see section 8); and

40.2.48.2. any constraint management actions (see section 9);

41.49. Fully Adjusted NTS Exit (Flexibility) Capacity shall be used in the calculation of NTS Exit (Flexibility) Capacity Overruns

Table 2 Fully Adjusted NTS Exit (Flexibility) Capacity

Sum of Positive Holdings	Sum of Negative Holdings
Annual NTS Exit (Flexibility) Capacity Allocations	NTS Exit (Flexibility) Capacity Buy Backs, includes any Exit Capacity

Daily Firm NTS Exit (Flexibility) Capacity Allocations	Management ToolExCMT's that impact a User's NTS Exit (Flexibility) Capacity holdings
NTS Exit (Flexibility) Capacity Transfer bought	NTS Exit (Flexibility) Capacity Transfer sold
NTS Exit (Flexibility) Assignments bought	NTS Exit (Flexibility) Assignments sold

Release Mechanisms

[42.50.](#) The following release mechanisms will be offered:

[42.1.50.1.](#) Firm NTS Exit (Flexibility) Capacity

[42.1.1.50.1.1.](#) ~~Annual NTS Exit (Flexibility) Capacity auction Y+1 to Y+5 Long term release (Gas Years Y+4 to Y+5),~~ (see section 6).

NB. No incremental NTS Exit (Flexibility) Capacity will be made available by this process ~~for Gas Years Y+4 and Y+5, and instead will be used to offer a constrained amount of capacity using same arrangements for medium term release.~~

~~42.1.2. Medium term release Gas Years Y+1 to Y+3), (see section 6).~~

[42.1.3.50.1.2.](#) Short term release (offered day-ahead and within day), (see section 7)

Capacity Overruns

[43.51.](#) The "Aggregate NTS Exit (Flexibility) Overrun" at an NTS Exit Zone on any Day is the amount (if any) by which the aggregate quantity of flexibility utilised by Users at the NTS Exit Zone exceeds the aggregate NTS Exit (Flexibility) Capacity held by Users i.e.

[43.1.51.1.](#) If Aggregate Daily Flexibility Utilised (ADFU) - Aggregate Holdings <=0, Aggregate NTS Exit (Flexibility) Overrun = 0

[43.2.51.2.](#) If Aggregate Daily Flexibility Utilised (ADFU) - Aggregate Holdings >0, Aggregate NTS Exit (Flexibility) Overrun = Aggregate Daily Flexibility Utilised (ADFU) - Aggregate Holdings

[44.52.](#) A "User's Individual NTS Exit (Flexibility) Overrun" at an NTS Exit ~~Point~~ [Zone](#) on any Day is the amount (if any) by which the quantity of flexibility it has utilised at the NTS Exit ~~Point~~ [Zone](#) exceeds its NTS Exit (Flexibility) Capacity holding i.e.

[44.1.52.1.](#) If User's Daily Flexibility Utilised (UDFU) -User Holdings <=0, User's Individual NTS Exit (Flexibility) Overrun = 0,

[44.2.52.2.](#) If User's Daily Flexibility Utilised (UDFU) -User Holdings > 0, User's Individual NTS Exit (Flexibility) Overrun = User's Daily Flexibility Utilised (UDFU)-User Holdings

NB. A User's NTS Exit (Flexibility) Capacity holdings may be positive, negative or zero.

[45.53.](#) A User will only incur an NTS Exit (Flexibility) Capacity overrun charge at an NTS Exit Point on any day if:

[45.1.53.1.](#) there is an "Aggregate NTS Exit (Flexibility) Overrun" i.e. not equal to zero; AND

45.2.53.2. it has individually resulted in an overrun i.e. its "User's Individual NTS Exit (Flexibility) Overrun" is not equal to zero.

46.54. A User's Daily Flexibility Utilised (UDFU) for an NTS Exit Zone is determined as follows:

$$\text{UDFU} = [\text{UDQO}_{2200, Z} * (1 - \text{FT})] - \text{AUDQO}_{2200, Z}$$

where:

$\text{UDQO}_{2200, Z}$ is the quantity of gas offtaken by the relevant User between 06:00 hours and 22:00 hours on the Day for all NTS Exit Points in the NTS Exit Zone;

FT is 0.015 (a 1.5% flexibility tolerance);

$\text{AUDQO}_{2200, Z}$ is the average quantity of gas deemed to have been offtaken by the relevant User at the NTS Exit Zone at an even rate between 06:00 hours and 22:00 hours on the relevant Day calculated i.e.

$$\text{UDQO}_Z * (16 / 24),$$

where UDQO_Z is the quantity of gas offtaken by the User on the Gas Day for each NTS Exit Points in the NTS Exit Zone.

NB. A User's Daily Flexibility Utilisation may be positive, negative or zero.

47.55. The Aggregate Daily Flexibility Utilised (ADFU) for an NTS Exit Zone is equal to the sum of all User's Daily Flexibility Utilised (UDFU) for the NTS Exit Zone.

48.56. The Daily Quantity (DQ_{2200}) offtaken between 06:00 hours and 22:00 hours on the Day for an NTS Exit Point will be the total measured quantity of gas offtaken by Users at the NTS Exit Point over this period determined in accordance with arrangements as for end of day measurements under TPD Section xxxSection E3.

57. In respect of the determination of a User's Daily Quantity Output (UDQO) for a Day at an NTS Exit Point where no Overrun User is appointed, the same rules as for NTS Exit (Flat) Capacity Overruns determination apply.

49.

49.58. In respect of the User Daily Quantity Output (UDQO_{2200}) between 06:00 hours and 22:00 hours on the Day at an NTS Exit Point (where there is no Overrun User appointed):

49.1.58.1. for NTS/LDZ offtakes, the User Daily Quantity Output (UDQO_{2200}) for the relevant DNO will be equal to the Daily Quantity (DQ_{2200}) offtaken between 06:00 hours and 22:00 hours on the Day ~~and will be allocated to the relevant DNO~~;

49.2.58.2. for an NTS Exit Point with only one Registered User, the User Daily Quantity Output (UDQO_{2200}) for the User will be equal to the Daily Quantity (DQ_{2200}) offtaken between 06:00 hours and 22:00 hours on the Day;

49.3.58.3. for NTS Exit Points with more than one Registered User, the Daily Quantity (DQ_{2200}) will be allocated to each Registered User based on the User's proportion of the aggregate end of day gas flow at that NTS Exit Point unless:

~~49.3.1-58.3.1. the Registered Users have notified to National Grid NTS in advance of the Gas Day a in accordance with a standing instruction stating the method by which Daily Quantity (DQ₂₂₀₀) is to be allocated to each Registered User notified to National Grid NTS in advance by the Registered Users; or~~

~~49.3.2-58.3.2. a User Agent is appointed by the Registered Users at the NTS Exit Point to notify National Grid NTS of in accordance with the proportion for each Registered User of the Daily Quantity (DQ₂₂₀₀) offtaken between 06:00 hours and 22:00 hours to be allocated to each Registered User for each Gas Day notified to National Grid NTS by a User Agent, where appointed by the Registered Users.~~

59. For an NTS Exit Point for which an Overrun User is appointed for any Gas Day, for the purposes of determining NTS Exit (Flexibility) Capacity overruns:

59.1.1. the User Daily Quantity Output (UDQO₂₂₀₀) between 06:00 hours and 22:00 hours on the Day for the Overrun User will be equal to the Daily Quantity (DQ₂₂₀₀) offtaken between 06:00 hours and 22:00 hours on the Day at that NTS Exit Point;

59.1.2. the User Daily Quantity Output (UDQO₂₂₀₀) between 06:00 hours and 22:00 hours on the Day for each Registered User will be equal to zero;

59.1.3. the User Daily Quantity Output (UDQO) for the Gas Day for the Overrun User will be the Daily Quantity offtaken at that NTS Exit Point;

59.1.4. the User Daily Quantity Output (UDQO) for the Gas Day for each Registered User will be zero.

=

60. In the event that a User ~~has agreed~~s to reduce its intended end of day flow ~~or flexibility utilisation~~ by acceptance of a constraint management action ~~undertaken~~ by National Grid NTS, the User will not be exposed to any increase in its NTS Exit (Flexibility) Capacity Overrun amount as a result of appropriately responding to such an action ~~the User will not incur any resulting increase in its overrun charge.~~ Without appropriate overrun relief, this would occur if the User required to reduce its within day flow rates after 22:00 to meet any amount (Q) of its ~~reduced~~ end of day quantity – this would result in an increase its flexibility utilisation by 2/3 Q. The User will therefore be granted overrun relief as described below:

60.1. In the event that the User agreed to reduce its end of day quantity based on its prevailing IOPN at the time of acceptance of the constraint management action, and this was achieved, in part or wholly, by a reduction of its flow rates after 22:00 by an amount Q, then for the purposes of determining the User's NTS Exit (Flexibility) Capacity Overrun for the NTS Exit Zone, its flex utilisation would be decreased by 2/3 Q;

60.2. The amount Q will be determined based on the revised IOPN which the User submits following acceptance of the constraint management action, which must be in accordance with any accepted constraint management action for the relief to be granted. For clarity, the User would be obliged to offtake flows in accordance with such revised IOPN to within the relevant tolerance. In addition, the User would not be able to further revise its IOPN if this would not remain consistent with the accepted constraint management action to obtain the overrun relief;

60.3. Where National Grid NTS undertakes further constraint management actions, and any User agrees to further reduce their end of day quantities, the above process is repeated.

51.61. In the event that an NTS Exit (Flexibility) Capacity Overrun charge is to be levied and the sum of each "User's Individual NTS Exit (Flexibility) Overrun" is greater than "Aggregate NTS Exit (Flexibility) Overrun", then each User's overrun amount will be scaled down to form the "User's NTS Exit (Flexibility) Overrun" such that the sum of each "User's NTS Exit (Flexibility) Overrun" is equal to that of the "Aggregate NTS Exit (Flexibility) Overrun" i.e.

51.1.61.1. A "User's NTS Exit (Flexibility) Capacity Overrun" = E * F / G

where:

E is the "Aggregate NTS Exit (Flexibility) Overrun";

F is the "User's Individual User NTS Exit (Flexibility) Overrun";

G is the sum of "User's Individual User NTS Exit (Flexibility) Overrun";

52.62. A User's NTS Exit (Flexibility) Capacity overrun charge will be determined as the User's NTS Exit (Flexibility) Capacity Overrun amount multiplied by the highest of:

52.1.62.1. 8 times the highest price paid by Users at the relevant NTS Exit Zone to National Grid NTS for any class of firm NTS Exit (Flexibility) Capacity for that day;

52.2.62.2. 8 times the highest reserve price at the relevant NTS Exit Zone for any NTS Exit (Flexibility) eCapacity auctions (NB. This is to cover scenario where no capacity is booked at an NTS Exit Zone, but Users still utilise system flexibility);

52.3.62.3. 1.1 times the highest price paid by National Grid for NTS Exit (Flexibility) Capacity at the relevant NTS Exit Zone for that day for capacity buy back through any constraint management action.

Bi-directional sites

63. For bi-directional NTS Exit Points (e.g. Storage Sites and Bacton Interconnector), flows at such sites will be included in the NTS Exit (Flexibility) Capacity overrun assessment for the relevant NTS Exit Zone if the aggregate quantity of gas offtaken at the NTS Exit Point between 06:00 and 22:00 on a Gas Day is greater than or equal to the aggregate quantity of gas delivered at the NTS Entry Point between 06:00 and 22:00 on the Gas Day.

Bi-directional sites

~~For bi directional NTS Exit Points, e.g. Storage Sites and Bacton Interconnector, the NTS Exit (Flexibility) Capacity Product overrun assessment will be based on the flows at the Physical Meter applicable at that NTS Exit Point. If the site has a net Exit Flow at 22:00 for that Gas Day then the site shall be classified as an NTS Exit Point and as such may incur NTS Exit (Flexibility) Overruns. These values will then form part of the Zonal Flexibility Overrun assessment and the derivation of a User's NTS Exit (flexibility) Overrun. In order to determine whether the bi-directional site is classed as an NTS Exit Point for that day, there are a number of scenarios that need to be considered. These scenarios are detailed below:~~

~~If the NTS System Point has a net entry to the NTS at 22:00 and a net entry at the end of day then that system point will be considered an Entry Point, therefore no NTS Exit (Flexibility) Capacity product will be deemed to have been used.~~

~~If the NTS System Point has a net entry to the NTS at 22:00 and a net exit at the end of day then that system point will be considered an Entry Point, therefore no NTS Exit (Flexibility) Capacity product will be deemed to have been used or provided.~~

~~If the NTS System Point has a net exit from the NTS at 22.00 and a net entry at the end of day then the 1/24th flow rate will be deemed to be zero. Therefore, that system point will be considered an NTS Exit Point and the net exit flow at 22.00 will equal the amount of NTS Exit (Flexibility) Capacity product used.~~

~~If the NTS System Point has a net exit from the NTS at 22.00 and a net exit at the end of day then the 1/24th rate will be based on the end of day physical measurement /24. Therefore, that system point will be considered an NTS Exit Point.~~

Payments

~~54.64.~~ Payment for NTS Exit (Flexibility) Capacity shall be made in accordance with section 11.

Part III: Initialisation of NTS Exit (Flat) Capacity Regime

Initial Prevailing NTS (Exit) Capacity

~~65. National Grid NTS shall notify each User by 08:00 on the 1st July 2007 of its Initial Prevailing NTS Exit (Flat) Capacity holdings for each NTS Exit Point determined as follows, subject to the User meeting credit checks. The Initial Prevailing NTS Exit (Flat) Capacity holdings notified by National Grid NTS shall be calculated as described below:~~

~~55. Users will be able to request and be allocated an Initial Prevailing NTS (Exit) Capacity amount at each NTS Exit Point by 17:00 on the 15th July 2007 for use from 1 Oct 2010 up to a maximum amount as described below:~~

~~65.1. Direct Connects NTS Supply Points and CSEPs – Users will be able to book as their Initial Prevailing NTS (Exit) Capacity any amount up to its each relevant Shipper User shall be registered the sum of its maximum daily firm and {interruptible} NTS Exit Capacity that it had registered for any Gas Day (“Maximum Daily Amount”) in Gas Year 2005/06 at that NTS Exit Point, subject to the aggregate amount of Initial Prevailing NTS Exit (Flat) Capacity allocated not being greater than the baseline level of capacity for Gas Year 2010/11 for that NTS Exit Point. Where this is not the case, each User will be allocated an Initial Prevailing NTS Exit (Flat) Capacity holding equal to the amount determined by prorating firstly its interruption proportion, then (if required) its firm proportion, of its Maximum Daily Amount such that the sum of each User’s initial rights equals the baseline.~~

~~{interruptibles first}
booking for Gas Year Winter 2005/06;~~

~~65.2. NTS/LDZ Offtakes – each relevant DNO User shall be registered the NTS Offtake (Flat) Capacity that it be registered for Gas Year 2009/10 (to be stated in the September 2006 Offtake Capacity Statement) at that NTS Exit Point.~~

~~55.2. DNOs will be able to book as their Initial Prevailing NTS (Exit) Capacity any amount up to its NTS Offtake (Flat) Capacity booking for Gas Year 2009/10 (to be specified in the Sept 2006 Offtake Capacity Statement).~~

~~66. For clarity, Users will be able to request a reduction to its Initial Prevailing NTS Exit (Flat) Capacity holdings via the reduction process detailed in Part I between the 1st July 2007 and 15th July each year from and including 2007 onwards 2007.~~

Transitional Timetable

~~56-67.~~ The following describes the transitional timetable leading up to full implementation of the enduring regime, taking into consideration timescales for system functionality to be developed:

Date Held	Product (Flat/Flex)	Auction/ Application	Annual/Long/ Medium/Short Term	Period
July 2007 (confirmations reductions by 17.00 15 th July)	Flat	Applications	Long Term (Increase and confirmation of Initial Prevailing rights reductions)	Oct-2010 onwards
July 2007	Flexibility	Auctions	Annual	Oct-2010 to Sep-2012
July 2008 (reductions by 17.00 15 th July)	Flat	Applications	Long Term (Increase and reductions)	Oct-2011 onwards
July 2008	Flexibility	Auctions	Annual	Oct-2010 to

				Sep-2013
August 2008	Flat	Auctions	Medium Term	Oct-2010 to Sep-2011
July 2009 (reductions by 17.00 15 th July)	Flat	Applications	Long Term (Increase and reductions)	Oct-2012 onwards
July 2009	Flexibility	Auctions	Annual	Oct-2010 to Sep-2014
Aug 2009	Flat & Flexibility	Trading/Transfers		Oct 2010 onwards
August 2009 (reductions by 17.00 15 th July)	Flat	Auctions	Medium Term	Oct-2010 to Sep-2012
Oct-2009	Flat & Flexibility	Holdings considered in security/indebtedness processes.		Oct-2010
July 2010 (reductions by 17.00 15 th July)	Flat	Applications	Long Term (Increase and reductions)	Oct-2013 onwards
July 2010	Flexibility	Auctions	Annual	Oct-2010 to Sep-2015
August 2010	Flat	Auctions	Medium Term	Oct-2010 to Sep-2013
24 th Sept 2010	Flat & Flexibility	Bidding	Short Term	1-Oct-2010
30 th Sep-2010	Flat & Flexibility (day ahead) + Flat (Interruptible)	Auctions	Short Term	1-Oct-2010
01 st Oct-2010	Flat and Flexibility (within day)	Flat and Flexibility Auctions	Short Term	1-Oct-2010
Nov-2010	Flat and Flexibility	Invoices issued		For Oct-2010

Section 1: Long Term NTS Exit (Flat) Capacity Sales

Unconstrained Sale, Years 4 onwards

High Level Principles

57-68. Users may apply for new (if no previous holdings) or additional Prevailing NTS Exit (Flat) Capacity rights at an NTS Exit Point through the Long Term application process held in July each year.

58-69. Such applications will result in the User being registered and therefore having to pay for NTS Exit (Flat) Capacity for [4] years based on the new total amount of prevailing rights that it would hold.

Application

59-70. A User may apply for “Prevailing NTS Exit (Flat) Capacity” rights at the annual Application Window in July in Gas Year Y for use from Gas Year Y+4 onwards.

60-71. For each business day during the Application Window, Users will be able submit applications from 08.00 to 17.00.

61-72. Users may only submit one application per NTS Exit Point.

62-73. Applications must specify:

62-1-73.1. the User;

62-2-73.2. the NTS Exit Point;

62-3-73.3. the amount (in kWh/day) applied for (not less than minimum eligible amount – 100,000 kWh)

63-74. Applications can be modified and withdrawn by the relevant User throughout the Application Window.

64-75. National Grid NTS will reject any applications at the end of the Application Window (i.e last business day in July); ~~that~~

64-1-75.1. that do not meet the above criteria;

64-2-75.2. if the User does not meet the required credit requirements (see Section 12), i.e. if a User has a credit sanction in place their applications will be rejected (either prevented from placing applications or rejected at allocation).

Allocation Principles

76. National Grid NTS will accept ~~and notify each User of its allocations such applications~~ within 2 months ~~of the closure of the bid window, following the completion of any required processes under the ExCR Methodology Statement subject to Authority approval~~ (as described below) and completion of credit checks, and register the User as holding the requested new total amount of Prevailing NTS Exit (Flat) Capacity rights for Gas Year Y+4 to Gas Year Y+[7] (inclusive) i.e. the User is committed to pay [4]⁶ years of NTS Exit (Flat) Capacity charges based on the new total level of its prevailing rights holding.

⁶ The number of years of the required commitment to underpin system investments will be part of the ~~enduring Incremental~~ Exit Capacity Release Methodology Statement and will require Authority approval.

~~66-77.~~ In the event that acceptance of such applications for additional Prevailing NTS Exit (Flat) Capacity would result in the aggregate level at an NTS Exit Point to be above the baseline from Gas Year Y+4, then National Grid NTS will apply to the Authority requesting the release of incremental exit capacity to ensure remuneration for any required investments. As part of this application, National Grid NTS may request baseline reductions at other NTS Exit Points to avoid or reduce resulting investment costs by removing the obligation to sell any unsold capacity (to be detailed in the enduring IExCR Methodology Statement).

Post Application Information Provision

~~67-78.~~ Not later than 24 hours after each User has been notified of their allocation, National Grid NTS will publish the following information by NTS Exit Point by Gas Year: -

~~67.4.78.1.~~ Aggregate quantity of Prevailing NTS Exit (Flat) Capacity allocated

~~67.2-78.2.~~ Aggregate quantity of reductions accepted and from when such reductions apply

~~67.3.~~ (Revised) Baseline Quantity (i.e. including any reductions accepted by the Authority)

~~67.4.78.3.~~ Incremental Quantity (where applicable)

~~67.5-78.4.~~ Number of Users applying for additional prevailing rights

~~79.~~ For clarity, a revised Baseline Quantity (i.e. including any reductions accepted by the Authority) may be published as part of the IExCR Methodology Statement or National Grid NTS' Licence.

NTS Exit ARCA ("Advanced Reservation of Capacity Agreements")

~~68-80.~~ National Grid NTS may enter into ARCAs (~~SEE PR in accordance National Grid NTS' Standard Condition 4B Statement – Principles and Methods to be used to determine charges NTS connection services with Connection Policy~~) with non-UNC parties (the "Reservation Party") by July of Gas Year Y for the reservation of Prevailing NTS Exit (Flat) Capacity (the "Reserved Capacity") from Gas Year Y+4 onwards at an NTS Exit Point.

~~69-81.~~ The Reservation Party may nominate any User, subject to such User meeting the required credit checks, to be registered as holding part or all of the Reserved Capacity from Gas Year Y+4 for the NTS Exit Point.

~~70-82.~~ After nomination of such a User, they will be entitled to be registered as holding such amounts of Prevailing NTS Exit (Flat) Capacity as if they had registered the capacity at the July application window in Gas Year Y.

~~71-83.~~ The Reservation Party will be obliged to pay National Grid NTS ~~anthe amount, if any, for each Gas Year Y+4 to Y+7s which would be payable by way of NTS Exit Capacity Charges by a User who was registered as holding an amount of capacity at the NTS Exit Point~~ determined as:

~~71.1-83.1.~~ the difference between the Reserved Capacity and capacity actually registered by Users at that NTS Exit Point ~~for each Gas Day in that Gas Year, multiplied by~~

~~83.2.~~ ~~the prevailing NTS Exit Capacity Charge for each Gas Day in that Gas Year.-~~

Where National Grid NTS has entered into an ARCA, the amount of Reserved Capacity will be treated as if it were registered by a User for the purposes of determining Unsold Capacity.

84.

85. For clarity, in the event that, for new exit connections, National Grid NTS and the Reservation Party agree under the ARCA (or other agreement) to first gas flow on a Gas Day other than the start of a Gas Year, then National Grid NTS will allow the Reservation Party's nominated Shipper User(s) to register the reserved Daily NTS Exit (Flat) Capacity via the daily release mechanism.

Section 2: Medium Term NTS Exit (Flat) Capacity Sales

Constrained Sale, Years 1, 2 & 3 Ahead

High Level Principles

73-86. Users may apply for Annual NTS Exit (Flat) Capacity for Gas Year Y+1 to Gas Year Y+3 (inclusive) at any NTS Exit Point through the annual flat capacity auctions held in August in each Gas Year Y (e.g. In August 2010, Users will be able to apply for Annual NTS Exit (Flat) Capacity for Gas Years 2010/11 to 2012~~3~~/13~~4~~.)

74-87. The Annual NTS Exit (Flat) Capacity auctions will be:

74-1-87.1. held over ~~{2}~~ Business Days with at least ~~{3}~~ Business Days between each round of auction;

74-2-87.2. make available up to 50% of the Available Annual NTS Exit (Flat) Capacity in the first round and all remaining capacity being made available in the final round.

75-88. Users will pay the price that they placed in their bid if their bid is allocated.

76-89. National Grid NTS will allocate User bids in price order (highest price first).

Invitation

77-90. National Grid NTS will notify Users of relevant details for the annual NTS Exit (Flat) Capacity auction by issuing an annual invitation not less than 28 days before the commencement of the auction.

78-91. The annual invitation will specify:

78-1-91.1. the days on which annual auctions will be held;

78-2-91.2. reserve price for each NTS Exit Point and Gas Year (in accordance with the Statement of Gas Transmission Transportation Charges);

78-3-91.3. Available Annual NTS Exit (Flat) Capacity for each NTS Exit Point for each Gas Year and auction tranche;

79-92. The Available Annual NTS Exit (Flat) Capacity for each Gas Year will be:

79-1-92.1. Unsold NTS Exit (Flat) Capacity i.e. the difference between the baseline quantity for the NTS Exit Points and previously allocated capacity

Bidding

80-93. Application for NTS Exit (Flat) Capacity must specify:

80-1-93.1. The User

80-2-93.2. The NTS Exit Point

80-3-93.3. The Gas Year that the application is for

80-4-93.4. The NTS Exit (Flat) Capacity amount (in kWh/Day) (not less than 100,000 kWh/Day)

~~80.5.93.5.~~ The minimum amount of NTS Exit (Flat) Capacity the User is willing to be allocated

~~80.6.93.6.~~ The Bid Price (in p/kWh/day)

~~81.94.~~ The price must be greater than or equal to the reserve price for that NTS Exit Point

~~82.95.~~ If a User has a credit sanction in place they will be unable to place bids.

~~83.96.~~ National Grid NTS will reject Users bid if any of these criteria are not met

Other Rules:

~~84.97.~~ No more than {10} bids per User, per NTS Exit Point.

~~85.98.~~ The bid window will be between 08:00 and 17:00 on the day of the auction

~~86.99.~~ Bids can only be placed within the bid window

~~87.100.~~ Bids can be modified and withdrawn throughout the bid window

~~88.101.~~ National Grid NTS will reject any bids that do not meet these criteria (rejection for the above criteria occurs at the time the User attempts to place the bid(s)).-

Information provision between each bid window

~~89.102.~~ Not later than 48 hours following closure of each auction round, National Grid NTS will notify Users of the following information by NTS Exit Point and Gas Year:

~~89.1.102.1.~~ Aggregate Demand

~~89.2.102.2.~~ Quantity Allocated

~~102.3.~~ Weighted Average Price of all accepted bids

~~89.3.102.4.~~ Highest Price Bid Allocated

~~89.4.102.5.~~ Volume Allocated at highest price

~~89.5.102.6.~~ Lowest Price Bid Allocated

~~89.6.102.7.~~ Volume Allocated at lowest price

~~89.7.102.8.~~ Number of Users who placed bids

~~89.8.102.9.~~ Number of successful Users

~~89.9.102.10.~~ Available NTS Exit (Flat) Capacity.

Allocation Principles

~~90.103.~~ Where a credit sanction is in place, National Grid NTS will not allocate NTS Exit (Flat) Capacity to the User and the User's bids will be rejected.

~~91.104.~~ National Grid NTS will have 48 hours after the closure of the bid window, to complete the allocation process below and notify the Users of their allocations.

~~92.105.~~ All bids for all NTS Exit Points will be considered as part of the allocation process.

~~93-106.~~ All bids will be ranked in order of price for each NTS Exit Point and Gas Year with the highest ranked first.

~~94-107.~~ NTS Exit (Flat) Capacity will be allocated in descending order, allocating the highest priced bid first until the amount allocated in aggregate (at that NTS Exit Point for that year) equals the amount of NTS Exit (Flat) Capacity available or until there are no more bids to satisfy.

~~95-108.~~ When a bid is received where the amount of NTS Exit (Flat) Capacity available is less than the amount bid, then that bid will not be allocated in full but partially allocated to the amount of NTS Exit (Flat) Capacity available. If the minimum quantity specified by the User is greater than the NTS Exit (Flat) Capacity amount available, the bid will be rejected and the allocation process will descend to the next bid and apply the allocation process from there.

~~96-109.~~ Where two or more bids have the same price, and when aggregated the amount of NTS Exit (Flat) Capacity requested is greater than the amount available then the bids will be pro-rated based on the quantities bid for.

~~97-110.~~ Where the amount to be pro-rated is less than an individual bids' minimum quantity this bid will be rejected and a revised allocation will be made between the remaining equally priced bids or if all the equally priced bids are rejected then the allocation process steps down to the next bid(s) to continue allocation.

~~98-111.~~ National Grid NTS will not allocate less than 100,000kWh.

~~99-112.~~ Any bids made by a User that are successful register that User as holding a firm NTS Exit (Flat) Capacity right for the relevant Period for that NTS Exit point.

Post Auction Information Provision

~~100-113.~~ Not later than 24 hours after each User has been notified of their allocation National Grid NTS will publish the following information per NTS Exit Point per Year:

~~100.1-113.1.~~ Weighted Average Price of all successful bids

~~113.2.~~ Aggregate Volume Requested

~~100.2-~~

~~100.2-113.3.~~ Aggregate Volume Allocated

~~100.3-113.4.~~ Any remaining unsold baseline NTS Exit (Flat) Capacity (including any NTS Exit Capacity that the National Grid NTS is obligated to release).

~~100.4-113.5.~~ Number of Users who submitted bids

~~100.5-113.6.~~ Number of successful Users

~~100.6-113.7.~~ The highest price accepted

~~100.7-113.8.~~ The volume accepted associated to the highest price

~~100.8-113.9.~~ The lowest price accepted

~~100.9-113.10.~~ The volume accepted associated to the lowest price

Section 3: Daily Release Short Term (Firm) NTS Exit (Flat) Capacity Sales

High Level Principles

401.114. National Grid NTS will hold Short Term (Firm) NTS Exit (Flat) Capacity auctions daily at 15:00 D-1 and at ~~other times both ahead of the gas day and 08.00, 14.00, 18.00, 22.00 and 01.00~~ on the ~~gas day~~ Gas Day. In addition, National Grid NTS shall be able to hold daily flat auctions at other times with 60 minutes prior notice to Users. ~~as required with at least [60] minutes prior notice.~~

Bidding

402.115. Application for Daily Firm NTS Exit (Flat) Capacity must specify:

402.1.115.1. The User

402.2.115.2. The NTS Exit Point

402.3.115.3. The Date/Day for which the NTS Exit (Flat) Capacity is applicable for

402.4.115.4. The volume of Daily Firm NTS Exit (Flat) Capacity bid for (not less than minimum eligible amount – 100,000kWh)

402.5.115.5. The minimum volume of Daily Firm NTS Exit (Flat) Capacity bid for (not less than minimum eligible amount – 100,000kWh)

403.116. The price (p/kWh/day) bid by the User must be greater than or equal to the reserve price (reserve price is subject to wider licence developments with respect to clearing allocation rules).

404.117. Whether this bid is Evergreen (constant volume) or reducing (constant rate). The bid quantity for a reducing bid will reduce by 1/n each hour (~~once the Gas Day has started~~) where n is the number of hours remaining in the day from when the bid was initially posted.

405.118. If a User has a credit sanction in place they will be unable to bid in this Auction.

406.119. National Grid NTS will reject a Users bids if any of the above criteria are not met (~~rejection for the above criteria occurs at the time the User attempts to place the bid(s)~~)

Other Rules:

407.120. Users may place bids between D-7 06.00 and D 00.00 every day. Only unallocated bids can be modified and withdrawn between these times.

408.121. Users will be able to place up to 10 bids per NTS Exit Point per day.

409.122. Bids may be amended (Evergreen) or withdrawn (Evergreen or Reducing) at any time up until the bid is allocated, subject to gate closure provisions below. An 'evergreen' bid may be modified at any time, subject to gate closure rules, until the bid is selected. A 'reducing' bid cannot be modified after the first reduction has taken place. Evergreen or Reducing bids can be withdrawn at any time, subject to gate closure rules, until the bid is accepted.

410.123. Prior to allocation if a bid reduces below the minimum quantity required then the bid will be rejected

Gate Closure

111-124. Users can bid throughout the bid window but only bids placed by the times detailed above for D-1 and D will be considered for allocation.

112-125. The bids placed can be modified or withdrawn before these times but cannot be modified or withdrawn after these times until the auction has been run.

113-126. Once processing has been completed and if bids have not been allocated then these bids can then be modified or withdrawn.

Allocations

114-127. ~~On D-1 For the auctions held at 15:00 ahead of the Gas Day Gas Day and at 08:00 on the Gas Day Gas Day,~~ an amount not less than unsold baseline will be offered for sale at each NTS Exit Point, unless National Grid NTS has identified that there is an impending Constraint (subject to National Grid NTS Licence obligations).

~~For auctions held on the Gas Day Gas Day after 08:00, On D-NTS Exit (Flat) Capacity will be made available at the National Grid NTS's SO's discretion and /or unsold baseline, unless National Grid NTS has identified that there is an impending Constraint (subject to National Grid NTS Licence obligations).~~

128. .

116-129. Where a Credit Sanction is in place National Grid NTS will not allocate NTS Exit (Flat) Capacity to the User. The Users bids will be rejected.

117-130. National Grid NTS will allocate and notify Users within 1 hour of processing for all auctions subject to there being Daily Firm NTS Exit (Flat) Capacity available

118-131. On a day where there is no Daily Firm NTS Exit (Flat) Capacity available at an NTS Exit point or there is an amount less than the minimum eligible amount, National Grid NTS will not allocate.

119-132. All bids will be ranked in order of price by NTS exit point, the highest being ranked first at each point.

120-133. Daily Firm NTS Exit (Flat) Capacity will be allocated in descending order, allocating the highest priced bid first until the amount allocated in aggregate (at that NTS exit point) equals the amount of Daily Firm NTS Exit (Flat) Capacity available or there are no more bids to satisfy.

121-134. When a bid is reached where the amount of Daily Firm NTS Exit (Flat) Capacity available is less than the amount bid for then that bid will not be allocated in full but will be partially allocated. If the minimum quantity specified by the User is greater than the amount available, then this bid is disregarded within that specific auction and the allocation process will descend to the next bid and apply the allocation process to that bid.

122-135. If two or more bids have the same price and in aggregate the amount of Daily Firm NTS Exit (Flat) Capacity requested is greater than the amount available, then the bids will be pro-rated based on the quantities bid for. Where the pro-rated amount is less than an individual bids' minimum quantity this bid will be disregarded and a revised allocation will be made between the remaining equally priced bids. If the pro-rated amount, for all the equally placed bids is below the minimum quantity required these bids are disregarded within that allocation process, which then steps down to the next bid(s) to continue the allocation.

123-136. National Grid NTS will not allocate a Daily Firm NTS Exit (Flat) Capacity Volume less than 100,000kWh

~~124.137.~~ Any bid that has been disregarded during the allocation process will be available for modification and withdrawal once the allocation processes have been completed.

~~125.138.~~ Any bids that have been placed and have not been allocated after the final allocation process at D 00.00 will be rejected.

~~126.139.~~ Any bids made by an User that are successful, register that User as holding Firm NTS Exit (Flat) Capacity rights for the relevant day and time period for that NTS Exit point.

~~127.140.~~ The Users who are subsequently allocated Daily Firm NTS Exit (Flat) Capacity at that NTS Exit Point, will be liable to pay for their allocated bid quantity multiplied by the bid price.

Post Auction Information Provision

~~128.141.~~ Not later than 1 hour after each User has been notified of their allocation the National Grid NTS will publish the following information per NTS Exit Point per day:

~~128.1.141.1.~~ Weighted Average Price of all successful bids

~~128.2.141.2.~~ Aggregate Volume Allocated

~~141.3. Unsold Baseline~~

~~128.3.~~

~~128.3.141.4.~~ Number of Users who submitted bids

~~128.4.141.5.~~ Number of successful Users

~~128.5.141.6.~~ The highest price accepted

~~128.6.141.7.~~ The volume accepted associated to the highest price

~~128.7.141.8.~~ The lowest price accepted

~~128.8.141.9.~~ The volume accepted associated to the lowest price

Section 4: Daily Ahead Interruptible NTS System Exit Capacity Sales

High Level Principles

~~129.142.~~ National Grid NTS will hold Short Term Interruptible NTS Exit (Flat) Capacity auctions daily at 15.00 D-1.

~~130.143.~~ The quantity of interruptible capacity to be released at each NTS Exit Point will be equal to:

~~130.1.143.1.~~ a "The Use It or Lose It" (UIOLI) quantity determined as the daily average unutilised firm NTS Exit (Flat) Capacity ~~part of the interruptible release is based on UIOLI – aggregate firm flat holdings minus the Average aggregate Quantity Offtaken (calculation defined in 131);~~ plus

~~130.2.143.2.~~ any discretionary amount which National Grid NTS may wish to make available ~~in response to bid prices.~~

~~131.144.~~ The ~~daily average unutilised NTS Exit (Flat) Firm Capacity for an NTS Exit Point~~ ~~Average Quantity Offtaken of Firm NTS Exit (Flat) Capacity~~ is an amount equal to:

$$\text{AUC} / 30$$

where AUC is the aggregate amount for each relevant day by which the Firm NTS Exit (Flat) ~~Capacity has been offtaken by Users~~ at the NTS Exit Point ~~held by Users in aggregate exceeds the sum of the daily quantity offtaken summed for each NTS Exit Point~~ over the 30 day period ending on and including day D-7.

~~[Additional interruptible release?] Going to have to introduce a rate type effect within day will then effect the way scaling works. D-1 01.00 discretionary only – Speak to FG – chat about within day – Don't think we can do as likely to scale early hours of D-1 therefore only D release does anything and too complicated.~~

Bidding

~~132.145.~~ Application for Daily Interruptible NTS Exit (Flat) Capacity must specify:

~~132.1.145.1.~~ The User

~~132.2.145.2.~~ The NTS Exit Point

~~132.3.145.3.~~ The Date / Day for which the application is applicable for

~~132.4.145.4.~~ The volume of Daily Interruptible NTS Exit (Flat) Capacity bid for (not less than minimum eligible amount – 100,000kWh)

~~132.5.145.5.~~ The minimum volume of Daily Interruptible NTS Exit (Flat) Capacity bid for (not less than minimum eligible amount – 100,000kWh)

~~133.146.~~ The price bid for by the User must be greater than or equal to the reserve price

~~134.147.~~ If a User has a credit sanction in place at the time of their bid, they will be unable to bid in this Auction

~~135.148.~~ National Grid NTS will Reject a Users bids if any of the above criteria aren't met ~~(rejection for the above criteria occurs at the time the User attempts to place the bid(s))~~

Other Rules:

~~136-149.~~ Bid window is open between D-7 06.00 and D-1 14.00 every day. Bids can be added, modified and withdrawn between these times.

~~137-150.~~ No more than 10 bids per User per NTS exit point per day

Allocations

~~138-151.~~ National Grid NTS will allocate the Daily Interruptible NTS Exit (Flat) Capacity and notify Users of their allocations within 1 hour of the auction being run at 15.00 on D-1.

~~139-152.~~ Where a Credit Sanction is in place National Grid NTS will not allocate Daily Interruptible NTS Exit (Flat) Capacity to the User. The Users bids will be rejected.

~~140-153.~~ On a day where there is no Daily Interruptible NTS Exit (Flat) Capacity available at an NTS Exit point or there is an amount less than the minimum eligible amount, National Grid NTS will not allocate.

~~141-154.~~ All bids will be ranked in order of price by NTS exit point, the highest being ranked first.

~~142-155.~~ Daily Interruptible NTS Exit (Flat) Capacity Bids will be allocated in descending order, allocating the highest priced bid first until the amount allocated in aggregate (at that NTS exit point) equals the amount of Daily Interruptible NTS Exit (Flat) Capacity available or there are no more bids to satisfy.

~~143-156.~~ When a bid is reached where the amount of Daily Interruptible NTS Exit (Flat) Capacity available is less than the amount bid for then that bid will not be allocated in full but will be partially allocated. If the minimum quantity specified by the User is greater than the amount available, then this bid is rejected and the allocation process will descend to the next bid and apply the allocation process to that bid.

~~144-157.~~ If two or more bids have the same price and in aggregate the amount of Daily Interruptible NTS Exit (Flat) Capacity requested is greater than the amount available, then the bids will be pro-rated based on the quantities bid. Where the amount to be pro-rated is less than an individual bids' minimum quantity this bid will be rejected and a revised allocation will be made between the remaining equally priced bids. If the pro-rated amount, for all the equally placed bids is below the minimum quantity required these bids are rejected and the allocation process which then steps down to the next bid(s) to continue the allocation.

~~145-158.~~ National Grid NTS will not allocate a Daily Interruptible NTS Exit (Flat) Capacity amount less than 100,000kWh

~~146-159.~~ Any bids that have not been allocated in the Daily Interruptible NTS Exit (Flat) Capacity auction will be rejected.

~~147-160.~~ Any bids made by a User that are successful, register that User as holding Interruptible NTS Exit (Flat) Capacity rights for the relevant day for that NTS Exit point.

~~148-161.~~ The Users that are subsequently allocated Daily Interruptible NTS Exit (Flat) Capacity at that NTS Exit Point will be liable to pay for their allocated bid quantity multiplied by the bid price.

~~149-162.~~ Any Daily Interruptible NTS Exit (Flat) Capacity allocated to a User will be included in their aggregate NTS Exit (Flat) Capacity holding and will be used in the calculation of NTS Exit (Flat) Capacity Overruns.

Post Auction Information Provision

~~150-163.~~ Not later than 1 hour after each User has been notified of their allocation the National Grid NTS will publish the following information per NTS Exit Point per day:

- [150.1.163.1.](#) Weighted Average Price of all successful bids |
- [150.2.163.2.](#) Aggregate Volume Allocated |
- [150.3.163.3.](#) Number of Users who submitted bids |
- [150.4.163.4.](#) Number of successful Users |
- [150.5.163.5.](#) The highest price accepted |
- [150.6.163.6.](#) The volume accepted associated to the highest price |
- [150.7.163.7.](#) The lowest price accepted |
- [150.8.163.8.](#) The volume accepted associated to the lowest price |

Section 5: Transfers and Assignment of NTS Exit (Flat) Capacity

~~151.164.~~ National Grid NTS will facilitate secondary transfers (trading) of capacity at an NTS Exit Point i.e. a User will be able to transfer (trade) any quantity of capacity at an NTS Exit Point to another User at the same NTS Exit Point, but the primary holder would still remain liable for paying the relevant capacity charges.

~~152.165.~~ National Grid NTS will also facilitate primary transfer (assignment) of a User's capacity holding to another User at an NTS Exit Point i.e. a User will be able to assign its capacity holdings at an NTS Exit to another User at the same NTS Exit Point, including the liability to pay the relevant capacity charges.

~~155.166.~~ The system functionality for transfers and assignment of NTS Exit (Flat) Capacity will be available from Aug 2009.

Secondary Transfers (Trades)

~~154.167.~~ A User ("Transferor User") will be able to transfer all or part of its Firm NTS Exit (Flat) Capacity at an NTS Exit Point for a day or days to another User ("Transferee User") at the same NTS Exit Point.

~~155.168.~~ To facilitate a transfer, the Transferor User ~~and Transferee User~~ must notify, ~~and the Transferee User must confirm, to~~ National Grid NTS ~~of~~:

- ~~155.1.168.1.~~ the identity of the Transferor User and Transferee User;
- ~~155.2.168.2.~~ the NTS Exit Point;
- ~~155.3.168.3.~~ amount of capacity to be transferred;
- ~~155.4.168.4.~~ the relevant day or days for the transfers

~~156.169.~~ Transfers may not be notified in respect of any day within a Gas Year:

- ~~156.1.169.1.~~ later than 04:00 hours on the Day or first Day for which capacity is requested to be transferred;

~~157.170.~~ Transfers may be rejected by National Grid NTS where the requested transfer amount exceeds the Transferor User's capacity holding.

~~158.171.~~ If a requested transfer has not been rejected within 60 minutes of the notification by the Transferor User and the Transferee User (whichever is later), the transfer will deemed to have been accepted by National Grid NTS.

~~159.172.~~ If a transfer has been accepted, the transferred capacity for the relevant day(s) will be:

- ~~159.1.172.1.~~ deducted from Transferor User's NTS Exit (Flat) capacity holdings at the NTS Exit Point, but the Transferor User will continue to be liable for capacity charges for the transferred amount;
- ~~159.2.172.2.~~ added to the Transferee User's NTS Exit (Flat) capacity holdings at the NTS Exit Point, but the Transferee User will not become liable for capacity charges for the transferred amount

~~160.173.~~ The revised end of day NTS Exit (Flat) Capacity holdings for both Users will be used in the calculation of NTS Exit (Flat) Capacity Overrun Charges ~~and NTS Exit Capacity Neutrality charges~~ and other liabilities associated with NTS Exit arrangements. ~~However, but,~~ the primary Capacity holder will remain liable for the payment of NTS Exit (Flat) Capacity charges ~~and any remaining User commitment.~~

Assignment (Primary Transfer)

~~161.174.~~ A User (“Assignor User”) will be able to assign all of its NTS Exit (Flat) Capacity obtained through the long and medium term capacity release mechanisms at an NTS Exit Point to another User (“Assignee User”) at the same NTS Exit Point from a specified day (the “Assignment Day”).

~~162.175.~~ To facilitate a capacity assignment, the Assignor User ~~and Assignee User (Assignor enters the details and the Assignee confirms or rejects the Assignment) clarify confirmation~~ must notify, ~~and the Assignee User must confirm, to~~ National Grid NTS of:

~~162.1.175.1.~~ the identity of the Assignor User and Assignee User;

~~162.2.175.2.~~ the NTS Exit Point;

~~162.3.175.3.~~ the Assignment Day.

~~163.176.~~ Assignments may not be notified

~~163.1.176.1.~~ later than 5 Business Days before the Assignment Day.

~~164.177.~~ Assignments will be rejected by National Grid NTS where:

~~164.1.177.1.~~ the Assignee User does not have the required credit worthiness.

~~165.178.~~ If a requested assignment has not been rejected within 4 Business Days of the notification by the Assignor User and the Assignee User (whichever is later), the assignment will be deemed to have been accepted by National Grid NTS.

~~166.179.~~ If an assignment has been accepted:-

~~166.1.179.1.~~ the Assignor’s NTS Exit (Flat) capacity holdings at the NTS Exit Point will be reduced to zero and the Assignor will no longer be liable for capacity charges for the assigned amount from the Assignment Day;

~~166.2.179.2.~~ the Assignee User’s NTS Exit (Flat) capacity holdings at the NTS Exit Point will be increased by the Assignor’s NTS Exit (Flat) Capacity, and the Assignee will become liable for capacity charges for the assigned amount from the Assignment Day:-

~~179.3.~~ ~~the Assignee User takes on any remaining Prevailing commitments associated with any Prevailing NTS Exit (Flat) Capacity from that the Assignor User with effect from had the Assignment Day, this applies from the time of the Assignment to the end of the Assignors original commitment (e.g.i.e. the Assignor had registered/booked Prevailing additional NTS Exit (Flat) Capacity from Gas Year Y+4 resulting in a ,their commitment to pay exit charge is for [4] years from Y+4 to Y+7. ,if they assign their NTS Exit (Flat) Capacity in at the end of the first year of commitment (Y5), the Assignee would become responsible for capacity charges for the remaining 3 Gas Years Y+5 to Y+7).the next 3 years of commitment~~

Section 6: Long and medium term NTS Exit (Flexibility) Capacity Sales

Constrained Sale, Years 1 to 5 Ahead

High level Principles

~~167-180.~~ Users may apply for Annual NTS Exit (Flexibility) Capacity for Gas Year Y+1 to Gas Year Y+5 (inclusive) in any NTS Exit Zone through the annual flexibility capacity auctions held in July in each Gas Year Y (e.g. In July 2010, Users will be able to apply for Annual NTS Exit (Flexibility) Capacity for Gas Years 2010/11 to 2014/15.)

~~168-181.~~ The Annual NTS Exit (Flexibility) Capacity auctions will be:

~~168.1-181.1.~~ held over {2} Business Days with at least {3} Business Days between each round of auction;

~~168.2-181.2.~~ make available up to 50% of the Maximum Available Annual NTS Exit (Flexibility) Capacity in the first round and all remaining capacity being made available in the final round.

~~169-182.~~ Users will pay the price that they placed in their bid if their bid is allocated.

~~170-183.~~ National Grid NTS will allocate User bids in price order (highest price first) subject to National, Area and Local maxima (see Appendix 23).

Invitation

~~171-184.~~ National Grid NTS will notify Users of relevant details for the annual NTS Exit (Flexibility) Capacity auction by issuing an annual invitation not less than 28 days before the commencement of the auction.

~~172-185.~~ The annual invitation will specify:

~~172.1-185.1.~~ the days on which annual auctions will be held;

~~172.2-185.2.~~ reserve price for each NTS Exit Zone and Gas Year (in accordance with the Statement of Gas Transmission Transportation Charges);

~~172.3-185.3.~~ Maximum Available Annual NTS Exit (Flexibility) Capacity for each NTS Exit Zone, NTS Exit Area and for all NTS Exit Areas, subject to national, area and local maxima, for each Gas Year and auction tranche;

~~172.4-185.4.~~ The National, Area and Zonal Maxima;

~~172.5-186.~~ The attribution of NTS Exit Points to NTS Exit Zones and Areas will be specified in an National Grid NTS Licence Statement (anticipated to be the Exit Capacity Release Methodology Statement). NTS Exit Zones and Areas will only change their locational boundaries 5 years out, however new exit points may be accommodated within such existing zones and areas within this timeframe.

~~173-187.~~ The Maximum Available Annual NTS Exit (Flexibility) Capacity for each Gas Year will be:

~~173.1-187.1.~~ for all NTS Exit Areas, the difference between the national maximum for that Year and the total amount previously sold;

~~173.2-~~ for each NTS Exit Area, the difference between the area maximum for that Year and the amount previously sold in that area;

~~187.2.~~

~~173.3-187.3.~~ for each NTS Exit Zone, the difference between the zonal maximum for that Year and the amount previously sold in that zone.

Bidding

~~174.188.~~ Application for NTS Exit (Flexibility) Capacity must specify:

~~174.1-188.1.~~ The User

~~174.2-188.2.~~ The NTS Exit Zone

~~174.3-188.3.~~ The Gas Year that the application is for

~~174.4-188.4.~~ The NTS Exit (Flexibility) Capacity amount (in kWh/Day) (not less than 50,000 kWh/Day)

~~174.5-188.5.~~ The minimum amount of NTS Exit (Flexibility) Capacity the User is willing to be allocated

~~174.6-188.6.~~ The Bid Price (in p/kWh)

~~175-189.~~ The price must be greater than or equal to the reserve price for that NTS Exit Zone

~~176-190.~~ If a User has a credit sanction in place they will be unable to place bids.

~~177-191.~~ National Grid NTS will reject Users bid if any of these criteria are not met (rejection for the above criteria occurs at the time the User attempts to place the bid(s))

Other Rules:

~~178-192.~~ No more than {10} bids per User, per NTS Exit Zone, per year, per round.

~~179-193.~~ The bid window will be between 08:00 and 17:00 on the day of the auction

~~180-194.~~ Bids can only be placed within the bid window

~~181-195.~~ Bids can be modified and withdrawn throughout the bid window

~~182-196.~~ National Grid NTS will reject any bids that do not meet these criteria.

Information provision between each bid window

~~183-197.~~ Not later than 48 hours following the closure of each auction round, the National Grid NTS will notify Users of the following information by NTS Exit Zone and Gas Year:

~~183.1-197.1.~~ Aggregate Volume Requested

~~183.2-197.2.~~ Aggregate Volume Allocated

~~183.3-197.3.~~ Highest Price Bid Allocated

~~183.4-197.4.~~ Volume Allocated at highest price

~~183.5-197.5.~~ Lowest Price Bid Allocated

~~183.6-197.6.~~ Volume Allocated at lowest price

~~183.7-197.7.~~ Number of Users who placed bids

Aggregate Bid Quantities for that NTS Exit Zone

209. The Zonally Adjusted Bid Quantity is compared to the minimum bid quantity.
210. Where the Zonally Adjusted Bid Quantity is less than the Minimum Bid Quantity, the bid is rejected and the calculation of the Zonally Adjusted Bid Quantity repeated on the reduced set of bids.
211. This process will yield a set of intermediate set of bid requests that:
- 211.1. define potentially acceptable allocations (i.e. above user specified minimums)
 - 211.2. sum to less than or equal to the zonal availabilities.

Thus non-rejected bids can then be considered in the context of the potential limitations imposed by area availability restrictions as described below.

Area rationing

212. The process would then establish whether any Area limitations act to limit allocations at this price step and if so perform any necessary quantity scaling and bid rejection.
213. An analogous process will apply in respect of the NTS Exit Area as applies in respect of the NTS Exit Zone above.
214. The bid quantity inputs to this step in the process relate to those bids which have not been rejected based on the zonal rationing process. The Individual Bid Requested Quantity for this part of the process will be the User's Individual Bid Quantity or the Zonally Adjusted Bid Quantity (where the application of the "zonal rationing scaling approach" has applied in respect of this bid or bids).
215. If each and every NTS Exit Area availability is sufficient to satisfy all bids at that price then proceed to consideration of national availability (see National Rationing section), otherwise at least one NTS Exit Area availability is insufficient to satisfy all bids associated quantities (Individual Bid Requested Quantities taking account of any scaling that might have been applied via any zonal rationing attribution) at that price step and the following rationing process should be used in all such Areas.
216. The process will apply an "area rationing" process in respect of any potentially oversubscribed NTS Exit Area i.e. where the aggregate of the Individual Bid Requested Quantities for that area (at this price step) exceed the NTS Exit Area availability (as calculated taking account of any previously allocated quantities at earlier price steps (if any)).
217. An Area Adjusted Bid Quantity for non-rejected bids at this price step within the oversubscribed NTS Exit Area will be calculated as follows:
- $$\frac{\text{Individual Bid Requested Quantity}}{\text{Aggregate Bid Quantities for that NTS Exit Area}} * \text{NTS Exit Area availability}$$

218. The Adjusted Bid Quantity is compared to the Minimum Bid Quantity.
219. Where the Area Adjusted Bid Quantity is less than the Minimum Bid Quantity the bid is rejected.
220. In the event that a bid is rejected at this stage it will be necessary to return and reassess the group of remaining bids (at this price step)(if any) against zonal, area and national availabilities (and therefore either allocating in whole all such bids or restarting the rationing process in respect of all those bids at this price step that have not been

rejected). This would involve reperforming the allocation process from the zonal rationing process considering only those bids that have not been rejected.

221. If the process does not revert to zonal rationing, then the rationing process will have generated a set of intermediate bid request quantities that

221.1. define potentially acceptable allocations (i.e. above user specified minimums)

221.2. sum to less than or equal to the zonal availabilities in each zone;

221.3. sum to less than or equal to the area availabilities in each area.

222. This set of non-rejected bids (at the price step) and the implied quantities can then be considered in the context of the potential limitation associated with national availability.

National rationing

223. The process would then establish whether any National limitation acts to limit allocations at this price step.

224. An analogous process will apply in respect of the National consideration in respect of this price step as has been applied in respect of the Zonal Rationing and Area Rationing considerations above.

225. The bids to be considered in this stage of the process are those bids which have not been rejected based on the minimum quantity consideration in the zonal and area rationing processes. The Individual Bid Requested Quantity for this part of the process will be the user's requested quantity replaced by the Zonally Adjusted Bid Quantity (where the application of the "zonal rationing" process is relevant to the bid) or replaced by the Area Adjusted Bid Quantity (where the application of the "area rationing" process is relevant to this bid).

226. If National availability is sufficient to satisfy all bids at that price, then a valid set of allocations has been achieved and the allocations completed, otherwise National availability is insufficient to satisfy all bids at that price step and the following rationing process should be applied.

227. The process will apply a "national rationing" process in respect of the oversubscribed capacity application ie where the aggregate of the individual bid requested quantities (at this price step) exceed the national availability (as calculated taking account of any previously allocated quantities at earlier price steps (if any))

228. A National Adjusted Bid Quantity for all bids remaining in the allocation process at this price step will be calculated as follows:

$$\frac{\text{Individual Bid Requested Quantity}}{\text{Aggregate Bid Quantities (summed Nationally)}} * \text{NTS National availability}$$

229. The National Adjusted Bid Quantity is compared to the minimum bid quantity.

230. Where the National Adjusted Bid Quantity is less than the Minimum Bid Quantity the bid is rejected.

231. In the event that a bid is rejected at this stage it will be necessary to return and reassess the group of remaining bids (if any) against zonal, area and national availabilities and therefore either allocating in whole all such bids or restarting the rationing process in respect of all those bids at this price step that have not been rejected, thus involving reperformance of the allocation process from the zonal rationing process (for those bids that have not been rejected via the minimum quantity consideration).

232. If the process does not revert to the zonal rationing ste, then the rationing process will have generated a set of intermediate bid request quantities that

232.1. define potentially acceptable allocations (ie above user specified minimums)

232.2. sum to less than or equal to the zonal availabilities in each zone

232.3. sum to less than or equal to the area availabilities in each area

232.4. sum to less than or equal to the national availability.

233. The resulting allocations at this price step (if any) derived following completion of the above process will be used to decrement the relevant NTS Exit Zone, NTS Exit Area and National availabilities. The process will then return and complete the allocation of the next price step starting with the consideration of zonal rationing.

~~184. Where a credit sanction is in place, National Grid NTS will not allocate NTS Exit (Flexibility) Capacity to the User and the User's bids will be rejected.~~

~~185. National Grid NTS will have 48 hours after the closure of the bid window, to complete the allocation process below and notify the Users of their allocations.~~

~~186. All bids for all NTS Exit Zones will be considered as part of the allocation process.~~

~~187. All bids will be ranked in order of price for each Gas Year with the highest ranked first.~~

~~188. NTS Exit (Flexibility) Capacity bids will be allocated in descending order, allocating the highest priced bid first until:~~

~~188.1. until there are no more bids to satisfy, or~~

~~188.2. when the allocation of the sum of all of the NTS Exit Area allocations is equal to or greater than the national maxima, or~~

~~188.3. when the allocation of the sum of all of the NTS Exit Zone allocations within an area is equal to or greater than the relevant area maxima, or~~

~~188.4. when the allocation at an NTS Exit Zone is equal to or greater than the relevant zonal maxima.~~

~~189. When a bid is received where the amount of NTS Exit (Flexibility) Capacity available or the difference between the amount allocated at the NTS Exit Zone and the NTS Exit Zone maxima or the difference between the sum of all of the amount allocated for all of the NTS Exit Zones within an area is less than the amount bid, then that bid will not be allocated in full but partially allocated to the amount of NTS Exit (Flexibility) Capacity available. If the minimum quantity specified by the User is greater than the NTS Exit (Flexibility) Capacity amount available or the difference between the amount allocated at the NTS Exit Zone and the NTS Exit Zone maxima or the difference between the sum of all of the amount allocated for all of the NTS Exit Zones within an area is less than the amount bid, the bid will be rejected and the allocation process will descend to the next bid and apply the allocation process from there.~~

~~190. Where two or more bids have the same price, and when aggregated the amount of NTS Exit (Flexibility) Capacity requested is greater then the amount available then the bids will be pro-rated based on the quantities bid for.~~

~~191. Where the amount to be pro-rated is less than an individual bids' minimum quantity this bid will be rejected and a revised allocation will be made between the remaining equally priced bids or if all the equally priced bids are rejected then the allocation process steps down to the next bid(s) to continue allocation.~~

~~192. National Grid NTS will not allocate less than 50,000 kWh/day.~~

Post Auction Information Provision

193.234. Not later than 24 hours after each User is notified of their allocation, National Grid NTS will publish the following information by NTS Exit Zone and by Gas Year:

193.1.234.1. Aggregate Volume Requested

193.2.234.2. Aggregate Volume Allocated

193.3.234.3. Maximum Available NTS Exit (Flexibility) Capacity

193.4.234.4. Highest Price Bid Allocated

193.5.234.5. Volume Allocated at highest price

193.6.234.6. Lowest Price Bid Allocated

193.7.234.7. Volume Allocated at lowest price

193.8.234.8. Number of Users who submitted bids

193.9.234.9. Number of successful Users

Section 7: Daily NTS Exit (Flexibility) Capacity Sales

High Level Principles

194-235. Users may apply for Daily NTS Exit (Flexibility) Capacity in any NTS Exit Zone through submission of an (Individual) Offtake Profile Notice (OPN), or an (Individual) Storage Flow Notification (SFN) or, in the event that there is greater demand for Daily NTS Exit (Flexibility) Capacity than National Grid NTS considers can be safely accommodated by the system, a “pay-as-bid” capacity auction.

195-236. In the event that a daily auction is triggered, National Grid NTS will inform Users of the time(s) at which such auctions will be undertaken.

OPN⁷ Capacity Application Process

196-237. The Registered Users at an NTS Exit Point shall ensure that an OPN is provided to National Grid NTS ahead of the ~~gas day~~ Gas Day⁸, as defined in UNC, to set out the intended aggregate rate of offtake for the NTS Exit Point.

238. For NTS Exit Points where there is more than one Registered User, except where an Overrun User is appointed, an Individual Offtake Profile Notice (IOPN) must be provided by each Registered User representing its intended flow rates over the Gas Day. The IOPN for each Registered User will be determined from the OPN based on its proportion of the end of day flow at that NTS Exit Point for D-7, unless:

÷

197.4-238.1. an Individual Offtake Profile Notice (IOPN) ~~for each Registered User is provided must be provided~~ with the OPN ~~for each Registered User~~ such that the sum of the rate of offtakes in each IOPN equals the aggregate rates set out in the OPN; or

238.2. a standing instruction ~~must be~~ notified in advance to National Grid NTS by all Registered Users of the attribution of the OPN to each Registered User.

~~This will be used by National Grid NTS to determine the IOPN for each User.~~

~~if 199.1 and 199.2 are not provided then National Grid NTS the User's IOPN will be calculated based on each Users proportion of the preceding day's IOPNs. Where an IOPN has never been submitted each Users IOPN will be calculated based on their proportion of the allocations at that NTS Exit Point at D-7.~~

198-239. Users may apply for Daily NTS Exit (Flexibility) Capacity in respect of an NTS Exit Zone by submitting (or revising) any IOPN at an NTS Exit Point as a result of which the User’s Notified Daily Flexibility Utilisation for the NTS Exit Zone exceeds its holdings as described below.

199-240. National Grid NTS will determine from the IOPN, each User’s Notified User Daily Flexibility Utilisation (NUDFU) for the NTS Exit Point as follows:

$$NUDFU = UDQO_{2200} - AUDQO_{2200}$$

where:

UDQO₂₂₀₀ is the quantity of gas offtaken notified to be offtaken in

⁷ For clarity, this also includes Storage Flow Notifications

⁸ Note that the timescale for OPN/SFN submission is currently the subject of UNC Modification Proposal 0100

aggregate by the User between 06:00 hours and 22:00 hours on the Day at the NTS Exit Point;

AUDQO₂₂₀₀ is the average notified quantity of gas deemed to be offtaken by the Users at the NTS Exit Point at an even rate between 06:00 hours and 22:00 hours on the relevant Day calculated i.e.

$$DQ * (16 / 24),$$

where DQ is the notified quantity of gas to be offtaken by the Users on the ~~gas-day~~Gas Day for the NTS Exit Point

200-241. A User's Notified User Daily Flexibility Utilisation for each NTS Exit Zone (NUDFU_Z) will then be determined by summing the User's Notified User Daily Flexibility Utilised for each NTS Exit Point (NUDFU) for all NTS Exit Points within an NTS Exit Zone.

201-242. On each hour bar, National Grid NTS will make an assessment of each User's Notified User Daily Flexibility Utilisation for each zone against the amount of flexibility capacity that it has previously bought and any additional amount of flexibility capacity that National Grid NTS may wish to release. In the event that the User's Notified User Daily Flexibility Utilisation for an NTS Exit Zone (ANUDFU_Z) is:

201.1-242.1. "CASE A" - greater than its NTS Exit (Flexibility) Capacity holding for the zone and National Grid NTS can accommodate notified flex capacity utilisations for all Users in the NTS Exit Zone, then the relevant User's NTS Exit (Flexibility) Capacity holding will be set equal to its Notified User Daily Flexibility Utilisation for the NTS Exit Zone (NUDFU_Z) i.e. the User's NTS Exit (Flexibility) Capacity holding will be increased;

201.2-242.2. "CASE B" - greater than its NTS Exit (Flexibility) Capacity holding for the zone and National Grid NTS cannot accommodate (at its discretion⁹) notified flex capacity utilisations for all Users in the NTS Exit Zone, then National Grid NTS will reject the User's IOPN within {30} minutes;

201.3-242.3. "CASE C" - less than the NTS Exit (Flexibility) Capacity holding for the zone, the IOPN will not be rejected.

202-243. Where a User's IOPN has been rejected under CASE B above and National Grid NTS considers that the NTS Exit Zone is able to accommodate additional flexibility utilisation than has been booked, Users will be able to resubmit its OPN/IOPN within {30} minutes. National Grid NTS will follow the above process again and in the event that

202.1-243.1. only one User's IOPN is rejected under CASE B, then the above is repeated;

202.2-243.2. more than one User's IOPN is rejected under CASE B, then National Grid NTS will inform Users that the NTS Exit Zone for the ~~gas-day~~Gas Day is a "flexibility constraint day" i.e. there are competing users for "spare" flexibility in a zone, and daily "pay-as-bid" auctions will be held (as described below).

203-244. The above steps are repeated in the event that a revised IOPN is submitted after acceptance of the first IOPN by National Grid NTS.

204-245. For clarity, a User does not surrender or otherwise reduce its NTS Exit (Flexibility) Capacity in relation to a Day by submitting or revising an IOPN.

⁹ In the event that there is unsold baseline NTS Exit (Flexibility) Capacity, then National Grid NTS must release such levels of capacity, otherwise any additional amounts will be at National Grid NTS discretion.

~~205-246.~~ Daily NTS Exit (Flexibility) Capacity obtained through the IOPN process will be charged to the relevant User at the daily flex auction reserve price.

~~247. The Applications for daily NTS Exit (Flexibility) Capacity via the OPN process will not be accepted after be completed at 0.00 on the Gas Day within day.~~

Daily NTS Exit (Flexibility) Capacity auctions (where required)

Invitation

~~206-248.~~ Where an NTS Exit Zone has been declared a “flexibility constraint day”, National Grid NTS will notify Users of relevant details for the daily NTS Exit (Flexibility) Capacity auction by issuing a daily invitation.

~~207-249.~~ The daily invitation will specify:

~~207.1-249.1.~~ the time(s) at which the auction(s) will be held; a minimum of [30] minutes notification shall be provided by ~~National Grid NTS~~ ~~TS SO~~;

~~207.2-249.2.~~ the NTS Exit Zone(s);

~~207.3-249.3.~~ reserve price for each NTS Exit Zone (in accordance with the Statement of Gas Transmission Transportation Charges);

~~207.4. Updated Maximum Available Annual NTS Exit (Flexibility) Capacity for the NTS Exit Zone.~~

~~208. The Updated Maximum Available Annual NTS Exit (Flexibility) Capacity for the day will be:~~

~~208.1. for the NTS Exit Zone, the difference between National Grid NTS’ estimated zonal maximum for that gas day (based on assessment of system capability) and the amount previously sold in that zone.~~

Bidding

~~209-250.~~ Application for Daily Firm NTS Exit (Flexibility) Capacity must specify:

~~209.1-250.1.~~ The User

~~209.2-250.2.~~ The NTS Exit Zone

~~209.3-250.3.~~ The Date / Day for which the NTS Exit (Flexibility) Capacity is applicable for

~~209.4-250.4.~~ The volume of Daily Firm NTS Exit (Flexibility) Capacity bid for/offered (not less than minimum eligible amount – 50,000kWh)

~~209.5-250.5.~~ The minimum volume of Daily Firm NTS Exit (Flexibility) Capacity bid for/offered (not less than minimum eligible amount – 50,000kWh)

~~209.6-250.6.~~ Whether the bid is Evergreen (constant volume) or Reducing (constant rate). The bid quantity for a reducing bid will reduce by 1/n each hour once the Gas Day has started where n is the number of hours remaining up to 22.00 from when the bid/offer was initially posted.

209.7-250.7. The lead time associated to the bid will be hour bar +1

209.8-250.8. Bid Price

210-251. The bid price must be greater than or equal to the reserve price (reserve price is subject to wider licence developments with respect to clearing allocation rules)

211-252. If a User has a credit sanction in place at the time of their bid, they will be unable to place their bids.

212-253. National Grid NTS will reject a Users bids if any of the above criteria aren't met (rejection for the above criteria occurs at the time the User attempts to place the bid(s))

Other Rules:

213-254. Users will be able to place up to 10 bids per NTS Exit Zone per day

214-255. An 'evergreen' bid may be modified at any time, subject to gate closure rules, until the bid is selected.

215-256. If the lead time makes the bid invalid then the bid/offer will be rejected.

Gate Closure

216-257. Users can bid throughout the bid window but only bids placed by the allocation times detailed above for D-1 and D will be considered for allocation.

217-258. The bids placed can be modified or withdrawn before these times but cannot be modified or withdrawn after these times until the auction has been run.

218-259. Once the processing has been completed, if the bids haven't been allocated then these bids can then be modified or withdrawn.

Allocations

219-260. On D and D-1 NTS Exit (Flexibility) Capacity will be made available at the ~~NTS SO~~sational Grid NTS discretion.

220-261. National Grid NTS will allocate and notify Users within 1 hour of processing for all auctions subject to there being Daily NTS Exit (Flexibility) Capacity available.

221-262. On a day where there is no Daily Firm NTS Exit (Flexibility) Capacity available at an NTS Exit Zone or there is an amount less than the minimum eligible amount 50,000 kWh, National Grid NTS will not allocate.

222-263. All bids will be ranked in order of price, the highest being ranked first.

223-264. Where a Credit Sanction is in place National Grid NTS will not allocate NTS Exit (Flexibility) Capacity to the User. The Users bids will be rejected.

224-265. Daily NTS Exit (Flexibility) Capacity bids will be allocated in descending order, allocating the highest priced bid first until the amount allocated in aggregate equals the amount of Daily NTS Exit (Flexibility) Capacity available or there are no more bids to satisfy.

225-266. When a bid is reached where the amount of Daily NTS Exit (Flexibility) Capacity available is less than the amount bid for, then that bid will not be allocated in full but will be partially allocated. If the minimum quantity specified by the User is greater than the amount available, then this bid is disregarded within that specific auction and

the allocation process will descend to the next bid and apply the allocation process to that bid.

226-267. If two or more bids have the same price and in aggregate the amount of Daily NTS Exit (Flexibility) Capacity requested is greater than the amount available, then the bids will be pro-rated based on the quantities bid for. Where the pro-rated amount is less than an individual bids' minimum quantity this bid will be disregarded and a revised allocation will be made between the remaining equally priced bids. If the pro-rated amount, for all the equally placed bids is below the minimum quantity required these bids are disregarded within that allocation process, which then steps down to the next bid(s) to continue the allocation.

227-268. National Grid NTS will not allocate a Daily NTS Exit (Flexibility) Capacity Volume less than 50,000kWh

228-269. Any bid that has been disregarded during the allocation process will be available for modification and withdrawal once the allocation processes have been completed.

229-270. Any bids that have been placed and have not been allocated after the final allocation process at ~~D-20.00~~ on the Gas Day will be rejected.

230-271. Any bids made by a User that are successful, register that User as holding NTS Exit (Flexibility) Capacity rights for the relevant day and time period for that NTS Exit Zone. Allocated bids will increase their holding.

Post Auction Information Provision

231-272. Not later than 1 hour after each User has been notified of their allocation the National Grid NTS will publish the following information per NTS Exit Zone per day. Each one of the pieces of information detailed below will be provided:

231.1-272.1. Weighted Average Price of all successful bids

231.2-272.2. Aggregate Volume Allocated

231.3-272.3. Number of Users who submitted bids

231.4-272.4. Number of successful Users

231.5-272.5. The highest price accepted

231.6-272.6. The volume accepted associated to the highest price

231.7-272.7. The lowest price accepted

231.8-272.8. The volume accepted associated to the lowest price

Section 8: Transfers and Assignment of NTS Exit (Flexibility) Capacity

232-273. National Grid NTS will facilitate secondary transfers (trading) of capacity at and between NTS Exit Zones subject to area and zonal maxima i.e. a User will be able to transfer (trade) capacity at an NTS Exit Zone:

- 232.1-273.1. to another User at the same NTS Exit Zone; or
- 232.2-273.2. to itself or another User at a different NTS Exit Zone
- 232.3-273.3. for a specific Gas Year(s) prior to completion of the final Annual NTS Exit (Flexibility) Capacity auction for that Gas Year(s)
- 232.4-273.4. for a specific day/days after completion of the final Annual NTS Exit (Flexibility) Capacity auction for that Gas Year

but the primary holder would still remain liable for paying the relevant capacity charges.

233-274. National Grid NTS will also facilitate primary transfer (assignment) of a User's capacity holding to another User at an NTS Exit Zone i.e. a User will be able to assign its capacity holdings at an NTS Exit Zone to another User at the same NTS Exit Zone, including the liability to pay the relevant capacity charges.

236-275. The system functionality for transfers and assignment of NTS Exit (Flexibility) Capacity will be available from Aug 2009.

Primary Transfers (Trades)

235-276. A User ("Transferor User") will be able to transfer all or part of its Firm NTS Exit (Flexibility) Capacity at an NTS Exit Zone for a Gas Year before all Annual NTS Exit (Flexibility) Auctions have been held for that Gas Year, and day or days after the last Annual NTS Exit (Flexibility) Auction has been held for that Gas Year to:

- 235.1-276.1. another User ("Transferee User") at the same NTS Exit Zone; or
- 235.2-276.2. itself or another User ("Transferee User") at a different NTS Exit Zone.

236-277. To facilitate a transfer between different Users, the Transferor User (selling User) must notify, and the Transferee User must confirm and Transferee User (buying User) must notify to National Grid NTS of:

- 236.1-277.1. the identity of the Transferor User and Transferee User;
- 236.2-277.2. the NTS Exit Zone from which capacity is to be transferred;
- 236.3-277.3. the NTS Exit Zone to which capacity is to be transferred;
- 236.4-277.4. amount of capacity to be transferred;
- 236.5-277.5. for transfers after the last Annual NTS Exit (Flexibility) Auction for that Gas Year the relevant day or days for the transfers.
- 236.6-277.6. for transfers before the last Annual NTS Exit (Flexibility) Auction for that Gas Year the Gas Year for the transfer

237-278. The Transferor User will enter the trade details and the Transferee User will confirm or reject the trade

238-279. To facilitate a transfer between the same User, the User must notify National Grid NTS of:

- 238.1-279.1. the identity of the User (both Transferor User and Transferee User);
- 238.2-279.2. the NTS Exit Zone from which capacity is to be transferred;
- 238.3-279.3. the NTS Exit Zone to which capacity is to be transferred;
- 238.4-279.4. amount of capacity to be transferred;
- 238.5-279.5. for transfers after the last Annual NTS Exit (Flexibility) Auction for that Gas Year the relevant day or days for the transfers
- 238.6-279.6. for transfers before the last Annual NTS Exit (Flexibility) Auction for that Gas Year the Gas Year for the transfer

239-280. Transfers for a Gas Year, both between and within NTS Exit Zones, may not be notified:

239.1-280.1. during a capacity allocation period

239.2-280.2. after the last Annual NTS Exit (Flexibility) Capacity Auction for that Gas Year (becomes a transfer over a day or number of days)

240-281. Transfers may not be notified in respect of any day within a Gas Year between NTS Exit Zones:

240.1-281.1. until after the completion of the last annual NTS Exit (Flex) Capacity auction for the Gas Year;

240.2-281.2. later than 12:00 ahead of the Day or first Day for which capacity is requested to be transferred between NTS Exit Zones;

240.3-281.3. during a capacity allocation period;

240.4-281.4. if National Grid NTS has provided notification that it is considering undertaking a capacity constraint management action at the NTS Exit Zone.

241-282. Transfers may not be notified in respect of any day within a Gas Year within NTS Exit Zones:

241.1-282.1. later than 04:00 hours on the Day or first Day for which capacity is requested to be transferred within NTS Exit Zones;

242-283. Transfers will be rejected in respect of any a Gas Year or any day within a Gas Year:

242.1-283.1. if a transfer between NTS Exit Zones would result in a breach of the limits for the NTS Exit Zone and/or NTS Exit Area to which the capacity would be transferred;

242.2-283.2. for any 2 transfers that are received at exactly the same time and the combined effect would cause either the NTS Exit Zone or Area Maxima to which the capacity would be transferred to be exceeded.

243-284. Transfers may be rejected by National Grid NTS where the requested transfer amount exceeds the Transferor User's capacity holding.

244-285. If a requested transfer has not been rejected within 60 minutes of the notification by the Transferor User and the Transferee User (whichever is later), the transfer will deemed to have been accepted by National Grid NTS.

245-286. If a transfer has been accepted between two Users, the transferred capacity for the relevant Gas Year(s)/day(s) will be:

245.1-286.1. deducted from Transferor User's NTS Exit (Flex) capacity holdings at the NTS Exit Zone, but the Transferor User will continue to be liable for capacity charges for the transferred amount;

245.2-286.2. added to the Transferee User's NTS Exit (Flex) capacity holdings at the same or new NTS Exit Zone (as requested), but the Transferee User will not become liable for capacity charges for the transferred amount

246-287. If a transfer has been accepted for a single User, the transferred capacity for the relevant Gas Year(s)/day(s) will be:

246.1-287.1. deducted from User's NTS Exit (Flex) capacity holdings at the initial NTS Exit Zone;

~~246.2-287.2.~~ added to the User's NTS Exit (Flex) capacity holdings at the new NTS Exit Zone

~~247-288.~~ The revised end of day NTS Exit (Flexibility) Capacity holdings for both Users will be used in the calculation of NTS Exit (Flexibility) Capacity Overrun Charges and other liabilities associated with NTS Exit arrangements, but the primary Capacity holder will remain liable for the payment of NTS Exit (Flexibility) Capacity charges.

~~289. National Grid NTS shall publish provide instantaneous the following information to Users to facilitate trading between NTS Exit Zones (information provided upto 12.00 D-1, Inter NTS Exit Zone Trading cut off time). The information provided by National Grid NTS will be by NTS Exit Zone for each by Gas Day, with updates undertaken after acceptance of any inter-zonal transfers day and will detail:~~

~~289.1. The aggregate amount of registered NTS Exit (Flexibility) Capacity allocated at that NTS Exit Zone via the Annual NTS Exit (Flexibility) Capacity auctions;~~

~~289.2. The aggregate amount of NTS Exit (Flexibility) Capacity transferred into that NTS Exit Zone;~~

~~289.3. The aggregate amount of NTS Exit (Flexibility) Capacity transferred out of that NTS Exit Zone;~~

~~289.4. The Maximum Available NTS Exit (Flexibility) Capacity at the NTS Exit Zone and NTS Exit Area within which that the NTS Exit Zone resides.~~

Assignment (Primary Transfers)

~~248-290.~~ A User ("Assignor User") will be able to assign all of its NTS Exit (Flexibility) Capacity obtained through the annual capacity release mechanisms at an NTS Exit Zone to another User ("Assignee User") at the same NTS Exit Zone from a specified day (the "Assignment Day").

~~249-291.~~ To facilitate a capacity assignment, the Assignor User ~~and Assignee User~~ must notify, ~~and the Assignee User must confirm, to~~ National Grid NTS of:

~~249.1-291.1.~~ the identity of the Assignor User and Assignee User;

~~249.2-291.2.~~ the NTS Exit Point;

~~249.3-291.3.~~ the Assignment Day.

~~250-292.~~ Assignments may not be notified

~~250.1-292.1.~~ later than 5 Business Days before the Assignment Day.

~~251-293.~~ Assignments will be rejected by National Grid NTS where:

~~251.1-293.1.~~ the Assignee User does not have the required credit worthiness.

~~252-294.~~ If a requested assignment has not been rejected within 4 Business Days of the notification by the Assignor User and the Assignee User (whichever is later), the assignment will deemed to have been accepted by National Grid NTS.

~~253-295.~~ If an assignment has been accepted:-

~~253.1-295.1.~~ the Assignor's NTS Exit (Flex) capacity holdings at the NTS Exit Point will be reduced to zero and the Assignor will no longer be liable for capacity charges for the assigned amount from the Assignment Day;

~~253.2-295.2.~~ the Assignee User's NTS Exit (Flex) capacity holdings at the NTS Exit Point will be increased by the Assignor's NTS Exit (Flex) Capacity, and the Assignee will become liable for capacity charges for the assigned amount from the Assignment Day.



Section 9: NTS Exit Capacity Constraint Management

General Principles:

~~254-296.~~ An NTS Exit Capacity constraint occurs when physical capability at a point of the NTS ~~system~~ is expected to be below anticipated flows (forecast demand) and the aggregate of the NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity holdings at that location, at some time in the remainder of the day.

~~297.~~ In accordance with Section 13 – Liabilities, National Grid NTS shall have a number of allowable maintenance days. NTS Exit (Flat and Flexibility) Constraint Management Tools will be utilised if any maintenance is undertaken outside the defined number of maintenance days. When National Grid NTS utilises an allowable maintenance day at an NTS Exit Point, the User's NTS Exit (Flat) Capacity holdings at that NTS Exit Point will not be included in the NTS Exit Capacity Neutrality smearing calculation (see section 11).

~~256.~~ An Exit Capacity constraint could be caused by one of the following occurring or expected to occur:

~~256.1.~~ Locally high gas demand

~~256.2.~~ NTS planned maintenance

~~256.3.~~ Unplanned events – compressor trips / plant failure

~~256.4.~~ Safety related incident

~~257-298.~~ The following Exit Capacity Management Tools (ExCMTs) are currently envisaged (but additional tools may be developed over time):

~~257.1-298.1.~~ Scale back of Interruptible NTS Exit (Flat) Capacity

~~257.2-298.2.~~ Forward and Option contract(s) for NTS Exit (Flat and Flexibility) Capacity Buy-back

~~257.3.~~ Flow Swap Contract(s) for NTS Exit (Flat and Flexibility) Capacity

~~257.4.~~ Turn-up Contract (to increase flow into the NTS in the constrained area, this would be a replacement for Constrained LNG)

~~257.5-298.3.~~ Daily NTS Exit (Flat and Flexibility) Capacity Buy-back (NTS Exit (Flexibility) Capacity buyback D-1 only)

~~257.6-298.4.~~ Daily purchase of Within Day Flow reductions by National Grid NTS

~~257.7-298.5.~~ Locational buy action on the OCM to reduce demand at an Exit Point

~~258-299.~~ Payments (and revenues) in respect of ExCMTs will form part of NTS Exit Capacity Neutrality and be counted towards the National Grid NTS Exit Capacity Incentive, subject to National Grid NTS Licence incentive arrangements.

~~259.~~ Each of these processes is described in more detail below.

~~260.~~ The UNC will recognise the existence of ExCMTs, but will only contain a full description of the arrangements for the following ExCMTs:

~~260.1.~~ Scale back of Interruptible Exit Capacity

~~260.2.Daily NTS Exit (Flat and Flexibility) Capacity Buy back (firm capacity)~~

~~260.3.Within Day Flow Reductions~~

~~260.4.Locational buy action on the OCM~~

~~261.300.~~ The ExCMTs described above will only be used to resolve NTS Exit Capacity constraints (or in the circumstances of a ~~Networkational~~ Gas Supply emergency. In such circumstances, i.e. Network Gas Supply Emergency, no payment will be made under the ExCMTs).

~~262.Contracts may be established with Users at the following:~~

~~262.1.LDZ offtakes~~

~~262.2.NTS Direct Connects~~

~~262.3.Entry Points (most likely to be Storage Facilities or LNG Importation Terminals)~~

~~Apart from Turn-up Contracts and the use of the OCM; the use of all the ExCMTs described in 2623 above will reduce a Users NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) holding and hence affect their exposure to NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity Overrun Charges.~~

~~[Check within day flow reduction interaction on overrun — I think this is ok pre 22.00 which is the way we have drafted]~~

~~264.301.~~ National Grid NTS will use ExCMTs in accordance with its System Management Principles Statement (SMPS) and will procure such tools in accordance with its Procurement Guidelines.

~~265.Payments (and revenues) in respect of ExCMTs will be counted towards the National Grid NTS Exit Capacity Incentive.~~

~~266.302.~~ The User will be required to have installed at the NTS Exit Point measuring equipment of a satisfactory standard having due regard to the maximum range of flow rates that would be likely to be experienced, particularly where the NTS Exit Point will participate in resolving constraints via the ExCMT's ~~(described in 25468.1 to 25468.7)~~.

Exercising Daily Interruptible System Exit Capacity Rights

~~267.303.~~ Where the system cannot accommodate the expected gas flow rate or where action is requested of the Transporter by the NEC (National Emergency Co-ordinator) National Grid NTS will reduce Daily Interruptible NTS Exit (Flat) Capacity entitlements.

~~268.304.~~ Daily Interruptible NTS Exit (Flat) Capacity can be interrupted at any time after 15:00 D-1 before or during the ~~gas day~~Gas Day but with an effective time not earlier than 06:00 on D and not later than 02.00 on D. If a reduction in Daily Interruptible NTS Exit (Flat) Capacity is necessary within day then the reduction will be applied with effect from the next hour bar plus ~~[one — too short? 4 to 5 hours min4?]~~.

~~269.305.~~ A User's Daily Interruptible NTS Exit (Flat) Capacity entitlement will be calculated taking into account any reduction in the entitlement as a result of scaling back of interruptible entitlements, which may have been called during the day.

~~270.306.~~ Should Daily Interruptible NTS Exit (Flat) Capacity require curtailment, each Users available Daily Interruptible NTS Exit (Flat) Capacity will be determined as:

$$R * (\text{ExICF1} * P1 + \text{ExICF2} * P2 + \dots + \text{ExICFn} * Pn) / 24$$

where:

R is the amount of the Users available Daily Interruptible NTS Exit (Flat) Capacity for the day

ExICF is the NTS Exit Interruptible Curtailment Factor

P is the period in hours from the curtailment effective time until the effective time of a subsequent curtailment notice or the end of the day

271.307. The National Grid NTS shall determine the aggregate proportion of Daily Interruptible NTS Exit (Flat) Capacity to be scaled off in the event that they should deem such action necessary.

272.308. The National Grid NTS will issue an NTS Exit (Flat) Interruptible Curtailment Notice (ExICN) which will state, affected NTS Exit Point(s), the ExICF and the effective time the EXICN is to be applied. The ExICN will be issued to all Users.

273.309. After scaling, a User will have the right to offtake gas at a rate not exceeding 1/24th of their capacity holding multiplied by the ExICF. - The User will have no right to flow against any accrued capacity.

274.310. If at an NTS Exit Point, a User does not have measuring equipment of a satisfactory standard to measure gas flow at the implied rate, post scaling, then it may be required to cease all gas flow for the period to which the scaling instruction applies.

275.311. The Users will pay for the allocated volume of Daily Interruptible NTS Exit (Flat) Capacity (pre scaling) multiplied by the allocation price.

NTS Exit Capacity Buy-Back - Option & Forward Contracts

276.312. National Grid NTS may issue a tender for Option and/or Forward Contracts to affect a buy-back of NTS Exit (Flat) Capacity at an NTS Exit Point and/or NTS Exit (Flexibility) Capacity at an NTS Exit Zone. A single tender may include a requirement for 1 or more contract types and NTS Exit Points/NTS Exit Zones and an individual contract may affect either or both NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity holdings.

277.313. A Forward Contract is an advance buy-back of NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) Capacity for a pre-agreed period and quantity. The National Grid NTS would pay the User for the buy-back for that period at a price agreed at the time of the tender.

278.314. An Option Contract allows the National Grid NTS to buy an amount of NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) Capacity back from a User on a defined number of days within a defined period; the exact dates and quantities are determined when the contract is exercised. The National Grid NTS pays a premium for the right to buy back the NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) Capacity and an exercise fee should it use that right.

279.315. Initial tenders are expected to be issued in October 2007.

280.316. An invitation to tender may be issued by National Grid NTS at any time, but typically be expected to take place on an annual basis for a period of 1 to 7 years ahead but could be any period up to the day ahead.

281-317. In the invitation to tender, National Grid NTS would provide information about its requirements, for example the type of information could include:

281.1-317.1. Period for which the contract would apply

281.2-317.2. NTS Exit point(s)/NTS Exit Zone(s) for which a contract is required

281.3-317.3. Product for which contract is required (NTS Exit (Flat) Capacity, NTS Exit (Flexibility) Capacity etc)

281.4-317.4. Whether an Option or Forward Contract is required

281.5-317.5. Volume of the NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) Capacity buy-back required per NTS Exit Point and/or NTS Exit Zone

281.6-317.6. For Option Contracts the following may also be provided:

281.6.1-317.6.1. Number of days within the period on which the contract would be exercisable;

281.6.2-317.6.2. Premium price

281.6.3-317.6.3. Exercise price

281.6.4-317.6.4. Latest day and time at which the contract could be exercised (relative to ~~gas day~~Gas Day)

281.6.5-317.6.5. Lead time for exercise min h+1, max h+24

281.7-317.7. For Forward Contracts the following may also be provided:

281.7.1-317.7.1. Price

282-318. If any of the above parameters are not given by the National Grid NTS in the invitation to tender (or a maximum / minimum value is provided), the User would be able to offer a suitable value.

283-319. A limit of [n] (in the tender) would be placed on the number of offers made by a User.

284-320. All prices will be in p/kWh/day to four decimal places and all volumes will be in kWh/day.

285-321. The Contract will be made up of terms and conditions, the invitation to tender and the offer posted by a User and the acceptance by National Grid NTS.

286-322. The User will be required to sign onto the terms and conditions (either by way of fax or electronically) before posting an offer and will be bound by the current version of terms and conditions if their offer is accepted.

287-323. Option premiums will be at a constant rate for all days in the period, so that if the contract period spans a number of months a pro-rata proportion is allocated to each month.

288-324. Payment from National Grid NTS to Users for agreed contracts will be invoiced on an Ad-Hoc Invoice. Any payments that are due will be identified on such invoices. These will be produced on a monthly basis charges arising in the previous month for previous month.

289-325. Forward costs will be a constant rate over the period of which the contract applies.

290.326. On any ~~Gas Day~~Gas Day, an NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) Capacity buy-back option contract could be exercised either wholly or in part, (subject to the minimum quantity). Once the option volume has been partially exercised for a ~~Gas Day~~Gas Day the remainder will not be available.

291.327. Each time an NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) Capacity buy-back option contract is exercised the number of times remaining for exercise will be decremented by one. Once a contract has been exercised the maximum number of times (as specified in the contract), it will cease to be available.

292.328. An option contract could be exercised by National Grid NTS at any time between the acceptance of the tender and the final exercise time for action for a day specified at the time of exercise.

293.329. Following the exercise of an option contract prior to the ~~gas day~~Gas Day, it will be deemed to be effective from 06:00 on the ~~gas day~~Gas Day to which the exercise applies. For NTS Exit (Flat) Capacity contracts exercised within day the effective time will be after the agreed lead-time min h+1 - max h+24. For NTS Exit (Flexibility) Capacity contracts exercised within day the effective time will be after the agreed lead-time min h+1 – max h+15.

294.330. The exercise of an option contract or the acceptance of a forward contract will be a reduction in the Users NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) Capacity holding and hence will be deemed to reduce the rate at which the User has a right to offtake gas by the same amount for all remaining hours in the ~~gas day~~Gas Day following the hour in which the exercise / acceptance becomes effective.

295.331. A reduction in NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) Capacity holdings will affect the Users liability for NTS Exit (Flat) Capacity and/or NTS Exit (Flexibility) Overrun Charges.

Flow-Swap Contracts

~~296. National Grid NTS may issue a Tender for Flow Swap contracts to effect a swap in within day flows from one NTS Exit Point where a constraint is being encountered to another NTS Exit Point where such flows can be accommodated.~~

~~297. A Flow Swap contract allows the National Grid NTS to require a User to be able to reduce the flow through one NTS Exit Point and accommodate such a flow via another NTS Exit Point on a defined number of days within a defined period; the exact dates, quantities and times are determined when the contract is exercised. The National Grid NTS pays a premium for the right to access that swap and an exercise fee should it use that right.~~

~~298. An invitation tender may be issued by National Grid NTS at any time, but typically be expected to take place on an annual basis for a period of 1 to 7 years ahead but could be any period up to day ahead.~~

~~299. In the invitation to tender, National Grid NTS would provide information about its requirements, for example the type of information could include:~~

~~299.1. Period for which the contract would apply~~

~~299.2. NTS Exit Points / Locations for which a flow swap is required.~~

~~299.3. Number of days within the period on which the contract could be exercisable~~

~~299.4. Premium price~~

~~299.5. Exercise Price~~

- ~~299.6. Latest day and time the contract could be exercised~~
- ~~299.7. Lead time for exercise~~
- ~~299.8. Any temporal aspect that may be required.~~
- ~~299.9. Maximum Flow swap quantity~~
- ~~300. If any of the above parameters are not given by the National Grid NTS in the invitation to tender (or a maximum / minimum is provided), the User would be able to offer a suitable value.~~
- ~~301. A limit of [n] would be placed on the number of offers made by a User.~~
- ~~302. All prices will be in p/kWh/day to four decimal places.~~
- ~~303. The contract will be made up of terms and conditions, the invitation to tender and the offer posted by a User and accepted by National Grid NTS.~~
- ~~304. The User will be required to sign onto the terms and conditions (either by way of fax or electronically) before posting an offer and will be bound by the current version of terms and conditions if their offer is accepted.~~
- ~~305. Payment from National Grid NTS to Users for agreed contracts will be invoiced on an Ad-Hoc Invoice. Any payments that are due will be identified on such invoices. These will be produced at the beginning of the month following the period to which contract applied.~~
- ~~306. Flow Swap Option premiums will be at a constant rate for all days in the period, so that if the contract period spans a number of months a pro-rata proportion is allocated to each month.~~
- ~~307. On any day, a Flow Swap Contract could be exercised either wholly or in part, (subject to the minimum quantity).~~
- ~~308. Each time a Flow Swap Option Contract is exercised the number of times remaining for exercise will be decremented by one. Once a contract has been exercised the maximum number of times (as specified in the contract), it will cease to be available.~~
- ~~309. A Flow Swap Option contract could be exercised by National Grid NTS at any time between the acceptance of the tender and the final exercise time, for action on a day specified at the time of exercise.~~
- ~~310. Prior to exercise National Grid NTS will notify the User of the Flow Swap quantity required and agree to sell any end of day NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity that is required by the User at the NTS Exit Point that flows are being swapped to.~~
- ~~311. Following the exercise of a Flow Swap Option contract prior to the gas day Gas Day, it will deem to be effective from 06:00 on the gas day Gas Day to which the exercise applies. For contracts exercised within day the effective time will be after the agreed lead-time min h+1—max h+23/4.~~
- ~~312. Exercise of a Flow Swap contract would necessitate a decreased flow rate at one NTS Exit Point to the level specified/agreed in the contract and an increased flow rate to no less than the minimum specified by the contract.~~
- ~~313. Once the contract has been exercised National Grid NTS would expect a revised OPN/SFN (to reflect the exercise) to be submitted by the User.~~

~~314. Once the flow swap has been exercised by National Grid NTS a User can submit further OPN/SFN changes but will be subject to National Grid NTS approval.~~

Turn-up Contracts

~~315. National Grid NTS may issue a tender for Turn-up Option Contracts to effect an increase in flow at an NTS Entry Point which is located in such a place as to assist with management of an exit capacity constraint.~~

~~316. A Turn-up Option Contract allows the National Grid NTS to require a User be able to deliver an amount of gas to the NTS from the Entry Point on a defined number of days within a defined period; the exact dates and quantities are determined when the contract is exercised. The National Grid NTS pays a premium for the right to access that gas and an exercise fee should it use that right.~~

~~317. Initial tenders are expected to be issued in October 2007.~~

~~318. An invitation to tender may be issued by National Grid NTS at any time, but typically be expected to take place on an annual basis for a period of 1 to 7 years ahead but could be any period up to day ahead.~~

~~319. In the invitation to tender, National Grid NTS would provide information about its requirements, for example the type of information could include:~~

~~319.1. Period for which the contract would apply;~~

~~319.2. NTS Entry Point(s) for which a contract is required;~~

~~319.3. Rate of Turn-up required at each NTS Entry Point~~

~~319.4. Number of days within the period on which the contract could be exercisable;~~

~~319.5. Premium price~~

~~319.6. Exercise price~~

~~319.7. Latest day and time at which the contract could be exercised.~~

~~319.8. Lead time for exercise~~

~~320. If any of the above parameters are not given by the National Grid NTS in the invitation to tender (or a maximum / minimum value is provided), the User would be able to offer a suitable value.~~

~~321. A limit of [n] would be placed on the number of offers made by a User.~~

~~322. All prices will be in p/kWh/day to four decimal places and all rates will be in kWh/day.~~

~~323. The contract will be made up of terms and conditions, the invitation to tender and the offer posted by a User and accepted by NTS SO.~~

~~324. The User will be required to sign onto the terms and conditions (either by way of fax or electronically) before posting an offer and will be bound by the current version of terms and conditions if their offer is accepted.~~

~~325. Payment from National Grid NTS to Users for agreed contracts will be invoiced on an Ad-Hoc Invoice. Any payments that are due will be identified on such invoices. These will~~

~~be produced at the beginning of the month following the period to which the contract applied.~~

~~326. Option premiums will be at a constant rate for all days in the period, so that if the contract period spans a number of months a pro-rata proportion is allocated to each month.~~

~~327. On any day, a Turn-up Option Contract could be exercised either wholly or in part, (subject to the minimum quantity). For Turn-up it may be possible to increase the amount delivered during the day.~~

~~328. Each time a Turn-up Option Contract is exercised the number of times remaining for exercise will be decremented by one. Once a contract has been exercised the maximum number of times (as specified in the contract), it will cease to be available.~~

~~329. An option contract could be exercised by National Grid NTS at any time between the acceptance of the tender and the final exercise time, for action on a day specified at the time of exercise.~~

~~330. Following the exercise of an option contract prior to the gas day, it will deem to be effective from 06:00 on the gas day to which the exercise applies. For contracts exercised within day the effective time will be after the agreed lead-time min h+1—max h+23/4.~~

~~331. Exercise of a turn-up contract would necessitate an increased flow rate to no less than the minimum specified by the contract. Failure to turn-up charges would apply for non-compliance and also for failure to have gas available.~~

~~332. The User would be responsible for having or purchasing sufficient entry capacity to accommodate the exercise of a Turn-up contract.~~

~~[Consequential changes in constrained LNG? — covered above can remove]~~

Daily NTS Exit Capacity Buy-back

Bidding:

333.332. When National Grid NTS identifies;

333.1.332.1. an Exit (Flat) Capacity constraint they will initiate an NTS Exit (Flat) Capacity Selection period not earlier than 135:00 D-1. National Grid NTS will notify all Users that such a constraint has been identified, at which NTS Exit Points(s) the Offers are required and that a selection period has commenced. During the Exit Capacity (Flat) Selection period National Grid NTS will consider Offers to Buy Back NTS Exit (Flat) Capacity.

333.2.332.2. an Exit (Flexibility) Capacity constraint they will initiate an NTS Exit (Flexibility) Capacity Selection period not earlier than 135:00 D-1. National Grid NTS will notify all Users that such a constraint has been identified, at which NTS Exit Zone(s) the Offers are required and that a selection period has commenced. During the Exit (Flexibility) Capacity Selection period National Grid NTS will consider Offers to Buy Back NTS Exit (Flexibility) Capacity.

334.333. Only a User can offer to surrender either Firm NTS Exit (Flat) Capacity or NTS Exit (Flexibility) Capacity.

335.334. An offer to surrender either Firm Exit (Flat) Capacity or NTS Exit (Flexibility) Capacity shall include:

335.1.334.1. Identity of the User

335.2.334.2. NTS Exit Point or NTS Exit Zone (as applicable)

- ~~335.3~~ 334.3. ~~Gas Day~~ Gas Day for which the offer applies
- ~~335.4~~ 334.4. The amount;
- ~~335.4.1~~ 334.4.1. not less than 100,000 kWhs in kWh/day for NTS Exit (Flat) Capacity Offers
- ~~335.4.2~~ 334.4.2. not less than 50,000 kWhs in kWh/day for NTS Exit (Flexibility) Capacity Offers
- ~~335.5~~ 334.5. The minimum amount;
- ~~335.5.1~~ 334.5.1. not less than 100,000 kWhs in kWh/day for NTS Exit (Flat) Capacity Offers
- ~~335.5.2~~ 334.5.2. not less than 50,000 kWhs in kWh/day for NTS Exit (Flexibility) Capacity Offers
- ~~335.6~~ 334.6. The Offer price in pence/kWh/Day
- ~~335.7~~ 334.7. Whether the offer is Reducing or Evergreen
- ~~336~~ 335. An offer:
- ~~336.1~~ 335.1. May be submitted 7 days prior to the Offer date and up until;
- ~~336.1.1~~ 335.1.1. 02:00 on the ~~Gas Day~~ Gas Day for NTS Exit (Flat) Capacity Offers
- ~~336.1.2~~ 335.1.2. ~~00:2:00~~ on ~~the Gas Day~~ D-1 for NTS Exit (Flexibility) Capacity Offers
- ~~336.2~~ 335.2. May be amended (Evergreen) or withdrawn (Evergreen or Reducing) at any time up until the offer is selected for surrender. An 'evergreen' offer may be modified at any time, until the offer is selected. The Bid quantity for a reducing bid will reduce by 1/n each hour (once the Gas Flow Day has started) where n is the number of hours remaining in the day from when the bid was initially posted. A 'reducing' offer cannot be modified after the first reduction has taken place. Evergreen or Reducing offers can be withdrawn at any time, until the offer is accepted.
- ~~336.3~~ 335.3. Cannot be withdrawn during either an NTS Exit (Flat or Flexibility) Capacity selection period (even if it is not at the NTS Exit Point(s) or NTS Exit Zone(s) that has the constraint)
- ~~336.4~~ 335.4. Maximum of 10 Offers per NTS Exit Point and 120 offers per NTS Exit Zone
- ~~336.5~~ 335.5. National Grid NTS can reject an Offer if any of the inclusions above are not adhered to (rejection for the above criteria occurs at the time the User attempts to place the offer(s)) or if the implied revised gas flow rate would not be within an acceptable meter range for that NTS Exit Point/NTS Exit Zone.
- ~~337~~ 336. National Grid NTS will reject a Reducing Offer in the event that the Offer volume is reduced to below the minimum amount.
- ~~338~~ 337. National Grid NTS will accept both NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity Offers in accordance with the SMPS and their holdings will be adjusted as detailed below;
- ~~338.1~~ 337.1. the amount of Firm NTS Exit (Flat) Capacity held by each User will be reduced by the amount for which the accepted Offer was selected.
- ~~338.2~~ 337.2. the amount of Firm NTS Exit (Flexibility) Capacity held by each User will be reduced by the amount for which the accepted Offer was selected.

Allocation:

- ~~339~~ 338. All offers will be ranked in order of price, in the case of;

339.1.338.1. NTS Exit (Flat) Capacity Offers be ranked by NTS Exit Point, by period with the lowest ranked first

339.2.338.2. NTS Exit (Flexibility) Capacity Offers by NTS Exit Zone, by Period with the lowest ranked first.

340.339. Offers will be allocated by product (as detailed above) in ascending order, allocating the lowest priced offer first until the amount allocated in aggregate (in the case of NTS Exit (Flat) Capacity at that NTS Exit Point or in the case of NTS Exit (Flexibility) Capacity at that NTS Exit Zone) equals the amount of NTS Exit (Flat or Flexibility) Capacity Buyback required or until there are no more offers to take.

341.340. When an offer is received where the amount of NTS Exit (Flat or Flexibility) Capacity Buyback required is less than the amount offered, then that offer will not be allocated in full but partially allocated to the amount of NTS Exit (Flat or Flexibility) Capacity Buyback required. If the minimum quantity specified by the User is greater than the NTS Exit (Flat or Flexibility) Capacity Buyback amount required, the offer will be disregarded and the allocation process will descend to the next offer and apply the allocation process from there.

342.341. Where two or more offers have the same price, and when aggregated the amount of NTS Exit (Flat or Flexibility) Capacity Buyback offered is greater than the amount required then the offers will be pro-rated based on the quantities offered.

343.342. Where the amount to be pro-rated is less than an individual offer's minimum quantity this offer will be disregarded and a revised allocation will be made between the remaining equally priced offers or if all the equally priced offers are disregarded then the allocation process steps down to the next offer(s) to continue allocation.

344.343. National Grid NTS will not allocate;

344.1.343.1. less than 100,000kWh in the case of an NTS Exit (Flat) Capacity Buyback auction

344.2.343.2. less than 50,000kWh in the case of an NTS Exit (Flexibility) Capacity Buyback auction

345.344. Any Offers made by a User that are successful reduce either;

345.1.344.1. that Users firm NTS Exit (Flat) Capacity holding for the relevant Period for that NTS Exit Point or

345.2.344.2. that Users firm NTS Exit (Flexibility) Capacity holding for the relevant Period for that NTS Exit Zone

346.345. The final allocation times for each product are listed below:

346.1.345.1. NTS Exit (Flat) Capacity 02.00 D

346.2.345.2. NTS Exit (Flexibility) Capacity 002.00 D-4

347.346. Any Offers that have been placed & have not been allocated after the final allocation process will be rejected.

Post Auction Information Provision:

348.347. National Grid NTS will no later than 1 hour after acceptance-processing of the Offer inform the User of those of its offers that have been accepted, by product, the amount of NTS Exit Capacity that has been surrendered for each Offer and the amount by which it's available NTS Exit Capacity has been reduced for each NTS Exit Point/NTS Exit Zone (as appropriate).

349.348. National Grid NTS will no later than 1 hour after acceptance of Offers will publish information regarding the accepted Offers, by product:-

349.1.348.1. NTS Exit Point / NTS Exit Zone (as appropriate)

~~349.2.348.2. Gas Day Gas Day~~

~~349.3.348.3. Total Volume bought~~

~~350.349. National Grid NTS will no later than 12:00 on D+1 publish~~

~~350.1.349.1. NTS Exit Point / NTS Exit Zone (as appropriate)~~

~~350.2.349.2. Gas Day Gas Day~~

~~350.3.349.3. Highest Buy Back price pence/kWh/day~~

~~350.4.349.4. Buy Back Volume accepted kWh/day~~

~~351.350. Payments from the National Grid NTS to the User(s) will be made via the NTS Exit Capacity Invoice.~~

~~352.351. These will be produced at the beginning of the month following the month in which the NTS Exit Capacity buy backs occurred.~~

~~353. Payments made by the National Grid NTS in respect of the NTS Exit Buy Backs will contribute towards the National Grid NTS Exit incentive.~~

Within Day Flow Reductions

~~354.352. Flow Reductions will be initiated by National Grid NTS to manage within day flow rate variations, where National Grid NTS identify a within day constraint. A within day constraint will be identified where flow rate variations exceed the system capability.~~

~~355.353. National Grid NTS will initiate a Flow Rate Reduction period by notifying Users of:~~

~~355.1.353.1. The NTS Exit Point(s)/Zones(s) where a flow rate reduction is~~

~~355.2.353.2. The required quantity~~

~~355.3.353.3. The time by which the reduction is required.~~

~~355.4.353.4. The time at which the offer assessment shall be carried out~~

~~356.354. Users will then be able to submit Offers to NTS SO, ational Grid NTS detailing :~~

~~356.1.354.1. NTS Exit Point / Zone~~

~~356.2.354.2. The Offer quantity~~

~~356.3.354.3. Minimum Offer quantity acceptable to the User~~

~~354.4. The period over which the reduction would be effective.~~

~~In respect of [identifying the hourly flows]~~

~~355. The reduction made as part of the offer, this will be referenced assessed against its IOPN at the time that Users are invited to make offers in respect of the Within Day Flow reductions.~~

~~is allocated and as such the flow reduction should be carried out against the IOPN and a revised IOPN received which must be consistent with the within day flow reduction.~~

~~357.356. National Grid NTS will reject any offers if any of these criteria are not met (rejection for the above criteria occurs at the time the User attempts to place the offer(s)).~~

~~358.357. The User can place up to [10] Offers at the relevant location.~~

359-358. Offers can be modified and withdrawn up to the time of offer assessment.

360-359. After the assessment time National Grid NTS shall consider the Offers received.

Allocations

361-360. All offers will be ranked in order of price, by NTS Exit Point/Zone with the lowest ranked first.

362-361. Within Day Flow Reduction Offers will be allocated in ascending order, allocating the lowest priced offer first until the amount allocated in aggregate (at that NTS Exit point/Zone) equals the amount of Within Day Flow Reduction required or until there are no more offers to take.

363-362. When an offer is received where the amount of Within Day Flow Reduction required is less than the amount offered, then that offer will not be allocated in full but partially allocated to the amount of Within Day Flow Reduction required. If the minimum quantity specified by the User is greater than the Within Day Flow reduction required, the offer will be disregarded and the allocation process will descend to the next offer and apply the allocation process from there.

364-363. Where two or more offers have the same price, and when aggregated the amount of Within Day Flow Reduction offered is greater than the amount required then the offers will be pro-rated based on the quantities offered.

365-364. Where the amount to be pro-rated is less than an individual offer's minimum quantity this offer will be disregarded and a revised allocation will be made between the remaining equally priced offers or if all the equally priced offers are disregarded then the allocation process steps down to the next offer(s) to continue allocation.

366-365. Any Offers that have been placed ~~and~~ have not been allocated after the final allocation process, ~~held at D+1 02:00~~, ~~could be later?~~ will be rejected.

367-366. On acceptance of a Flow Reduction Offer, a User's NTS Exit (Flexibility) Capacity holding shall be reduced by 1/3 ~~consequential effect~~ of the accepted Flow Reduction quantity. This is to encourage Users to reduce its offtake rates in accordance with its accepted Flow Reduction Offer and thereby avoid any potential NTS Exit Flex overrun charge.

Post Within Day Flow Reduction Information Provision

368-367. National Grid NTS will no later than 1 hour after ~~acceptance processing~~ of the Offer inform the User of those of its offers that have been accepted, the amount of Within Day Flow reduction that has been surrendered for each Offer and the amount by which it's available Firm NTS Exit (Flexibility) Capacity has been reduced for each NTS Exit Zone.

369-368. National Grid NTS will no later than 1 hour after acceptance of Offers will publish information regarding the accepted Offers:-

369.1-368.1. NTS Exit Point/Zone

369.2-368.2. ~~Gas Day~~ Gas Day

369.3-368.3. Total Reduction Volume bought

369.4-368.4. NTS Exit (Flexibility) Capacity reduction

370-369. National Grid NTS will no later than 12:00 on D+1 publish

~~370.1.369.1.~~ NTS Exit Point/Zone |

~~370.2.369.2.~~ ~~Gas Day~~Gas Day |

~~370.3.369.3.~~ Highest Accepted price pence/kWh/day |

~~370.4.369.4.~~ Reduction Volume accepted kWh/day |

~~371.370.~~ Payments from the National Grid NTS to the User(s) will be made via the NTS Exit Capacity Invoice. |

~~372.371.~~ These will be produced at the beginning of the month following the month in which the Firm NTS Exit (Flexibility) Capacity buy backs occurred. |

~~373.~~ Payments made by the National Grid NTS in respect of the NTS (Flexibility) Capacity Exit Buy Backs will contribute towards the National Grid NTS Exit incentive. |

Section 10: Exit Capacity Neutrality Arrangements

374.372. For each NTS Exit Point the difference between amounts received or receivable and paid or payable by National Grid NTS in respect of Relevant NTS Exit Capacity Charges and certain other amounts in respect of each Day in a calendar month shall be payable to or recoverable from relevant Users (consistent with National Grid NTS Licence arrangements in respect of whether any (and such amounts) shall not be reduced by any amount to be retained or borne by National Grid NTS).

375.373. For each NTS Exit Point/Zone, in relation to each Day:

375.1.373.1. "Relevant NTS Exit Capacity Revenues" are the aggregate of the amounts payable to National Grid NTS by Users by way of:

375.1.1.373.1.1. by way of NTS Exit Capacity Charges in respect of:

~~375.1.1.1. Revenue from Day-ahead and Within-Day Sales of NTS Exit (Flat) Capacity; and~~

~~375.1.1.2.373.1.1.1. Revenue from~~ Daily Interruptible NTS Exit (Flat) Capacity

~~375.1.1.3.373.1.1.2. "non-obligated firm flat" - any additional Firm NTS Exit (Flat) Capacity made available by National Grid NTS (as determined by National Grid NTS acting in its sole discretion) in excess of, and not comprising (for the avoidance of doubt), Unsold NTS Exit (Flat) Capacity;~~

375.1.2. for NTS Exit (Flexibility) Capacity by way of Capacity charges in respect of:

~~375.1.2.1. "non-obligated flex" - Revenues from Day-Ahead and Within-Day NTS Exit (Flexibility) Capacity Sales; and~~

~~375.1.2.2.373.1.1.3. r~~ Revenues from any additional NTS Exit (Flexibility) Capacity sales made available by National Grid NTS ~~TS SO~~ (at ~~its~~ its ~~determined by National Grid NTS acting in its~~ sole discretion) in excess of, and not compromising (for the avoidance of doubt), Unsold NTS Exit (Flexibility) Capacity.

at the NTS Exit Point / NTS Exit Zone;

~~375.1.3.373.1.2.~~ NTS Exit (Flat) Capacity Overrun Charges; and

~~375.1.4. NTS Exit (Flexibility) Capacity Overrun Charges; and~~

373.1.3. Market Balancing Charges in respect of each Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day in accordance with the System Management Principles for the purposes of Exit Capacity Management.

~~375.1.5. Where any User has negative Firm NTS Exit (Flat) Capacity, by way of NTS Exit Overrun Charges pursuant to (and calculated in respect of the amount determined under) the High-Level Principles.~~

376. in respect of such Day;

377.373.2. "Relevant NTS Exit Capacity Costs" are the aggregate of the amounts payable by National Grid NTS to Users by way of:

~~373.2.1. Capacity Management Charges (for which purposes any premium payable by National Grid NTS shall be attributable to the Day pro rata to the number of Days during which National Grid NTS may exercise rights in respect of the surrender of Firm NTS Exit Capacity pursuant to the relevant Capacity~~

~~Management Agreement which would include any costs associated with Exit Capacity Management Tools (ExCMTs) such as NTS Exit (Flexibility) Capacity Buy-back, Locational Buy actions taken on the OCM for Output Capacity Constraint purposes) Exit Capacity Management Charges (for which purposes any premium payable by National Grid NTS shall be attributable to the Day pro rata to the number of Days during which National Grid NTS may exercise rights in respect of the surrender of Firm NTS Exit Capacity pursuant to the relevant Exit Capacity Management Agreement);~~

and

373.2.2. Market Balancing Charges in respect of each Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) taken for that Day in accordance with the System Management Principles for the purposes of Exit Capacity Constraint Management; and

373.2.3. any other amounts payable by National Grid NTS in respect of other arrangements entered into for the purposes of Exit Capacity Constraint Management.

~~377.2. in relation to the NTS Exit Point in respect of such Day.~~

378.374. In relation to all NTS Exit Points and a calendar month, National Grid NTS shall pay to each relevant User an amount ("Exit Capacity Revenue Neutrality Charge") determined as:

$$\text{RExCR} * \text{UFAExC} / \text{AFAExC}$$

where:

RExCR is the Relevant Exit Capacity Revenues;

UFAExC is the aggregate sum of the User's NTS Exit (Flat) Capacity entitlement at all NTS Exit Points (excluding Interruptible NTS Exit (Flat) Capacity and any NTS Exit (Flat) Capacity entitlements at an NTS Exit Point that could not be utilised on where an allowable maintenance day has been utilised); and

AFAExC is the aggregate sum of all User's NTS Exit (Flat) Capacity at all NTS Exit Points (excluding Interruptible NTS Exit (Flat) Capacity and any NTS Exit (Flat) Capacity entitlement at an NTS Exit Point that could not be utilised on an allowable maintenance day) and any NTS Exit (Flat) Capacity entitlements at an NTS Exit Point where an allowable maintenance day has been utilised) at all NTS Exit Points,

in each case as determined at 04:00 hours on the relevant Day.

379.375. In relation to each NTS Exit Point and a calendar month, each relevant User shall pay to National Grid NTS an amount ("Capacity Cost Neutrality Charge") determined as:

$$\text{RExCC} * \text{UFAExC} / \text{AFAExC}$$

where:

RExCC are the Relevant Exit Capacity Costs,

and

'UFAExC' and 'AFAExC' have the meanings in [the above](#) paragraph ~~[383]~~.

~~380.376.~~ For the purposes of this Section 11:

~~380.4.376.1.~~ the "Second Exit Capacity Adjustment Neutrality Amount" for a Day in a calendar month (month 'm') is

~~380.2.376.2.~~ the sum of:

~~380.2.1.376.2.1.~~ the amount of any charge of a kind referred to in the definition of Relevant Exit Capacity Revenues, and of any Exit Capacity Neutrality Charge (payable to [National Grid NTSNTS-SO](#)), which was due for payment to National Grid NTS in month m-2 but were unpaid to National Grid NTS as at the last Day of month m:

~~380.2.2.376.2.2.~~ the amount of any interest paid (in accordance with Section S4.3.2 of the Uniform Network Code) by National Grid NTS to any User on any Day in month m by virtue of the User having made an over-payment in respect of any of such amount as is referred to in paragraph (1) above;

Less

~~380.3.376.3.~~ the sum of:

~~380.3.1.376.3.1.~~ the amount of any charge of a kind referred to in the definition of Relevant Exit Capacity Revenues, and of any Exit Capacity Neutrality Charge (payable to [National Grid NTSNTS-SO](#)) which:

~~380.3.1.1.376.3.1.1.~~ was unpaid as at the last Day of month m-3 and was taken into account (under paragraph (a)(i) above) in calculating the Second Exit Capacity Adjustment Neutrality Amount for month m-1, but

~~380.3.1.2.376.3.1.2.~~ has been paid to National Grid NTS since the last Day of month m-1;

~~380.3.2.376.3.2.~~ the amount of any interest paid (in accordance with Section S4.3.2 of the Uniform Network Code) by any User to National Grid NTS on any Day in month m by virtue of late payment of any such charge as is referred to in paragraph (1) above,

divided by the number of Days in month 'm';

~~380.4.376.4.~~ "Exit Capacity Neutrality Charges" comprise Capacity Revenue Neutrality Charges, Capacity Cost Neutrality Charges and Capacity Adjustment Neutrality Charges;

~~380.5.376.5.~~ "Relevant Exit Capacity Charges" comprise Relevant Capacity Revenues and Relevant Capacity Costs; and

~~380.6.376.6.~~ a "relevant User" is a User registered as holding Firm NTS Exit (Flat) Capacity at an NTS Exit Point on the relevant Day.

~~381.377.~~ In relation to a Day (and all System Exit), where:

~~381.1.377.1.~~ the Second Exit Capacity Adjustment Neutrality Amount (if any) is negative, National Grid NTS shall pay to each relevant User; and

~~381.2.377.2.~~ the Second Exit Capacity Adjustment Neutrality Amount (if any) is positive, each relevant User shall pay to [National Grid NTSNTS-SO](#),

an amount ("Exit Capacity Neutrality Adjustment Charge") determined as:

$$\text{ExCNA} * \text{UFAExC} / \text{AFAExC}$$

where ExCNA is the Exit Second Capacity Adjustment Neutrality Amount and 'UFAExC' and 'AFAExC' ~~have the meanings in paragraph 3371~~ (provided that in the event that no Firm NTS Exit Capacity was held by any User at any NTS Exit Point on such Day, 'UFAExC' and 'AFAExC' shall be determined on the basis of the most recent preceding Day in respect of which a User held Firm NTS Exit Capacity at an NTS Exit Point).

~~382-378.~~ Exit Capacity Neutrality Charges shall be invoiced and payable in accordance with Section S of the Uniform Network Code.

Section 11: Charging Arrangements

383-379. This section describes the charging arrangements that will apply in respect of charges payable by Users to National Grid NTS and charges payable by National Grid NTS to Users.

384-380. A User will pay to National Grid NTS;

384.1-380.1. NTS Exit Capacity Charges in respect of its NTS Exit Capacity holdings at the end of the Day (as described in this section); and

384.2-380.2. NTS Exit Commodity Charges in respect of its use of the NTS on any Day (as described in this section);

384.3-380.3. NTS Exit (Flat) Capacity Overrun Charges (as described part I)

384.4-380.4. NTS Exit (Flex) Capacity Overrun Charges (as described part II)

384.5-380.5. Exit Capacity Neutrality Charges (as described in Section 10)

385-381. National Grid NTS will pay to Users:

385.1-381.1. NTS Exit Capacity Surrender Charges in respect of accepted buy back offers (as described in this section);

385.2-381.2. Exit Capacity Neutrality Revenues (as described in Section 10)

385.3-381.3. Non-compliant gas and failure to make gas available for offtake liability payments, if incurred, (as described Section 13);

Capacity Charges

386-382. The NTS Exit (Flat) Capacity Charge payable by a User in respect of each Day will be determined for each NTS Exit Point as the amount of the NTS Exit (Flat) Capacity of the relevant class multiplied by the Applicable Daily Rate determined as:

386.1-382.1. in respect of Prevailing NTS Exit (Flat) Capacity obtained through initialisation of the regime and/or the long term flat application process, the Prevailing NTS Exit (Flat) Capacity charge for that Gas Year as stated in the "Statement of Transmission Transportation Charges" for that Day;

386.2-382.2. in respect of Annual NTS Exit (Flat) Capacity obtained through the medium term annual flat capacity auctions, the bid price submitted by the User and allocated for the relevant Gas Year;

386.3-382.3. in respect of Daily NTS Exit (Flat) Capacity obtained through the day ahead or on the day auctions, the bid price submitted by the User and allocated for the relevant Day;

386.4-382.4. in respect of Daily Interruptible NTS Exit (Flat) Capacity obtained through the day ahead auctions, the bid price submitted by the User and allocated for the relevant Day;

387-383. The NTS Exit (Flex) Capacity Charge payable by a User in respect of each Day will be determined for each NTS Exit Zone as the amount of the NTS Exit (Flex) Capacity of the relevant class multiplied by the Applicable Daily Rate determined as

387.1-383.1. in respect of Annual NTS Exit (Flexibility) Capacity obtained through the annual auctions, the bid price submitted by the User and allocated for the relevant Gas Year; and

~~387.2-383.2.~~ in respect of the OPN/SFN Capacity Application process the NTS Exit (Flexibility) Capacity obtained in addition to that procured via the Annual NTS Exit (Flexibility) Capacity and Daily NTS Exit (Flexibility) Capacity auction processes, the ~~Annual-Daily~~ NTS Exit (Flexibility) Reserve Price.

~~387.3-383.3.~~ in respect of Daily NTS Exit (Flexibility) Capacity obtained through the day ahead or on the day auctions, the bid price submitted by the User and allocated for the relevant Day.

~~388-384.~~ Bid prices submitted in the flat and flex capacity auctions must be at or above the relevant reserve price set for that auction as specified in the "Statement of Transmission Transportation Charges".

Commodity Charges

~~389-385.~~ The NTS Exit Commodity Charge payable by a User for each ~~Gas Day~~ Gas Day in respect of the end of day gas offtaken will be determined for each NTS Exit Point as:

~~389.1-385.1.~~ in the case of an NTS/LDZ Offtake, a DNO will pay an amount equal to the daily gas offtaken at each of its offtakes multiplied by the Applicable Commodity Rate; and

~~389.2-385.2.~~ in the case of an NTS Supply Point or an NTS Connected System Exit Point, ~~(including an NTS Storage Point),~~

~~389.2.1-385.2.1.~~ the relevant shipper(s) will pay an amount equal to its daily gas offtaken multiplied at each NTS Exit Point by the Applicable Commodity Rate;

~~389.2.2-385.2.2.~~ storage use gas providers at Storage Facilities will pay an amount equal to:

$$(SUG / n) * CR$$

where:

SUG is the quantity of storage use gas attributed to the User in accordance with the terms of the Storage Connection Agreement for the Storage Facility;

n is the number of days in the calendar month in which such Day falls;

and

CR is the Applicable Commodity Rate.

~~390-386.~~ The NTS Exit Commodity Charge payable by a User for each ~~Gas Day~~ Gas Day in respect of the amount of flexibility utilised will be determined for each NTS Exit Zone as :

~~390.1-386.1.~~ in the case of an NTS/LDZ Offtake, a DNO will pay an amount equal to its flexibility utilisation for the NTS Exit Zone (as determined in accordance with Part II) multiplied by the Applicable Commodity Rate; and

~~390.2-386.2.~~ in the case of an NTS Supply Point or an NTS Connected System Exit Point, the relevant shipper(s) will pay an amount equal to its flexibility utilisation for the NTS Exit Zone (as determined in accordance with Part II) multiplied by the Applicable Commodity Rate.

391-387. The Applicable Commodity Rates will be specified in the “Statement of Transmission Transportation Charges”.

392-388. The current UNC provisions in respect of the NTS Optional Commodity Rate will continue to apply.

Surrender Charges

393-389. National Grid NTS will pay to the User the NTS Exit Capacity Surrender Charge in the event that it accepts from a User a daily or annual capacity offer.

394-390. The NTS Exit Capacity Surrender Charge will be determined as:

394.1-390.1. for a daily capacity offer, the amount of NTS Exit Capacity accepted by National Grid NTS multiplied by the offer price specified by the User in the offer;

394.2-390.2. for an annual capacity offer, the amount of NTS Exit Capacity accepted by National Grid NTS multiplied by the offer price specified by the User multiplied by the number of days in the relevant Gas Year.

Invoicing arrangements

395-391. All charges will be invoiced and payable in accordance with UNC TPD Section S.

396-392. The Primary Capacity holder (User) shall be invoiced for NTS Exit Capacity charges on the 1st capacity invoice after the month in which the capacity was valid. Invoices are issued on a monthly basis

Section 12: Credit Checks & Termination Rules

397-393. These rules will apply to the NTS Exit (Flat and Flexibility) Capacity Services contained within these business rules. The current credit rules, as applied, will be extended to accommodate NTS Exit (Flat and Flexibility) Capacity. The rules below provide a summary of the current entry rules that have been converted to reflect NTS Exit (Flat and Flexibility) Capacity. This section [includes DN's under the definition as a User and as such they would be required to have the appropriate security provisions].

Security & Credit Limits

398-394. National Grid NTS will determine and assign to each User (in a manner which mirrors the current Code Credit rules) a Credit Limit and will keep the User informed of it's credit limit

399-395. National Grid NTS will make its credit rules and any revisions available, they will outline the following:

399.1-395.1. The principles on which the National Grid NTS will assess and from time to time revise its assessment of the credit worthiness of Users (and persons providing surety for Users) and establish credit limits

399.2-395.2. The basis on which a User (with a view to increasing it's credit limit) will provide surety or security for relevant indebtedness, or (with a view to reducing it's indebtedness) make prepayments to National Grid NTS.

399.3-395.3. Procedures by which a User may discuss its credit limits with National Grid NTS

399.4-395.4. National Grid NTS will establish the Users maximum relevant indebtedness, this will be:

399.5-395.5. an aggregate amount for which a User is at any time liable to National Grid NTS. This will be determined on the basis of amounts accrued and irrespective of whether these amounts have been invoiced or (where invoiced) have become due for payment, less any amount which has been paid to National Grid NTS by the User by way of prepayment.

400-396. A Users liability for NTS Transportation Services charges in respect of a Day shall be treated as accruing on the following day.

401-397. A User shall be able to dispute whether the National Grid NTS has correctly calculated any such amount.

402-398. National Grid NTS will be able to dispute the validity of any invoice query submitted by a User.

403-399. National Grid NTS may review and revise a Users credit limit by giving minimum notice period of not less than 30 days (or a lesser period if agreed by the User) at

403.1-399.1. intervals of approximately 12 months or

403.2-399.2. the Users request or

403.3-399.3. where the Users (or any person providing surety for the User) published credit rating is revised downwards, any surety/security expires or National Grid NTS has reasonable grounds to believe that the effect of the review will be to reduce the credit limit.

404-400. Where a Users indebtedness exceeds 70% of its credit limit, the National Grid NTS has notified the User and at any time following such notice the Users

indebtedness exceeds 85% of its credit limit (and again has been notified of this) the National Grid NTS will be entitled to reject or refuse to accept any or all of the following (until the Users level of indebtedness has been reduced to less than 85% of its credit limit i.e. a credit sanction would be applied):

405.400.1. Any application for Firm or Interruptible NTS Exit (Flat and Flexibility) Capacity

406.400.2. The purchase of NTS Exit (Flat and Flexibility) Capacity via a trade with another User

407.400.3. Any other NTS Transportation Services

408.401. National Grid NTS will also carry out a monthly credit check that will take into account the payments due from the next 12 months worth of NTS Exit (Flat and Flexibility) Capacity, NTS Entry Capacity and any additional NTS Exit products that a User has procured. In the event that a User's indebtedness position exceeds 85% of the Users Credit limit then the National Grid NTS will be entitled to carry out the measures detailed in 401615 below.

409.402. Where a User has provided surety/security they may request that National Grid NTS release all or agree to a reduction in the maximum amount of that security.

410.403. Where a User requests that their security be released or credit limits be reduced the National Grid NTS will have 10 business days (from receipt of the request) to release (the security) or reduce (the surety). Security does not need to be released if a Users credit requirements as calculated in accordance with the credit rules are greater than the level of security cover that would be left in place if a release were granted by National Grid NTSNTS-SO.

411.404. Any credit sanction that is in place will only be removed whenever the Users indebtedness is reduced to less than 85% of its credit limit

Termination

DNOs

412.405. If a DNO were to be terminated the new DNO that takes over the terminated DNO's NTS Exit Points will become liable for any products that the terminated DNO had procured from the National Grid NTS.

413.406. The new DNO would adopt responsibility from the termination date.

414.407. Trades for any products will be deemed to have been transferred to the new DNO or cancelled

415.408. Any ExCMTs held by the terminated DNO will pass to the incoming DNO.

Users (Shippers)

416.409. If a User were to be terminated, then any product that User had not traded on to another User would revert to the National Grid NTS.

417.410. If the terminated User had traded one or more of the products to another User then the following would apply:

417.1.410.1. If a selling User is terminated then the buying User will have 5 days to confirm whether they wish to become the primary owner of the traded volume. If the buying User confirms that they do not want to maintain the trade then the product will revert to the National Grid NTSNTS-SO.

417.2.410.2. The price paid by the incoming User will be the greater of: |

417.2.1.410.2.1. The volume weighted average price paid by the Terminated |
User for the product for the duration of the trade

417.2.2.410.2.2. The applicable reserve price at the location where the |
incoming User is taking over the product.

418.411. If a buying User is terminated then the trade is cancelled and the selling User |
reverts back to being the 'owner' of the product.

Section 13: Liability Arrangements and User Obligations

Failure to make gas available for offtake liability payments

419.412. In the event that National Grid NTS is in breach of its obligation to make gas available for offtake from the NTS at an NTS Exit Point, in the case of NTS Exit (Flat) Capacity, or at an NTS Exit Zone, in the case of NTS Exit (Flexibility) Capacity, or gas made available for offtake does not comply with the Applicable Offtake Requirements and the offtaking user has declined to offtake such gas, then the National Grid NTS shall be liable for failure to make gas available for offtake charges.

NTS Supply Points and CSEPs

420.413. In the case of NTS Supply Points and CSEPs, the liability amounts will be determined separately for **Firm and Interruptible** NTS Exit (Flat) Capacity at NTS Exit Points and for NTS Exit (Flexibility) Capacity at NTS Exit Zones as defined below:

$$C * (1-X/Y) * P * F$$

where;

420.1.413.1. C is either:

420.1.1.413.1.1. the amount of NTS Exit (Flat) Capacity held by the User at the NTS Exit Point at the time of failure, or

420.1.2.413.1.2. the amount of NTS Exit (Flexibility) Capacity held by the User at the NTS Exit Zone at the time of failure

420.2.413.2. X is either:

420.2.1.413.2.1. the end of day quantity made available by National Grid NTS

420.2.2.413.2.2. for the User the flexibility quantity made available by National Grid NTS

420.3.413.3. for the User either:

420.3.1.413.3.1. the end of day quantity nominated by the User when the failure first occurred based on the prevailing IOPN at the time of failure at the NTS Exit Point

420.3.2.413.3.2. the flexibility quantity nominated by the User when the failure first occurred based on the prevailing IOPN(s) at the time of failure at the

413.4. P is NTS Exit Zone

413.4.1. the prevailing NTS Exit (Flat) Capacity charge rate for NTS Exit (Flat) Capacity; or

413.4.2. the weighted average price of relevant capacity bids in the annual auctions at the NTS Exit Zone for NTS Exit (Flexibility) Capacity.

420.4.413.5. F is 10 for Firm and 5 for Interruptible Daily NTS Exit (Flat) Capacity
P is the NTS Exit (Flat) Capacity Rate.

NTS/LDZ Offtakes

421.414. In the case of NTS/LDZ Offtakes, the current liability arrangements in the UNC will continue to apply i.e. National Grid NTS will recompense DNO claims for the amount of requested gas that was not made available at NTS/LDZ offtakes up to the amount of UNC liabilities to shippers at its LDZ supply points and CSEPs and Guaranteed and Overall Standards of Service (GOSS) compensation payments¹⁰ to domestic consumers that the DNO consequently incurred as a direct result of NTS failure.

For all NTS Exit Points

422.415. On any day, where at an NTS Exit Point (in the case of an NTS Exit (Flat) Capacity Overrun) and at an NTS Exit Zone (in the case of an NTS Exit (Flat) Capacity

¹⁰ GOSS payments (as a result of the introduction of the Utilities Act) to domestic consumers are £30 for each consecutive 24-hour period of supply failure after the first 24-hour period. Each premise is capped at £1,000 per incident, and in the event that more than 50,000 premises are affected, no compensation is required to be paid.

Overrun), there is an NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun and as a result of any such overrun National Grid NTS fails to make gas available for offtake at another NTS Exit Point, then the relevant User shall be liable to National Grid NTS for all amounts for which the National Grid NTS finds itself liable to any other User as a consequence of not making gas available for offtake.

423.416. Any dispute regarding the amount payable shall be referred to Expert Determination.

424.417. Compensation Payments will be invoiced according to Section S of the UNC.

425.418. Current rules within Section V of the UNC regarding Force Majeure shall apply.

National Grid NTS obligations to make gas available for offtake

426.419. National Grid NTS will not be obliged to make gas available for offtake at an NTS Exit Point by a User:

426.1.419.1. on any Day, where the quantity flowed exceeds the User's NTS Exit (Flat) Capacity;

426.2.419.2. at any time, at a rate which exceeds the Maximum Permitted Rate (as defined below); or

426.3.419.3. on any Day that is a Planned Maintenance day within the permitted number of days as set out in the relevant Network Exit connection Agreement (NExA) for direct connects or the OAD for NTS/LDZ offtakes

427.420. National Grid NTS will not be obliged to make gas available for an offtake at an NTS Exit Zone by a User:

427.1.420.1. in the period between 06.00 hours and 22.00 hours on any Day, in a quantity exceeding:

$$[NEFC + (16/24) * Q_D] / [1 - FT], \text{ where}$$

NEFC is the Users NTS Exit (Flexibility) Capacity holding

Q_D is the daily quantity of gas offtaken by the User

FT is 0.015 (flexibility tolerance)

User obligations at NTS Exit Points

428.421. A User ~~shall take all reasonable steps is not entitled to not~~ offtake gas at an NTS Exit Point at a rate that exceeds the Maximum Permitted Rate ~~and shall take all reasonable steps to ensure that gas is not offtaken at such a rate.~~

429.422. The Maximum Permitted Rate is calculated as:

$$(C_{FLAT} / 24) + (C_{FLEX} / 4)$$

where:

C_{FLAT} is the User's NTS Exit (Flat) Capacity at the NTS Exit Point;

C_{FLEX} is the User's NTS Exit (Flexibility) Capacity for the NTS Exit Zone

430.423. Where the National Grid NTS believes that gas is being or will be offtaken at an NTS Exit Point at a rate which exceeds the Maximum Permitted Rate and the security of the NTS may be prejudiced, the National Grid NTS may take any steps to

secure the required reduction in the rate of or the discontinuance of the offtake of gas at the NTS Exit Point.

Pressure Obligations at NTS/LDZ Offtakes

431.424. Under the current UNC arrangements, National Grid NTS has a commitment to make gas available for offtake at NTS/LDZ Offtakes at 06:00 and 22:00 each day at the Assured Offtake Pressures. These Assured Offtake Pressures are intended to support the DNOs satisfying their 1:20 capacity licence obligations.

432.425. The Assured Offtake Pressures will be set for each NTS/LDZ offtake for Gas Year 2010/11 by rolling over the pressure commitments that will be granted to DNOs by Sept 06 for Gas Year 2009/10 in response to their June/July 06 applications, unless National Grid NTS or the relevant DNO has requested and been granted a permanent or finite reduction **and increases** as described below:

433.426. National Grid NTS will be able to request that the relevant DNO agrees to:

433.1.426.1. a permanent decrease to the Assured Offtake Pressures at an NTS Exit Point in April of each year, detailing

433.1.1.426.1.1. the requested new Assured Offtake Pressures

433.1.2.426.1.2. the start of the Gas Year from which the decrease applies

433.2.426.2. a finite decrease to the Assured Offtake Pressures at any time, detailing

433.2.1.426.2.1. the requested new Assured Pressures

433.2.2.426.2.2. the period (minimum of a day, maximum of a month) for which the decrease applies.

434.427. A DNO will be able to request that National Grid NTS agrees to:

434.1.427.1. a permanent increase to the Assured Offtake Pressures at its NTS Exit Points in July of each year, detailing

434.1.1.427.1.1. the requested new Assured Offtake Pressures

434.1.2.427.1.2. the start of the Gas Year from which the increase applies

434.2.427.2. a finite increase to the Assured Offtake Pressures at any time, detailing

434.2.1.427.2.1. the requested new Assured Pressures

434.2.2.427.2.2. the period (minimum of a day, maximum of a month) for which the increase applies.

435.428. Both the DNO and National Grid NTS must accept such a permanent increase/decrease request within 2 months or a finite increase/decrease request within [10] days unless it would prejudice the safe and efficient operation of its network, with an overriding obligation to co-operate in the establishment of operating pressures to "optimise the safe and efficient operation of the NTS and the LDZ".

436.429. National Grid NTS will maintain an Assured Offtake Pressure statement for each DNO summarising for each of its NTS/LDZ Offtakes the Assured Offtakes Pressures, including any agreed permanent or finite increases or decreases.

Non Compliant Gas

437.430. In the event that National Grid NTS makes available non-compliant gas, the amount of compensation paid by National Grid NTS to the relevant Users will continue as specified under UNC TPD Section J.

Section 14: Further references in UNC affected by Exit Reform

UNC TPD Section G

438.431. IFA Service (Interruptible Firm Allowance) will no longer be offered for NTS supply points, as these interruptible services will be replaced by the introduction of constraint management tools (as described in Section 9 of the business rules). Section G1.15 (TPD) will apply only in respect of LDZ supply points. Section G1.15.2 d will be amended such that Users will pay IFA charge to the DNO only.

439.432. Link between SOQ and NTS Exit Capacity Booking to be removed.

440.433. SPA Process, described in Section G 2 of the TPD. All references to SOQ in respect of NTS supply points to be reviewed.

441.434. DM Supply Point Capacity and Offtake Rate (Section G5 of the TPD) applies to LDZ supply points only, for NTS sites NTS Exit Capacity requests will be in accordance of Section B of the UNC and Offtake rates reviewed in accordance with the Business Rules.

442.435. Interruptible Supply Points (Section G6 of the TPD) – all section to be reviewed such that it will only apply in respect of LDZ supply points. The rules on NTS sites responding to requests to interrupt will be set out in the SMPS and the Term Sheets for NTS Constraint Management.

443.436. Partnering Supply Points (Section G.6 (TPD)) to be withdrawn from UNC for NTS supply points to align it with the introduction of the proposed constraint management tools, as described in Section 9 of the business rules

CSEP Ancillary Agreements

444.437. The current CSEP Ancillary and Agency Rules contained within the UNC and the CSEP Ancillary Agreements shall continue to apply, subject to:

444.1.437.1. The enduring offtake provisions will apply different provisions to those in the existing NTS CSEP Ancillary Agreements (e.g. the booking and allocation process for NTS Exit (Flat and Flexibility) Capacity, the introduction of a Firm only product other than daily flat interruptible, Overruns calculations etc.). Therefore a provision will be included in the UNC to recognise that in the event of any conflict between the UNC and the CSEP Ancillary Agreements/associated CSEP NExAs/connection Agreements, the UNC provisions will prevail and accordingly National Grid NTS will apply such provisions and disregard those conflicting provisions in the CSEP Ancillary Agreements. To the extent that the UNC changes resulting from Enduring Exit reforms do not affect the other provisions of the CSEP Ancillary Agreements then they will continue to operate in accordance with such terms (e.g. conditions of becoming and ceasing to be a CSEP User, CSEP User Agent, measurement provisions,etc. Where existing UNC terminology is used in the CSEP Ancillary Agreements but such terminology is changed as a result of the UNC revisions then the corresponding revised UNC terminology will applied to the extent that its use needs to continue in the CSEP Ancillary Agreements.

OAD – Section I, NTS Operational Flows

445.438. The provisions detailed in Section I of the OAD and the table below specifies whether the provisions are to be removed:

Section I Offtake Arrangements Reference	Removed
I2.1 - General Requirements	No

12.2 - Initial Offtake Profile Notice	No
12.3 - Revisions to offtake Profile Notices	No
12.4 - Revisions Requested by NTS	No
12.6.1 - Variation of Restrictions	No
13.1 - Further Provisions of TPD Section J	No
13.2 - Further Provisions of TPD Section J	No
14.0 — Pressure	No
16.0 - Further Provisions	No
12.4 — Revisions Requested by NTS	Yes
12.5 - Low Demand Days	Yes
12.6.2 - Variations of Restrictions	YesAmended
15.0 — Interruption	Yes

12.4

Revisions requested by National Grid NTS/DNO Users

National Grid NTS and/or DN's may at any time request a DN and/or National Grid NTS to submit or accept revised Offtake Profile Notices for two or more Offtakes, subject to and in accordance with this paragraph 436.

439. Where there is an operational event on a DNO's network, National Grid NTS will cooperate with the DNO to ensure security of supply. This may include swapping of flow between NTS/LDZ Offtakes, where possible, to seek to avoid an emergency. In addition, during a Network Gas Supply Emergency, commercial arrangements will be suspended and, in particular, Users will not be liable for any exit capacity overrun changes that may arise as a result of actions undertaken by National Grid NTS under the instruction of the NEC.

The request shall specify:

- the Offtakes in respect of which such revision is requested;
- the times with effect from which the DN and/ or National Grid NTS is requested to revise or accept the relevant rates of offtake; and
- the revised rates of offtake requested.

The acceptance of a DN request to Flow swap will in effect be an offer to surrender NTS Exit (Flat) Capacity at a specified NTS Exit Point and application to increase NTS Exit (Flat) Capacity at one or more NTS Exit Points which are connected to the same LDZ.

Any request by National Grid NTS and/or the DN for the revision/acceptance of any Offtake Profile Notices shall satisfy the requirement that, for all times in the Day, the aggregate, in respect of all Offtakes (serving the same NTS Exit Zone / LDZ) for which such request is made, of the revised rates of offtake requested is the same as the aggregate rates of offtake under the prevailing Offtake Profile Notices at the time the request is made.

Both parties shall comply with the relevant request unless in that parties reasonable opinion the safe and efficient operation of the NTS LDZ would be materially prejudiced by the flow of gas at the relevant Offtakes on the basis of the requested revisions, in which case the party shall:

contact and inform National Grid NTS / DN of the position as soon as possible following receipt of National Grid NTS' / DN's request; and
cooperate with National Grid NTS / DN and use all reasonable endeavours to agree upon alternative revisions to Offtake Profile Notices.

Others

446.440. Other sections of the UNC will require amendment and will be identified as part of development of the legal text. |

APPENDIX 1: NTS Exit Zones

The list in Table 1 details which NTS Exit Zones the existing NTS Offtakes plus new Distribution Network Offtakes have been attributed to for Gas Year 2010. These have been included in the Business Rules for clarity and will be included in the EXCR rather than the Uniform Network Code. New exit points will be included within the appropriate NTS Exit Zone by National Grid NTS.

Table 1 – Attribution of offtakes to NTS Exit Zones

Count	NTS Exit Point	NTS Exit Zone
1	AberdeenOT	0
2	BalgrayOT	0
3	BPGngemouthPS	0
4	CarestonOT	0
5	DrumOT	0
6	GlenmavisLNG	0
7	GlenmavisOT	0
8	GowkhallPS	0
9	KinknockieOT	0
10	PeterheadPS	0
11	PitcairnOT	0
12	StFergusOT	0
13	ArmadaleOT	1
14	BroxburnOT	1
15	ColdstreamOT	1
16	HumbletonOT	1
17	HumeOT	1
18	KeldOT	1
19	LangholmOT	1
20	LockerbieOT	1
21	MelkinthorpeOT	1
22	MoffatInt	1
23	NetherHwclghOT	1
24	SaltwickHOT	1
25	SaltwickOT	1
26	SoutraOT	1
27	TowLawOT	1
28	WetheralOT	1
29	AucklandOT	2
30	CorbridgeOT	2
31	GuyzanceOT	2
32	AsselbyOT	3
33	BaldersbyOT	3
34	BASFInd	3
35	BeltoftStor	3
36	BOCTeesInd	3
37	BPSaltendHPInd	3
38	BurleyBankOT	3
39	CowpenBewleyOT	3
40	EltonOT	3
41	EnronPS	3
42	GansteadOT	3

43	GooleGlassInd	3
44	HornseaStor	3
45	ICIBillinghmInd	3
46	LtBurdonOT	3
47	PannalOT	3
48	PaullOT	3
49	PhillipsTeesPS	3
50	PickeringOT	3
51	RawcliffeOT	3
52	RoughStor	3
53	SaltendPS	3
54	ThrintoftOT	3
55	TowtonOT	3
56	AMPaperInd	4
57	BlackburnMInd	4
58	BlackrodOT	4
59	BrdgewaterPInd	4
60	BurtonPointPS	4
61	DeesidePS	4
62	HaysChemInd	4
63	HolmesChapelOT	4
64	ICIRuncornInd	4
65	LuptonOT	4
66	MickleTrafOT	4
67	PartingtonLNG	4
68	PartingtonOT	4
69	RocksavagePS	4
70	RoosecotePS	4
71	SamlesburyOT	4
72	SellafieldPS	4
73	ShellStarInd	4
74	ShottonPaprlInd	4
75	WarburtonOT	4
76	WestonPointOT	4
77	WinningtonPS	4
78	BlabyOT	5
79	CaldecottOT	5
80	CorbyPS	5
81	MktHarboroughOT	5
82	PeterborEyeOT	5
83	PeterboroPS	5
84	SilkWilloughOT	5
85	TurLangtonOT	5
86	EveshamOT	6
87	LeamingtonOT	6
88	LowerQuintonOT	6
89	RugbyOT	6
90	StratfrdAvonOT	6
91	AylesbeareOT	7
92	BraishfieldAOT	7
93	BraishfieldBOT	7
94	DidcotPS	7

95	IlchesterOT	7
96	Ipsden1OT	7
97	KennOT	7
98	MappowderOT	7
99	GtWilbrahamOT	8
100	PetersGrnNTOT	8
101	PetersGrnSMOT	8
102	RoudhamHeathOT	8
103	RoystonOT	8
104	WhitwellOT	8
105	BarkingPS	9
106	CorytonPS	9
107	DamheadCreekPS	9
108	FarninghamOT	9
109	GtYarmouthPS	9
110	HorndonOT	9
111	LuxboroughLnOT	9
112	MedwayPS	9
113	ShorneOT	9
114	TatsfieldOT	9
115	YelvertonOT	9
116	EppingGreenPS	10
117	LtBarfordPS	10
118	MatchngGreenOT	10
119	RyeHousePS	10
120	BlyboroughOT	11
121	BriggPS	11
122	CottamPS	11
123	ImminghamInd	11
124	KeadbyBPS	11
125	KeadbyPS	11
126	Stallingbor1PS	11
127	Stallingbor2PS	11
128	ThorntonCurtOT	11
129	ThorntonCurtPS	11
130	WalesbyOT	11
131	AlrewasEMOT	12
132	AlrewasWMOT	12
133	AspleyOT	12
134	AudleyNWOT	12
135	AudleyWMOT	12
136	AustreyOT	12
137	DrointonOT	12
138	EcclestonOT	12
139	HoleHousFmStor	12
140	Maelor	12
141	MalpasOT	12
142	MilwichOT	12
143	ShustokeOT	12
144	BactonInt	13
145	BactonOT	13
146	BrisleyOT	13

147	KingsLynnPS	13
148	WestWinchOT	13
149	AvonmouthLNG	14
150	BaglanBayPS	14
151	CirencesterOT	14
152	DowlaisOT	14
153	DyffrynClydOT	14
154	DynevorArmsLNG	14
155	EastonGreyOT	14
156	FiddingtonOT	14
157	GilwernOT	14
158	ICISvrnsidelnd	14
159	LittletnDrewOT	14
160	PucklechurchOT	14
161	RossSWOT	14
162	RossWMOT	14
163	SeabankBPS	14
164	SeabankOT	14
165	SeabankPS	14
166	GosbertonOT	15
167	KirksteadOT	15
168	SpaldingPS	15
169	SuttonBridgeOT	15
170	SuttonBridgePS	15
171	HardwickOT	16
172	WinkfieldNTOT	16
173	WinkfieldSEOT	16
174	WinkfieldSOOT	16

APPENDIX 2: Area and NTS Exit Zone Maximas

This Appendix details the Area and Zonal Maxima that will be applied to the Annual NTS Exit (Flexibility) Capacity Allocation process, utilising the 22MCM National release. These have been included in the Business Rules for clarity and National Grid NTS envisages that the values in this Appendix will be specified in National Grid NTS's EXCR.

The information displayed in this appendix will apply for Gas Years 2010/11 and 2011/12 and shall subsequently be reviewed.

Area	Zone	Zonal maxima	Area maxima	National Maximum
North	0	3.58	9.00	22
	1	4.60		
	2	0.40		
	3	3.19		
	4	5.95		
Central	5	1.54	8.00	
	6	0.64		
	11	2.67		
	12	2.21		
	15	1.46		
West	7	2.02	5.00	
	14	1.62		
East	8	2.03	8.00	
	9	3.01		
	10	1.29		
	13	3.26		
	16	1.21		

Conversion to energy

The notes below explain some of the implications of the values detailed above:

Network Analysis indicates that Northern Area might not be able to accommodate simultaneous utilisation of all flexibility capacity holdings should in excess of 9 mcm "migrate" to the North under the allocation mechanism.

Central Area: some limited potential for capacity holdings to exceed Area Maximum unless the area limitation is introduced

As with North, East Area could not accommodate simultaneous utilisation of all flexibility capacity holdings should in excess of 8 mcm "migrate" to the East under the allocation mechanism