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Monday 26th January 2015

Dear Colleague

Quarterly System Entry Capacity (QSEC) Surrender Auction

Invitation to participate in the Surrender Process for EU Interconnection Points for Capacity period October 2016 to September 2031

Following implementation of UNC modification 0449 and pursuant to TPD Section B, Annex B-3 of the Uniform Network Code, National Grid Gas plc ("National Grid") invites you to take part in the 2015 Quarterly NTS Entry Capacity surrender process for EU Interconnection Points (IP's) at the following IP:

Bacton ASEP

The provisions of the Uniform Network Code (UNC) (including in particular, but not limited to, TPD Section B and Annex B-3) apply to this invitation, the 2015 QSEC auction, any bids made and rejected pursuant to such auction, and any subsequent allocation of surrendered capacity, at an IP, via this surrender process.

Please refer to the Joint Office website (<http://www.gasgovernance.co.uk/livemods>) with regards to any outstanding modification which may affect capacity during the transaction period specifically, I would draw your attention to modification UNC0501 (and all alternate modifications 0501A, 0501B and 0501C) – Treatment of Existing Entry Capacity Rights at the Bacon ASEP to comply with EU Capacity regulations.

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

Monday 9th February 2015
Tuesday 10th February 2015
Wednesday 11th February 2015
Thursday 12th February 2015
Friday 13th February 2015

Each day of the surrender window will commence at 08:00 and close at 17:00 on the same calendar day. Each surrender offer may be withdrawn or amended until, but not after, 17:00 on each day. Users may submit one surrender offer per surrender period or one surrender offer for multiple surrender periods, per IP, but may have no more than one surrender offer applicable to any one surrender period.

For the purposes of this surrender process each surrender period will be one calendar quarter. Users are invited to submit Quarterly NTS Entry Capacity surrender offers in kWh/day (but not for a quantity less than 100,000kWh/day) up to an aggregate amount not exceeding their Firm NTS Entry Capacity entitlement at the IP for that month. If these criteria are not met the surrender offer will be rejected.

All surrender offer(s) must be submitted via facsimile and each surrender offer will be time stamped. Where surrender offers are subsequently accepted this will be in order of time stamp i.e. surrender offers will be taken based on the time and date that they were received by National Grid with the earliest received taken first.

Please note that National Grid will only accept a surrender offer for a surrender period where the quantity of unsold NTS Entry Capacity made available in the QSEC Auction is exceeded by the aggregate capacity bid quantities received.

Surrender offers are to be sent via the following facsimile number:

Direct fax: +44 (0)1926 654059

Each surrender offer will specify:

- The identity of the User
- The IP
- The relevant System Capacity which for this surrender process will be Quarterly NTS Entry Capacity
- The amount of System Capacity subject to the surrender offer (which will not be less than the minimum surrender amount of 100,000kWh/day)
- The minimum amount which the User is willing to surrender (which will not be less than the minimum surrender amount of 100,000kWh/day)
- The surrender period or surrender periods (where more than one surrender period is specified such periods need not be consecutive)

Please see Appendix 1 for the proforma to be used for submitting your surrender offers.

A surrender offer will be taken as confirmation that sufficient NTS System Entry Capacity is held by the User.

Users will be informed of the aggregate quantity of NTS Entry Capacity that has been offered for surrender, for each surrender period, within the 2015 annual invitation for Quarterly NTS Entry Capacity (QSEC auction invitation).

Surrendering Users will be notified of the details of their accepted surrender offers within five Business Days of the allocation of the QSEC auction.

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

Words and expressions which are capitalised but not defined in this invitation notice but which are defined in the UNC shall have the meanings given to them in the UNC document.

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

Yours faithfully,

Helen Bennett
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National Grid

