

**UNIFORM NETWORK CODE - TRANSITION DOCUMENT****PART IID – FLEXIBILITY BIDDING****1 GENERAL**

The provisions of this Part IID constitute a Contingency Balancing Arrangement and may have effect in accordance with TPD Section D2.4 from the time specified by National Grid NTS in a notice given to Users pursuant to TPD Section D2.4.<sup>1</sup>

**2 FLEXIBILITY BIDDING****2.1 Flexibility Bid**

2.1.1 For the purpose of this Part IID, a "**Flexibility Bid**" is an offer by a User (a "**Bidding User**"):

- (a) to sell gas to National Grid NTS on a Day at the Bid Price by delivering or increasing deliveries of gas to the Total System at a System Entry Point (a "**System Entry Buy**") or by reducing the offtake of gas from the Total System at a Flexibility Eligible System Exit Point (a "**System Exit Buy**"); or
- (b) to buy gas from National Grid NTS on a Day at the Bid Price by offtaking or increasing the offtake of gas from the Total System at a Flexibility Eligible System Exit Point (a "**System Exit Sell**") or by reducing deliveries of gas to the Total System at a System Entry Point (a "**System Entry Sell**")

and in each case to modify the gas flow rate and to be deemed to make a Nomination or Renomination accordingly.

2.1.2 For the purpose of this Part IID a "**System Sell**" is a System Entry Sell or a System Exit Sell and a "**System Buy**" is a System Entry Buy or a System Exit Buy.

2.1.3 For the purpose of paragraph 2.1.1 a "**Flexibility Eligible System Exit Point**" is any System Exit Point other than an NDM Supply Point Component, DMA Supply Point Component or SDMC(I) Supply Point Component or relevant Connected System Exit Point.

**2.2 Bidding requirements**

2.2.1 A User may at any time commencing 30 Days before the Gas Flow Day until 04:00 hours on the Gas Flow Day make a Flexibility Bid by submitting to National Grid NTS a notice ("**Flexibility Bid Notice**"), subject to and in accordance with this paragraph 2.

2.2.2 A Flexibility Bid Notice shall specify:

- (a) the identity of the Bidding User;
- (b) the Day or (in accordance with paragraph 2.4.1(b)) Days for which the bid or bids are made;
- (c) whether the bid is for a System Entry Buy, System Entry Sell, System Entry Exit;
- (d) the Bid Entry Point or Bid Exit Point;

---

<sup>1</sup> Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will renumber existing (floating body) paragraph as 1.1 and thereafter add a new paragraph 1.2.

- (e) the maximum and the minimum quantity of gas (which may be the same) for which the bid is made, or (in accordance with paragraph 2.4.1(a)) alternative maximum and minimum quantities;
  - (f) in the case of a System Entry Buy, an estimate of either:
    - (i) the calorific value; or
    - (ii) the volume of the maximum quantity within the quantity range, of the Flexibility Gas;
  - (g) the flexibility lead time or (in accordance with paragraph 2.4.1(a)) alternative flexibility lead times;
  - (h) the maximum and minimum Flexibility Flow Rate Changes (which may be the same) for which the bid is made, or (in accordance with paragraph 2.4.1(a)) alternative maximum and minimum such changes; and
  - (i) the Bid Price, or (in accordance with paragraph 2.4.1(a)) alternative Bid Prices.
- 2.2.3 A Flexibility Bid may not be made subject to any condition (other than one expressly provided for in this Part IID) and National Grid NTS may at its option accept (notwithstanding any purported condition other than one so provided for) or disregard a Flexibility Bid which purports to be so conditional.
- 2.2.4 A Flexibility Bid Notice may not be amended (but a User may withdraw such a notice and submit a further notice in accordance with this Part IID).
- 2.2.5 In accordance with paragraph 5.2 a User may make a Flexibility Bid without holding System Capacity at the Bid System Point.
- 2.3 Bid restrictions**
- 2.3.1 A Flexibility Bid for a System Entry Buy or System Entry Sell may not be made for a minimum Flexibility Flow Rate Change of less than 0.05 MCM/Day.
- 2.3.2 A User may not have outstanding for any Day more than two Flexibility Bids for System Entry Buys nor more than two Flexibility Bids for System Entry Sells for which the minimum Flexibility Flow Rate Change is less than 0.5 MCM/Day.
- 2.3.3 There is no limit on the number of Flexibility Bids which a User may have outstanding for System Entry Buys or System Entry Sells for which the minimum Flexibility Flow Rate Change is not less than 0.5 MCM/Day.
- 2.3.4 A User may not have outstanding for any Day more than the relevant number of Flexibility Bids for a System Exit Buy nor more than the relevant number of Flexibility Bids for a System Exit Sell in respect of any Flexibility Eligible System Exit Point, where the relevant number is four in the case of a VLDMC Supply Point Component and one in the case of any other Flexibility Eligible System Exit Point.
- 2.3.5 For the purpose of this paragraph 2.3:
- (a) a Flexibility Bid is outstanding for a Day where and for so long as it has been made by a User and not withdrawn under paragraph 2.7 or accepted under paragraph 3.0;
  - (b) a flexibility option bid under paragraph 2.4.1(a) counts as one bid notwithstanding the

number of bid alternatives thereunder.

- 2.3.6 Where a User makes a Flexibility Bid, the condition in paragraph 3.4.2 must be capable of being satisfied (assuming acceptance of the Flexibility Bid at the time the bid is made, and taking account of the Flexibility Effective Time) for all quantities within the quantity range, all Flexibility Flow Rate Changes within the Flow Rate Change Range, and in the case of a flexibility option bid (in accordance with paragraph 2.4.1(a)) for all options.

## 2.4 Options for Flexibility Bidding

2.4.1 A User submitting a Flexibility Bid Notice may:

- (a) subject to paragraph 2.4.2 designate the Flexibility Bid as a "**flexibility option bid**", in which case the Flexibility Bid Notice shall specify alternative combinations (each one a "**bid alternative**") of quantity ranges, flexibility lead times, Flow Rate Changes Ranges, and Bid Prices for which the bid is made; and/or
- (b) where the Flexibility Bid Notice contains a Flexibility Bid for a System Entry Buy or System Exit Sell, specify a number of consecutive Days for which the Flexibility Bid Notice is submitted and designate the notice as made either:
  - (i) under this paragraph (i), in which case the Flexibility Bid may be accepted by National Grid NTS for any one but only one of the specified Days;
  - (ii) under this paragraph (ii), in which case the Flexibility Bid Notice shall contain identical bids for each of the specified Days and may be accepted by National Grid NTS for all or any one or more of the specified Days

without prejudice to paragraphs 2.3.5(b) and 2.4.3, each of the bid alternatives within a flexibility option bid shall be treated as a separate Flexibility Bid.

2.4.2 For the purposes of paragraph 2.4.1(a), a User may not in a flexibility option bid specify more than:

- (a) in the case of a System Entry Point or VLDMC Supply Point Component, 3 bid alternatives;
- (b) in the case of any other Flexibility Eligible System Exit Point, 2 bid alternatives.

2.4.3 Where a User submits a flexibility option bid:

- (a) National Grid NTS may accept the Flexibility Bid for any one of the bid alternatives;
- (b) acceptance by National Grid NTS of the Flexibility Bid for one of the bid alternatives shall extinguish the Flexibility Bid (but where the Flexibility Bid Notice is made under paragraph 2.4.1(b)(ii), only for the relevant Day) as to the remaining bid alternatives.

2.4.4 Acceptance by National Grid NTS of a Flexibility Bid for a quantity less than the maximum within the quantity range shall extinguish the Flexibility Bid as to the remaining quantity.

## 2.5 Turn-down bids

2.5.1 Where a User makes a Flexibility Bid for a System Entry Sell or a System Exit Buy, the bid shall not be valid until and unless:

- (a) in the case of a System Entry Sell, the Bidding User makes an Input Nomination for the Gas Flow Day at the Bid Entry Point;
- (b) in the case of a System Exit Buy, the Bidding User makes an Output Nomination for the Gas Flow Day at the Bid Exit Point

in either case for which the Implied Nomination Flow Rate is not less than the maximum Flexibility Flow Rate Change.

- 2.5.2 Where, at a time at which a Flexibility Bid under paragraph 2.5.1 is or has become valid (in accordance with that paragraph) but not been accepted, the Bidding User makes a Renomination in respect of the Bid System Point following which the Implied Nomination Flow Rate is less than the maximum Flexibility Flow Rate Change, the bid shall remain valid but for a maximum Flexibility Flow Rate Change equal to the Implied Nomination Flow Rate (or cease to be valid if the minimum Flexibility Flow Rate Change exceeds the Implied Nomination Flow Rate).
- 2.5.3 During a Bid Evaluation Period or where a Flexibility Bid within paragraph 2.5.1 has been accepted, the Bidding User may not make a Renomination in respect of the Bid System Point as a result of which the Implied Nomination Flow Rate would be less than (as the case may be) the maximum Flexibility Flow Rate Change or the amount determined as the Flexibility Quantity divided by the period (in hours) from the Flexibility Effective Time to the end of the Gas Flow Day.

## 2.6 Negative Bid Price

- 2.6.1 A Flexibility Bid may specify a negative Bid Price, which represents:
  - (a) in the case of a System Buy, an amount that the User is willing to pay in order to increase its deliveries of gas to the Total System or (as the case may be) to reduce its offtake of gas from the Total System at the Bid System Point; and
  - (b) in the case of a System Sell, an amount that the User wishes to be paid in order to reduce its deliveries of gas to the Total System or (as the case may be) to increase its offtake of gas from the Total System at the Bid System Point.
- 2.6.2 For the purpose of paragraph 3.2.3(a), in the case of a System Buy a Flexibility Bid with a negative Bid Price will rank higher, and in the case of a System Sell a Flexibility Bid with a negative Bid Price will rank lower, than (in either case) a Flexibility Bid with a positive Bid Price.
- 2.6.3 For the purposes of paragraph 4.3, where a Flexibility Bid with a negative Bid Price is accepted, payment of the Flexibility Charge will be made by the seller and not the buyer.

## 2.7 Withdrawal of Flexibility Bid

- 2.7.1 A User may withdraw a Flexibility Bid which has not been accepted by National Grid NTS, subject to and in accordance with this paragraph 2.7.
- 2.7.2 The User shall submit a notice ("**bid withdrawal notice**") specifying:
  - (a) the identity of the User; and
  - (b) the Flexibility Bid Notice in respect of the Flexibility Bid(s) to be withdrawn.
- 2.7.3 A Flexibility Bid may not be withdrawn during a Bid Evaluation Period and if a User submits

a bid withdrawal notice during a Bid Evaluation Period:

- (a) National Grid NTS will notify the User that a Bid Evaluation Period is current;
- (b) the bid withdrawal notice shall be of no effect and (without prejudice to any further bid withdrawal notice submitted after the end of the Bid Evaluation Period) the Flexibility Bid Notice shall remain in force and the Flexibility Bid thereunder may be accepted (in accordance with paragraph 3) by National Grid NTS.

2.7.4 A bid withdrawal notice may not be withdrawn nor made conditional.

2.7.5 Subject to paragraph 2.7.3 the bid withdrawal notice shall be effective when submitted and the Flexibility Bid Notice (and the Flexibility Bid(s) thereunder, including in the case of a Flexibility Bid Notice under paragraph 2.4.1(b)(ii) the Flexibility Bid for the subsequent Days) shall be withdrawn upon submission of the bid withdrawal notice.

## 2.8 Definitions

For the purpose of this Part IID, in relation to a Flexibility Bid:

- (a) "**Flexibility Gas**" is gas the subject of the Flexibility Bid;
- (b) the "**Bid Price**" is the price (in pence/kWh) specified by a Bidding User for the Flexibility Bid;
- (c) "**flexibility lead time**" is the period of time required by the User after acceptance by National Grid NTS of the Flexibility Bid before the User will modify the gas flow rate at the Bid System Point;
- (d) "**Flexibility Flow Rate Change**" is:
  - (i) where no earlier Nomination was made in respect of the Bid System Point, the rate (in MCM/Day) at which Flexibility Gas is to be delivered or offtaken;
  - (ii) where an earlier Nomination was made in respect of the Bid System Point, the amount (in MCM/Day) by which the gas flow rate is to be increased or (as the case may be) decreased in respect of Flexibility Gas;
- (e) the "**Bid Entry Point**" or "**Bid Exit Point**" is the System Entry Point or System Exit Point at which the gas flow rate is to be modified; and the "**Bid System Point**" is the Bid Entry Point or Bid Exit Point;
- (f) the "**quantity range**" is the range of quantities defined by the maximum and minimum quantities specified in the Flexibility Bid Notice; and
- (g) the "**Flow Rate Change Range**" is the range of Flexibility Flow Rate Changes defined by the maximum and minimum such changes specified in the Flexibility Bid Notice.

## 2.9 Bid Information

2.9.1 Users will have access each Day by means of UK Link to the following details in respect of Flexibility Bids which are outstanding for that and any subsequent Day or which have been accepted for that Day; the details (for each bid alternative, in the case of a flexibility option bid) under sub-paragraphs (c), (d), (e), (h) and (i) of paragraph 2.2.2 (but only the maximum values as respects sub-paragraphs (e) and (h)).

2.9.2 The identity of Bidding Users will not be disclosed to Users pursuant to paragraph 2.9.1.

### 3. ACCEPTANCE OF FLEXIBILITY BIDS

#### 3.1 Acceptance

3.1.1 With effect from the Renomination Start Time and throughout the Gas Flow Day National Grid NTS may (in accordance with this paragraph 3) accept Flexibility Bids made for the Gas Flow Day for such quantities of Flexibility Gas as it from time to time requires for purposes of Operational Balancing.

3.1.2 For avoidance of doubt National Grid NTS may at different times, or at the same times at different Bid Entry Points or Bid Exit Points, accept Flexibility Bids for System Sells and System Buys for the same Day.

#### 3.2 Bid evaluation and selection

3.2.1 Where for the purposes of Operational Balancing National Grid NTS intends to accept Flexibility Bid(s), National Grid NTS will:

- (a) initiate a Bid Evaluation Period;
- (b) determine which Flexibility Bids are Available in accordance with paragraph 3.2.2;
- (c) rank the Available Flexibility Bids in accordance with paragraph 3.2.3; and
- (d) review and select for acceptance Available Flexibility Bids in accordance with paragraph 3.2.4.

3.2.2 For the purposes of this Part IID a Flexibility Bid is "**Available**" where:

- (a) the Flexibility Bid was made, and in the case of a Flexibility Bid within paragraph 2.5.1 has become and remains valid in accordance with that paragraph, before the start of the Bid Evaluation Period, and is capable of acceptance in accordance with paragraph 3.4; and
- (b) the operational balancing quantity is not less than:
  - (i) the minimum quantity in the quantity range under the Flexibility Bid: nor
  - (ii) the product of the minimum Flexibility Flow Rate Change (expressed in kWh/hour) and the period in hours from the expiry (after the time at which the bid would be accepted, and taking into account paragraph 4.1.2(d)) of the flexibility lead time until the end of the Gas Flow Day.

3.2.3 Subject to paragraph 3.2.6, Available Flexibility Bids will be ranked:

- (a) in order of price, the highest ranking being the Flexibility Bid:
  - (i) in the case of a System Sell, for which the Bid Price is highest;
  - (ii) in the case of a System Buy, for which the Bid Price is lowest;
- (b) where two or more Available Flexibility Bids have the same Bid Price, in order of their respective flexibility lead times, the bid with the shortest flexibility lead time being ranked highest among such bids;

- (c) where two or more Available Flexibility Bids have the same Bid Price and flexibility lead time, in the order in which they were made, the earliest made being ranked highest among such bids.
- 3.2.4 National Grid NTS will, in respect of each ranked Available Flexibility Bid, sequentially in the order ranked (starting with the highest ranking), review such bid to determine whether, having regard to the factors in paragraph 3.2.5, such bid is operationally suitable for acceptance (for the purposes of Operational Balancing), until National Grid NTS has determined to accept Flexibility Bids in aggregate for approximately the operational balancing quantity, whereupon it will accept the Flexibility Bids so determined.
- 3.2.5 The facts referred to in paragraph 3.2.4 are:
- (a) the quantity range, Flow Rate Change Range, Bid System Point, flexibility lead time (taking into account paragraph 4.1.2(d)), and (in the case of a System Entry Point) estimated calorific value or volume of the maximum quantity of Flexibility Gas, of the Flexibility Bid under review;
  - (b) the nature and urgency of the Operational Balancing Requirement, and any prevailing Transportation Constraints;
  - (c) the extent to which (as compared with any other Flexibility Bid) acceptance of the Flexibility Bid would be likely to give rise to a subsequent Operational Balancing Requirement as described in paragraph 1.2.2; and
  - (d) such other consideration as National Grid NTS may reasonably determine in the circumstances to be relevant for the purposes of Operational Balancing.
- 3.2.6 National Grid NTS may elect, before ranking Available Flexibility Bids under paragraph 3.2.3, to exclude Flexibility Bids which (on the basis of any one or more of the factors referred to in paragraph 3.2.5) are not operationally suitable for acceptance.
- 3.2.7 National Grid NTS will secure that the Bid Evaluation Period is not longer than is reasonably necessary in the circumstances to enable National Grid NTS properly to carry out the actions described in this paragraph 3.2.
- 3.2.8 For the purposes of this Part IID:
- (a) the "**Bid Evaluation Period**" is a period in which, where National Grid NTS intends to accept Flexibility Bids, it evaluates and accepts Flexibility Bids in accordance with this paragraph 3.2;
  - (b) the "**operational balancing quantity**" is the quantity of gas required for Operational Balancing purposes.
- 3.2.9 National Grid NTS will maintain records (which for the avoidance of doubt will not be available to Users) which will include the times at which and reasons for which it initiates Bid Evaluation Periods, the times at which Bid Evaluation Periods are closed and the reasons for which it accepts Flexibility Bids.

### 3.3 Acceptance procedure

- 3.3.1 A Flexibility Bid shall be accepted where National Grid NTS gives notice of acceptance to the Bidding User.
- 3.3.2 Notice of acceptance by National Grid NTS of a Flexibility Bid shall specify:

- (a) the Flexibility Bid Notice;
- (b) the quantity (within the quantity range) and Flexibility Flow Rate Change for which the bid is accepted;
- (c) where the bid was a flexibility option bid, the bid alternative for which the bid is accepted; and
- (d) where the Flexibility Bid Notice was made under paragraph 2.4.1(b), the Day for which the bid is accepted.

3.3.3 Where National Grid NTS accepts a Flexibility Bid, National Grid NTS will (but without prejudice to the effectiveness of such acceptance) give such further notice of acceptance to the Bidding User by Active Notification Communication.

### **3.4 Restrictions on acceptance**

3.4.1 National Grid NTS shall not accept a Flexibility Bid at a time, and/or for a quantity or flexibility lead time, where as a result the condition in paragraph 3.4.2 would not be satisfied.

3.4.2 The condition referred to in paragraph 3.4.1 is that:

- (a) the Flexibility Flow Rate Change for which the Flexibility Bid is accepted lies within the Flow Rate Change Range; and
- (b) the quantity for which the Flexibility Bid is accepted is not greater than the product of the accepted Flexibility Flow Rate Change and the period (in hours) from the Flexibility Effective Time until the end of the Gas Flow Day.

## **4 FLEXIBILITY QUANTITY AND CONTRACT**

### **4.1 Effect of acceptance**

4.1.1 Where (in accordance with paragraph 3.3) National Grid NTS accepts a Flexibility Bid:

- (a) the Flexibility Quantity shall be deemed to be sold and purchased pursuant to a System Clearing Contract;
- (b) the Flexibility Quantity shall be taken into account in the determination of the User's Daily Imbalance in accordance with TPD Section E5.1;
- (c) the Bidding User shall be deemed to have made a Renomination in respect of the Bid System Point in accordance with paragraph 4.2.

4.1.2 For the purposes of this Part IID, in relation to an accepted Flexibility Bid:

- (a) the "**Accepted Price**" is the Bid Price or (in the case of a flexibility option bid) the Bid Price for which the bid was accepted;
- (b) the "**Flexibility Quantity**" is the quantity of gas for which the bid was accepted;
- (c) the "**Flexibility Charge**" is the Flexibility Quantity multiplied by the Accepted Price;
- (d) the "**Flexibility Effective Time**" is the hour (in accordance with TPD Section C1.9.1) of the Gas Flow Day immediately after the elapse, from the time at which National Grid NTS gave notice of acceptance of the Flexibility Bid, of the flexibility lead time,



or (in the case of a flexibility option bid) the flexibility lead time for which the bid was accepted.

## **4.2 Flexibility Nominations**

- 4.2.1 In the case of a System Entry Buy the Bidding User shall be deemed to have made an original Input Nomination for, or a Renomination increasing the Nomination Quantity under its prevailing Input Nomination by, the Flexibility Quantity.
- 4.2.2 In the case of a System Exit Buy the Bidding User shall be deemed to have made a Renomination decreasing the Nomination Quantity under its prevailing Output Nomination by the Flexibility Quantity.
- 4.2.3 In the case of a System Entry Sell the Bidding User shall be deemed to have made a Renomination decreasing the Nomination Quantity under its prevailing Input Nomination by the Flexibility Quantity.
- 4.2.4 In the case of a System Exit Sell the Bidding User shall be deemed to have made an original Output Nomination for, or a Renomination increasing the Nomination Quantity under its prevailing Output Nomination by, the Flexibility Quantity.
- 4.2.5 Where the Flexibility Effective Time is after the start of the Gas Flow Day, the Renomination Effective Time under the Flexibility Nomination shall be the Flexibility Effective Time.
- 4.2.6 An original Input Nomination under paragraph 4.2.1 or Output Nomination under paragraph 4.2.4 shall be a New Renomination.

## **4.3 System Clearing Contract**

- 4.3.1 The System Clearing Contract shall arise on National Grid NTS's acceptance of the Flexibility Bid and (without prejudice to the determination of the Bidding User's Daily Imbalance in accordance with TPD Section E5) shall be deemed fully performed except as to payment.
- 4.3.2 Except as provided in paragraph 2.6.3:
  - (a) in the case of a System Sell, the Bidding User shall pay to National Grid NTS the Flexibility Charge;
  - (b) in the case of a System Buy, National Grid NTS shall pay to the Bidding User the Flexibility Charge.
- 4.3.3 The Flexibility Charge will be invoiced and payable in accordance with TPD Section S.

## **5 MISCELLANEOUS**

### **5.1 General**

- 5.1.1 For the purposes of giving effect to this Part IID in respect of each Day on which it applies, the provisions of this paragraph 5 shall apply.
- 5.1.2 The provisions of TPD Sections F, S and X which applied in respect of or in connection with the invoicing and payment of Market Balancing Action Charges immediately prior to the coming into effect of this Part IID, shall be deemed to continue to have effect until such time as there is no longer any requirement that they continue to do so.
- 5.1.3 For the purposes of paragraph 5.6.3, where any of the preceding 7 Days referred to falls on or

before a Day with effect from which this Part IID applies the System Average Price for such Day shall be the System Average Price calculated in accordance with the provisions of TPD Sections F1.2.1 and 1.2.2 applying immediately prior to the coming into effect of this Part IID.

5.1.4 For each Day on which this Part IID applies for the purposes of the Code:

- (a) Eligible Balancing Actions shall include the acceptance by National Grid NTS of Flexibility Bids;
- (b) Flexibility Charges in respect of System Sells (or negatively priced System Buys) shall be other amounts payable to National Grid NTS in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements for the purposes of TPD Section F4.4.2(a);
- (c) Flexibility Charges in respect of System Buys (or negatively priced System Sells) shall be other amounts payable to National Grid NTS in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements for the purposes of TPD Section F4.4.3(a);
- (d) Flexibility Charges shall be other amounts payable in respect of Eligible Balancing Actions pursuant to Contingency Balancing Arrangements for the purposes of TPD Sections F4.5.3(a)(ii), F4.5.3(b)(ii) and 4.5.3(b)(iii), TPD Section V7.2.1(c) and paragraph TPD Section X2.5.2(b).

## **5.2 TPD Section B: System Use and Capacity**

For each Day on which this Part IID applies a User may use the Total System by delivering gas pursuant to the acceptance of a Flexibility Bid for a System Entry Buy, without holding System Entry Capacity at the relevant Aggregate System Entry Point, and will be liable to pay a System Entry Overrun Charge in accordance with TPD Section B2.12.

## **5.3 TPD Section C: Nominations**

5.3.1 For the purposes of this Part IID and the Code;

- (a) a "**Flexibility Nomination**" is the Renomination deemed to be made by a User upon acceptance of a Flexibility Bid under paragraph 4.2;
- (b) an Initial Nomination does not include a Flexibility Nomination.

5.3.2 A Flexibility Nomination shall be deemed to comply with the requirements of TPD Section C and to be approved by National Grid NTS.

5.3.3 A Flexibility Nomination made in respect of a System Point of which the Bidding User has (before acceptance of the relevant Flexibility Bid) made an earlier Nomination shall take effect as a Renomination and revise the Renomination Quantity (in accordance with paragraph 4.2) under such earlier Renomination.

5.3.4 A User shall not be entitled to make a Renomination after a Flexibility Bid made by the User has been accepted, in the circumstances in paragraph 2.5.3.

5.3.5 For the purposes of the Code a New Renomination shall include an original Nomination in accordance with paragraph 4.2.

## **5.4 TPD Section D: Operational Balancing and Trading Arrangements**

- 5.4.1 On any Day in respect of which this Part IID applies for the purposes of Operational Balancing:
- (a) prices and quantities of gas offered by Users for sale to or purchase by National Grid NTS each Day will be established;
  - (b) National Grid NTS may (by accepting such offers) buy and sell gas, so as to adjust the quantities of gas delivered to and offtaken from the Total System each Day.
- 5.4.2 For the purposes of TPD Section D1.5.1, the requirement that National Grid NTS will take a Market Balancing Buy Action(s) shall be deemed to be a requirement that National Grid NTS accept a Flexibility Bid(s) for a System Buy(s).
- 5.4.3 In TPD Section D1.3 references to Operational Balancing shall be construed as including the acceptance of Flexibility Bids for System Buys under paragraph 5.4.2 and the acceptance of Flexibility Bids for System Sells taken as a consequence with a view to maintaining an Operational Balance and references to Operational Balancing Steps and Operational Balancing Requirement will be construed accordingly.
- 5.4.4 Subject to paragraphs 5.4.2 and 5.4.3 National Grid NTS will not accept Flexibility Bids other than for the purposes of Operational Balancing.

## **5.5 TPD Section E: Daily Quantities, Imbalance and Reconciliation**

- 5.5.1 For the purposes of TPD Section E1.2.2 a User's Daily Imbalance shall be adjusted to take account of Flexibility Quantities.
- 5.5.2 For the purposes of determining the Daily Imbalance of a User on any Day on which this Part IID applies:
- (a) to the sum calculated at TPD Section E5.1.1(a) shall be added the aggregate of the Flexibility Quantities under any accepted Flexibility Bids made by the User for System Sells which were accepted by National Grid NTS;
  - (b) to the sum calculated at TPD Section E5.1.1(b) shall be added the aggregate of the Flexibility Quantities under any accepted Flexibility Bids made by the User for System Buys which were accepted by National Grid NTS.

## **5.6 TPD Section F: System Clearing, Balancing Charges and Neutrality**

- 5.6.1 The reference to Market Balancing Action Charges in TPD Section F1.1.2(d) shall be construed as including Flexibility Charges.
- 5.6.2 For each Day on which this Part IID applies TPD Sections F1.2.1 and F1.2.2 shall not apply and:
- (a) the "**System Marginal Buy Price**" is the price in pence/kWh which is equal to the highest Accepted Price in respect of any Flexibility Bid for a System Buy accepted by National Grid NTS for that Day;
  - (b) the "**System Marginal Sell Price**" is the price in pence/kWh which is equal to the lowest Accepted Price in respect of any Flexibility Bid for a System Sell accepted by National Grid NTS for that Day;
  - (c) the "**System Average Price**" for a Day is the price in pence/kWh calculated as the sum of the Flexibility Charges divided by the sum of the Flexibility Quantities for all

Flexibility Bids (for System Buys and System Sells) accepted by National Grid NTS for that Day;

- (d) for the avoidance of doubt TPD Sections F1.2.3 and 1.2.4 shall apply, for which purposes reference to a Market Balancing Buy Action and Market Balancing Sell Action taken by National Grid NTS shall be construed as including respectively a Flexibility Bid for a System Buy and a Flexibility Bid for a System Sell accepted by National Grid NTS.

5.6.3 Subject to TPD Section F1.2.5, where for any Day no Flexibility Bid (or none other than one excluded for the purposes of paragraph 0 pursuant to TPD Section F1.2.3) was accepted by National Grid NTS:

- (a) for either a System Buy or System Sell, the System Average Price for that Day shall be the arithmetic mean of the System Average Prices determined under paragraph 5.6.2 for the preceding 7 Days;
- (b) for a System Buy, the System Marginal Buy Price shall be the System Average Price (in accordance with paragraph 5.6.2 or paragraph (a)) for that Day;
- (c) for a System Sell, the System Marginal Sell Price shall be the System Average Price (in accordance with paragraph 5.5.1 or paragraph (a)) for that Day.

5.6.4 For the purposes of:

- (a) TPD Section F3.2.1(a) the Scheduling Input Nominated Quantity in respect of a User shall be calculated after taking account of any Flexibility Nominations in respect of the relevant System Entry Point;
- (b) TPD Section F3.3.2(a)(i) and F3.3.2(a)(ii) the Scheduling Output Nominated Quantity in respect of a User shall be calculated after taking account of any Flexibility Nominations in respect of the relevant System Exit Point.

5.6.5 In respect of any Day where following a notification by National Grid NTS pursuant to TPD Section D2.4.1 or D2.4.4 that it may make use of Contingency Balancing Arrangements:

- (a) for the purposes of paragraph 5.6.2 no account shall be taken of any Market Transaction effected in respect of such Day prior to the time at which National Grid NTS notified Users that it may make use of Contingency Balancing Arrangements;
- (b) no Flexibility Bids are accepted by National Grid NTS, the System Average Price for such Day shall be the System Average Price determined pursuant to TPD Section F1.2.1 or F1.2.2 in respect of the Preceding Day.

## **5.7 TPD Section I: Entry Requirements**

For the purposes of TPD Section I3.10.2(a) the reference to the Renomination Effective Time of a Renomination shall be construed as including a reference to the Renomination Effective Time of a Flexibility Renomination.

## **5.8 TPD Section K: Operating Margins**

5.8.1 National Grid NTS will not make Flexibility Bids for Operating Margins Purposes.

5.8.2 For the purposes of :

- (a) TPD Section K2.1.1(a) the reference to an Operational Balancing Requirement which cannot be satisfied by the taking of Market Balancing Actions because there are no or insufficient Market Offers available shall be construed as including an Operational Balancing Requirement which cannot be satisfied by the acceptance of a Flexibility Bid or Bids because there are no or insufficient Available Flexibility Bids suitable for acceptance;
- (b) in TPD Section K2.1.1(b) the reference to the taking of a Market Balancing Action shall be construed as including the acceptance of Flexibility Bids.

## **5.9 TPD Section N: Shrinkage**

- 5.9.1 A Shrinkage Provider may not make a Flexibility Bid.
- 5.9.2 National Grid NTS may not accept a Flexibility Bid for the purposes of buying or selling gas for the account of a Shrinkage Provider.

## **5.10 TPD Section Q: Emergencies**

- 5.10.1 TPD Section Q3.2.2(c) shall not apply and:
  - (a) in a Network Gas Supply Emergency the application of paragraphs 2, 3 and 4 of this Part IID will be suspended, and in particular National Grid NTS will not accept any Flexibility Bid made by a User in respect of any Gas Flow Day falling within the duration of the Network Gas Supply Emergency; and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System shall be implemented pursuant to TPD Section Q3.2, 3.4 and 3.5;
  - (b) in accordance with paragraph (a), where on a Day on which a Network Gas Supply Emergency occurs National Grid NTS has (before the start of the Network Gas Supply Emergency) accepted a Flexibility Bid the Flexibility Charge will not be paid (and TPD Section Q4 shall apply).
- 5.10.2 For the purposes of TPD Section Q4.1.1(c) the reference to TPD Section D shall be deemed to be a reference to paragraphs 2, 3 and 4 of this Part IID.
- 5.10.3 For the purposes of TPD Section Q4.2.4 the reference to the Market Balancing Action Charges payable by National Grid NTS shall be deemed to be a reference to the Flexibility Charges payable by National Grid NTS.

## **5.11 TPD Section R: Storage**

For the purposes of TPD Section R4.2.5 the reference to a User posting a Market to effect a Locational Market Transaction in relation to which the User agrees to make an Acquiring Trade Nomination for the System Entry Point comprising the relevant Storage Connection Point shall be construed as including the making of a Flexibility Bid for a System Exit Sell at the relevant Storage Connection Point and if such Flexibility Bid is accepted the Flexibility Nomination shall be valid and effective.

## **5.12 TPD Section S: Invoicing and Payment**

For the purposes of TPD Annex S-1 paragraph 5 the reference to Market Balancing Action Charges, Market Balancing Sell Actions and Market Balancing Buy Actions shall be construed respectively as including Flexibility Charges, System Sells and System Buys.

**5.13 TPD Section V: General**

- 5.13.1 A Non-Code Shipper may make a Flexibility Bid.
- 5.13.2 A User admitted pursuant to TPD Section V2.5.1 shall be deemed to have undertaken to National Grid NTS that it will not make a Flexibility Bid.
- 5.13.3 For the purposes of TPD Section V7.2.1(c) the reference to Market Balancing Action Charges shall be construed as including Flexibility Charges.

**5.14 TPD Section X: Energy Balancing Credit Arrangement**

Where National Grid NTS has given notice pursuant to TPD Section X2.9.1 until the Cash Call is paid in full the User shall not be entitled to make a Flexibility Bid and National Grid NTS will not accept a Flexibility Bid made by the User.

**5.15 TPD Section Z: National Grid LNG Storage Facilities**

- 5.15.1 For the purposes of TPD Section Z6.2, on acceptance of a Flexibility Bid for a System Entry Sell at a Storage Connection Point the User shall be deemed to make a Storage Withdrawal Nomination as a Flexibility Nomination in respect of the relevant Storage Connection Point, in accordance with TPD Sections C and paragraphs 2, 3 and 4 of this Part IID.
- 5.15.2 Where a User is deemed to make a Storage Withdrawal Nomination on acceptance of a Flexibility Bid pursuant to paragraph 5.15.2 such shall be deemed to be a relevant Nomination for the purposes of TPD Section Z6 and the implied withdrawal rate shall not exceed the available withdrawal rate and shall not be less than zero.
- 5.15.3 For the purposes of TPD Section Z6.2.5(e) and the calculation of the 'relevant period', a relevant Nomination shall become effective at the time the nomination is made or the Flexibility Bid is accepted plus the withdrawal lead time prevailing at such time (in the case of a Flexibility Bid for a System Entry Buy) the flexibility lead time if longer.

**5.16 GT Section B: General**

GT Section B5.1.5 shall not apply in respect of a Flexibility Bid.