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Draft 1

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION A – SYSTEM CLASSIFICATION

1 INTRODUCTION

1.1 System

1.1.1 In the Code:

(a) **"System"** means:

- (i) the National Transmission System; or
- (ii) a Local Distribution Zone;

(b) **"Total System"** means all the Systems taken together.

1.1.2 Subject to paragraph 1.7.2, a System does not include any independent system nor any pipeline to which gas can only be conveyed through a pipeline system operated by a gas transporter other than a Transporter.

1.1.3 A System does not include any Storage Facility.

1.1.4 Each System includes System Points of different classes, as described in this Section A.

1.1.5 For the purposes of the Code a reference to a System, 'the System' or 'the relevant System' is a reference:

- (a) in the context of a System Point, to the System on which that System Point is or is to be located;
- (b) in the context of a Transporter, to a System owned or operated by the Transporter;
- (c) in the context of a particular transportation activity, to the System in relation to which that transportation activity occurs or is to occur or is or is to be undertaken

1.1.6 and otherwise, is a reference to any System.

1.1.7 For the avoidance of doubt a Transporter may be the owner or operator of (and licensee under a Transporter's Licence in relation to) more than one System.

1.2 NTS and LDZs

1.2.1 The **"National Transmission System"** or **"NTS"** is the pipeline system for the time being designated by National Grid NTS as such, and described in National Grid NTS's Ten Year Statement.

1.2.2 A **"Local Distribution Zone"** or **"LDZ"** is a pipeline system (other than the NTS), the conveyance of gas in which is authorised by a relevant Gas Transporter's Licence held by the owner or operator of such pipeline system, and which:

- (a) immediately before the UNC Implementation Date was designated by National Grid as an LDZ; or

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- (b) is subsequently designated by the owner or operator as an LDZ, after consultation with National Grid NTS:
 - (i) consistently with the provisions of the owner or operator's Transporter's Licence; and
 - (ii) such that no part of any pipeline system (other than the NTS), the conveyance of gas in which is authorised by the relevant Gas Transporter's Licence, is not comprised in an LDZ; and
 - (iii) such that the requirements of the Offtake Arrangements Document are satisfied in respect of all Inter-System Offtakes which exist as a result of such designation

as described in the owner or operator's Ten Year Statement.

1.2.3 For the purposes of paragraph 1.2.2, the relevant Gas Transporter's Licence is a Gas Transporter's Licence in which Special Standard Condition A11 has effect pursuant to a 'Standard Special Conditions Part A direction' in accordance with Standard Special Condition A1(2) of such licence.

1.2.4 Where the context so requires a reference to an LDZ includes the area in which such pipe-line system is located.

1.3 Exit Zones

1.3.1 The area in which each LDZ is located is divided into one or more Exit Zones.

1.3.2 Subject to paragraph 0, an "**Exit Zone**" is an area (within one LDZ only) for the time being designated by National Grid NTS (following consultation with each other relevant Transporter) as such, and described in National Grid NTS's Transportation Statement.

1.3.3 National Grid NTS may from time to time designate the point at which a NTS System Exit Point (in accordance with paragraph 0) is located as a separate Exit Zone, provided that in the absence of such designation an NTS System Exit Point shall be in the Exit Zone in which it is located.

1.4 System Points

1.4.1 For the purposes of the Code:

- (a) an "**Individual System Point**" is a point on a System which is designed to permit gas to flow through a single pipe into or out of the System;
- (b) a "**System Point**" is an Individual System Point or a composite group of Individual System Points of a class (defined according to provisions of the Code set out or referred to in this Section A) in respect of or by reference to which particular provisions of the Code apply.

1.4.2 The classes of System Point comprise:

- (a) Individual System Entry Points, System Entry Points and Aggregate System Entry Points (in accordance with paragraph 0);
- (b) Individual System Exit Points and System Exit Points (in accordance with paragraph 0);

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(c) Inter-System Offtakes (in accordance with paragraph 3.5)

and sub-classes thereof in accordance with the further provisions of the Code.

1.4.3 For the avoidance of doubt a point on a System is a System Point whether or not any transportation arrangement pursuant to which gas flows into or out of the System at such point is made on the terms of the Code.

1.5 Storage Connection Point

1.5.1 The Individual System Points at which a Storage Facility is connected to a System shall be a System Point (which is in relation to such Storage Facility the "**Storage Connection Point**").

1.5.2 A Storage Connection Point shall be both a System Entry Point (and an Aggregate System Entry Point) and a Connected System Exit Point.

1.6 NTS and LDZ System Points

1.6.1 A System Point is an "**NTS**" or an "**LDZ**" System Point where the Individual System Point(s) comprised in that System Point are point(s) on the NTS or (as the case may be) on an LDZ; and references in the Code to an "**NTS**" or an "**LDZ**" System Point of any particular class shall be construed accordingly.

1.6.2 References to a System Exit Point (of any class) in an Exit Zone are to such a System Exit Point:

(a) on that part of any LDZ which is located in that Exit Zone; or

(b) in the case of an NTS System Exit Point, located in or at such Exit Zone.

1.6.3 Subject to Section G1.9.9(a)(ii), no System Point may comprise Individual System Points on more than one LDZ or in more than one Exit Zone or on an LDZ and the NTS.

1.7 Scottish Independent Networks

1.7.1 Subject to paragraph 0, each of the separate pipeline networks located in Scotland at Thurso, Wick, Campbeltown and Oban provisioned with LNG, and at Stranraer with gas, is a "**Scottish Independent Network**".

1.7.2 Except where otherwise provided and where the context otherwise requires, a reference to the Total System includes a reference to the Scottish Independent Networks.

1.7.3 A System Exit Point on a Scottish Independent Network is a "**SIN**" System Exit Point.

1.7.4 For the purposes of the Code:

(a) each Scottish Independent Network shall be treated as being a separate LDZ the area of which is one separate Exit Zone;

(b) there shall be deemed to be in relation to each such Exit Zone an NTS Exit Point ("**SIN NTS Exit Point**"), being a NTS/LDZ Offtake, at which gas is deemed to flow out of the NTS and into such Scottish Independent Network.

1.7.5 Pursuant to an arrangement set out or described in the relevant CSEP Ancillary Agreement, the separate pipeline network located at Stranraer is supplied with gas taken

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from the Total System at a Connected System Exit Point and conveyed by means of pipes operated other than by a Transporter (and not forming part of the Total System); and accordingly in any provision of the Code referring to LNG Facilities, a reference to a Scottish Independent Network does not include the network at Stranraer.

2 SYSTEM ENTRY POINTS

2.1 Individual System Entry Point

An "**Individual System Entry Point**" is an Individual System Point (on the NTS or an LDZ) at which gas can flow into the Total System.

2.2 System Entry Point

2.2.1 A "**System Entry Point**" is a System Point comprising one or more Individual System Entry Points.

2.2.2 Section I1.4 sets out the basis on which Individual System Entry Point(s) are or are to be comprised in a System Entry Point.

2.3 Aggregate System Entry Point

2.3.1 An "**Aggregate System Entry Point**" is a System Point comprising one or more System Entry Points.

2.3.2 Section I1.5 sets out the basis on which System Entry Point(s) are or are to be comprised in an Aggregate System Entry Point.

3 EXIT POINTS

3.1 Individual System Exit Point

An "**Individual System Exit Point**" is an Individual System Point at which gas can flow out of the Total System.

3.2 System Exit Point

3.2.1 A "**System Exit Point**" is a System Point comprising one or more Individual System Exit Points.

3.2.2 The classes of System Exit Point are:

(a) **Supply Meter Points, ~~Supply Point Components~~ and Supply Points in accordance with paragraph 0, and further classes thereof in accordance with that paragraph;**
and

(b) Connected System Exit Points.

3.3 Connected System Exit Point

3.3.1 A "**Connected System Exit Point**" (or "CSEP") is a System Point comprising one or

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- more Individual System Exit Points which are not Supply Meter Points.
- 3.3.2 Section J1.4.2 sets out the basis on which Individual System Exit Point(s) are or are to be comprised in a Connected System Exit Point.
- 3.3.3 In the case of a Connected System Exit Point, in accordance with Section J6.1, the relevant provisions of the applicable CSEP Network Exit Provisions apply in addition to the provisions of the Code.
- 3.3.4 A Connected System Exit Point is an "**Unmetered**" Connected System Exit Point where at any Individual System Exit Point comprised in the Connected System Exit Point there is no meter for the purpose of measuring the volume of gas offtaken from the Total System, and otherwise is a "**Metered**" Connected System Exit Point.
- 3.3.5 Where so provided in the relevant CSEP Network Exit Provisions, a Connected System Exit Point may be treated as comprising separate System Exit Points for such purposes as are specified in such Network Exit Agreement, and references in the Code to Connected System Exit Points shall be construed accordingly.

3.4 NTS Exit Point

- 3.4.1 An "**NTS Exit Point**" is a System Point comprising one or more Individual System Points at which gas can flow out of the NTS (and either out of the Total System or into an LDZ).
- 3.4.2 The classes of NTS Exit Point are:
- (a) NTS Supply Points and NTS Connected System Exit Points (which are NTS System Exit Points); and
 - (b) NTS/LDZ Offtakes.
- 3.4.3 In the context of a particular Exit Zone a reference to an NTS Exit Point is a reference to:
- (a) the NTS/LDZ Offtake at which gas flows out of the NTS into the LDZ or that part of an LDZ located in that Exit Zone; and/or
 - (b) the NTS Supply Point and/or NTS Connected System Exit Point in that Exit Zone (in accordance with paragraph 0)

and a reference to an Exit Zone in the context of a particular NTS Exit Point shall be construed accordingly.

- 3.4.4 An "**NTS Exit Zone**" comprises those NTS Exit Points in such zone, and an "**NTS Exit Area**" comprises those NTS Exit Zones in such area, in each case as identified in the Exit Capacity Release Methodology Statement.
- 3.4.5 A "**Linepack Zone**" is a zone identified as such in the Exit Capacity Release Methodology Statement.

3.5 Inter-System Offtakes

- 3.5.1 An "**Inter-System Offtake**" is a System Point comprising one or more Individual System Points at which gas can flow out of one System into another System which is not comprised in the same Distribution Network.
- 3.5.2 Inter-System Offtakes comprise NTS/LDZ Offtakes and LDZ/LDZ Offtakes.

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3.5.3 For the avoidance of doubt, an Inter-System Offtake is not a System Exit Point except as provided in Section J.

4 SUPPLY POINTS

4.1 Supply Meter Points

4.1.1 Subject to paragraph 4.1.2, a "**Supply Meter Point**" is an Individual System Exit Point at which gas may (in accordance with the Code) be offtaken from the Total System for the purposes of supply directly to particular premises.

4.1.2 Where gas offtaken from the Total System at an Individual System Exit Point is or is to be conveyed through any pipe downstream of such Individual System Exit Point (other than a pipe comprised in a Sub-deduct Arrangement in accordance with Section G1.8) in which gas is conveyed to more than one premises, or to any other pipeline system as well as to any premises, such "**Individual System**" Exit Point is not a Supply Meter Point.

4.1.3 A "**Smaller**" or a "**Larger**" Supply Meter Point is a Supply Meter Point comprised respectively in a Smaller Supply Point or a Larger Supply Point.

~~4.1.4 A Supply Meter Point shall be classified as a "**DM Supply Meter Point**" where paragraph G1.5.1 applies and otherwise shall be classified as an "**NDM Supply Meter Point**".~~

4.2 Supply Point

~~4.2.1 In accordance with Section G1.1.1, a Supply Point is the Supply Meter Point or Supply Meter Points for the time being comprised in a Supply Point Registration.~~

4.2.2 A "**Larger Supply Point**" is a Supply Point in respect of which the Annual Quantity is greater than 73,200 kWh (2,500 therms) and a "**Smaller Supply Point**" is a Supply Point in respect of which the Annual Quantity is not greater than 73,200 kWh (2,500 therms).

~~4.2.3 Subject to Section M2.8, a Supply Point may comprise no more than one Supply Meter Point and shall be classified as a "**DM Supply Point**" where paragraph G1.5.1 applies and otherwise shall be classified as an "**NDM Supply**".~~

4.3 ~~Not Used~~Supply Point Components

~~4.3.1 A Supply Point may comprise a DM Supply Point Component or an NDM Supply Point Component or both.~~

~~4.3.2 A "Supply Point Component" is either:~~

~~(a) all (if any) of the Supply Meter Points comprised in one Supply Point which are DM Supply Meter Points (a "**DM Supply Point Component**");~~

~~(b) all (if any) of the Supply Meter Points comprised in one Supply Point which are NDM Supply Meter Points (an "**NDM Supply Point Component**").~~

4.4 Firm and Interruptible Supply Points

4.4.1 In accordance with Section G6.1 an LDZ Supply Point may be a "**Firm Supply Point**" or

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- an "Interruptible Supply Point".
- 4.4.2 An "Interruptible" Supply Point Component is a Supply Point Component of an Interruptible Supply Point, and a "Firm" Supply Point Component is a Supply Point Component of a Firm Supply Point.
- 4.4.3—A NTS Supply Point may not be an Interruptible Supply Point.
- 4.5 Further classification of DM Supply Points ~~Components~~**
- 4.5.1 A DM Supply Point ~~Component~~ may be a DMC Supply Point ~~Component~~ (including a VLDMC Supply Point ~~Component~~) or a DMA Supply Point ~~Component~~.
- 4.5.2 A Supply Point ~~Component~~ shall be classified as a "DMC" Supply Point ~~Component~~ where it is:
- (a) a Firm or Interruptible DM Supply Point ~~Component~~ whose Annual Quantity is greater than 58,600,000 kWh (2,000,000 therms);
 - (b) an NTS DM Supply Point ~~Component~~ whose Annual Quantity is greater than 58,600,000kWh (2,000,000 therms); or
 - (c) an SDMC(I) Supply Point ~~Component~~ in accordance with paragraph 0.
- 4.5.3 A Supply Point ~~Component~~ can be classified as a "SDMC(I)" Supply Point ~~Component~~ where it is an Interruptible DM Supply Point ~~Component~~ whose Annual Quantity is not greater than 58,600,000 kWh (2,000,000 therms), which is for the time being designated as requiring individual Output Nominations in accordance with Section G6.6.12 and 6.6.13.
- 4.5.4 A Supply Point ~~Component~~ shall be classified as a "DMA" Supply Point ~~Component~~ where it is:
- (a) a Firm DM Supply Point ~~Component~~ whose Annual Quantity is not greater than 58,600,000 kWh (2,000,000 therms);
 - (b) an NTS DM Supply Point ~~Component~~ whose Annual Quantity is not greater than 58,600,000kWh (2,000,000 therms); or
 - (c) an Interruptible DM Supply Point ~~Component~~ whose Annual Quantity is not greater than 58,600,000 kWh (2,000,000 therms), which is not a SDMC(I) Supply Point ~~Component~~.
- 4.5.5 A Supply Point ~~Component~~ shall be classified as a "VLDMC" Supply Point ~~Component~~ where it is a DMC Supply Point ~~Component~~ whose Annual Quantity is greater than 1,465,000,000 kWh (50,000,000 therms).

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SECTION B – SYSTEM USE AND CAPACITY

1 INTRODUCTION

1.1 Use of System

- 1.1.1 Shipper Users may use the Total System by delivering gas to the Total System and/or by offtaking gas from the Total System.
- 1.1.2 DNO Users may use the NTS by causing or permitting the flow of gas (or changes in the flow of gas) at an NTS/LDZ Offtake from the NTS to the LDZ, but without prejudice to Section J1.5.2 and in this Section B references to a DNO User offtaking gas at an NTS/LDZ Offtake shall be construed in accordance with Section J1.3.4.

1.2 System Capacity

- 1.2.1 Users may apply for and hold capacity in a System ("**System Capacity**") at certain System Points.
- 1.2.2 The classes of System Capacity are NTS Entry Capacity, NTS Exit Capacity, LDZ Capacity and Supply Point Capacity.
- 1.2.3 For the purposes of the Code:
- (a) "**NTS Entry Capacity**" at an Aggregate System Entry Point is capacity in the NTS which a User is treated as utilising in delivering gas to the NTS (and the Total System) at that point;
 - (b) "**NTS Exit Capacity**" at an NTS Exit Point is capacity in the NTS which a User is treated as utilising in offtaking gas from the NTS and (in the case of an NTS Supply Point-Component and NTS Connected System Exit Point the Total System) at that NTS System Exit Point;
 - (c) NTS Exit Capacity comprises:
 - (i) "**NTS Exit (Flat) Capacity**", which is capacity which a User is treated as utilising in offtaking gas from the NTS at a rate which (for a given Daily Quantity) is even over the course of a Day; and
 - (ii) "**NTS Exit (Flexibility) Capacity**", which is capacity which a DNO User is treated as utilising, in offtaking gas from the NTS to the extent that (for a given Daily Quantity) the rate of offtake or flow is not even over the course of a Day;
 - (d) "**LDZ Capacity**" at an LDZ System Exit Point is capacity in the relevant LDZ:
 - (i) in the case of an LDZ Supply Point-Component, which the User is treated as utilising in offtaking gas from the Total System at that point;
 - (ii) in the case of an LDZ Connected System Exit Point, which the User is treated as utilising in offtaking gas from the Total System at that point;

(e) **"Supply Point Capacity"** at a LDZ Supply Point ~~Component~~ is capacity at that point which the User is treated as utilising in offtaking gas from the Total System at that Supply Point ~~Component~~

in each case in accordance with and subject to the provisions of the Code.

- 1.2.4 A DNO User may hold NTS Exit (Flexibility) Capacity at an NTS/LDZ Offtake only, and a Shipper User may not hold NTS Exit (Flexibility) Capacity.
- 1.2.5 No User is treated as utilising capacity in an LDZ where gas flows to or from that LDZ at an LDZ/LDZ Offtake, and accordingly there is no provision for Users to hold System Capacity at an LDZ/LDZ Offtake.

1.2.6 The Supply Point Capacity which a User may be registered as holding at a DM Supply Point ~~Component~~ will (in accordance with Section G5) be limited by reference to the rate at and quantities in which it is feasible for the Transporter to make gas available for offtake from the Total System at that Supply Point ~~Component~~; and no entitlement to offtake gas at a greater rate or in greater quantities shall be conferred on a User by the holding of any amount of LDZ Capacity.

- 1.2.7 Subject to Section I3.11.3(a) where an Aggregate System Entry Point is on an LDZ:
- (a) Users delivering gas to the Total System at that point are deemed (for the purposes of paragraph 1.2.3(a)) to utilise capacity in the NTS and accordingly may (in accordance with paragraph 2) apply for and hold NTS Entry Capacity at that point;
 - (b) the provisions of this Section B as to the holding of NTS Exit Capacity shall apply in full notwithstanding that deliveries of gas to the Total System at that Aggregate System Entry Point may result in reduced flows into the LDZ at relevant NTS/LDZ Offtake(s).

1.2.8 In relation to NTS/LDZ Offtakes, Users:

- (a) are not required to hold capacity in the NTS;
- (b) may hold capacity in the NTS as NTS Exit Capacity.

1.2.9 System Capacity is expressed in kWh/Day, except that where (for the purposes of any provision of the Code) it is to be determined what quantity of gas delivered to or offtaken from a System on a Day is equal to an amount of System Capacity held by a User, or whether such a quantity of gas exceeds or is less than such an amount of capacity, such amount of System Capacity shall be treated as expressed in kWh.

1.2.10 Where (in the Transportation Statement or elsewhere) the units in which System Capacity is expressed are 'peak day kWh', such units are the same as those under paragraph 1.2.9; and references to charges for System Capacity in 'pence per peak day kWh' (or similar references) shall be construed accordingly.

1.3 Overrun Charges

1.3.1 A User may use the System without holding System Capacity but (subject to paragraphs 1.3.2 and 1.3.3) will be liable to pay System Entry Overrun Charges and/or NTS Exit (Flat) Overrun Charges (collectively **"Overrun Charges"**) and/or LDZ CSEP Overrun Charges or Supply Point Ratchet Charges, in respect of the capacity utilised, in

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accordance with this Section B.

1.3.2 A User will not be liable to pay Supply Point Ratchet Charges for using a System by offtaking gas at an Interruptible Supply Point on a Day on which the User was liable pursuant to Section G6 in respect of a failure to comply with the requirement for Interruption.

1.3.3 If:

- (a) the Transporter rejects an application by a User for System Capacity other than in accordance with the provisions of the Code; and
- (b) reasonably promptly thereafter the User so notifies the Transporter, stating that it wishes the application to be given effect with effect from the date which was specified in the application

the User shall not be liable for any Overrun Charge, CSEP Overrun Charge or Supply Point Ratchet Charge which it would not have incurred had the application for System Capacity been approved (and where any such charge has been invoiced and/or paid, appropriate invoice adjustments will be made in accordance with Section S).

1.3.4 Where:

- (a) a User incurs an Overrun Charge, Supply Point Ratchet Charge or CSEP Overrun Charge on a Day on which (by reason of a change in the time from BST to GMT) there are 25 hours in a Day; and
- (b) the User (by notice to the Transporter specifying the relevant System Point) requests the Transporter to redetermine the amount of such charge

the amount of the relevant charge will be redetermined as though (for the purposes of this paragraph 1.3.4 only) the User's UDQI or (as the case may be) UDQO for the Day were 24/25 of the amount thereof determined pursuant to Section E, and (where the amount of the charge is invoiced or has been paid) an appropriate adjustment (by way of invoice credit in accordance with Section S) will be made.

1.4 Registered and Available Capacity

For the purposes of the Code:

- (a) a User's "**Registered**" System Capacity in relation to a System Point is the System Capacity which the User is registered (in accordance with this Section B) as holding at that System Point on the Gas Flow Day;
- (b) the User's "**Available**" System Capacity in relation to a System Point is the System Capacity which the User holds at that System Point on the Gas Flow Day after taking account of any System Capacity Transfer, in accordance with paragraph 5.

1.5 UK Link set-up

Before first delivering gas to or offtaking gas from the Total System at any System Point a User must comply with the requirements set out in the UK Link Manual for establishing (for the purposes of UK Link) the User as a user of the relevant System at that System Point.

1.6 Eligible Capacity Registration Date

For the purposes of the registration of a User as holding NTS Exit Capacity in any Gas Year, "**Eligible Capacity Registration Date**" means any Day other than 29 February in any Gas Year.

1.7 Transportation Charges and Metering Charges

1.7.1 For the purposes of the Code:

- (a) "**Transportation Charges**" are
 - (i) charges (other than Energy Balancing Charges or Storage Charges) payable by a User in respect of a transportation arrangement under the Code, and (subject to paragraph 1.7.8) comprise Capacity Charges, Commodity Charges, Customer Charges, CSEP Charges, User Pays Charges and NTS Entry Capacity Retention Charges; and
 - (ii) amounts payable by a DNO User in respect of DN Pensions Deficit Charges;
- (b) "**Metering Charges**" are the prevailing charges payable by a User as contained in the Metering Charges Statement.

1.7.2 A "**Capacity Charge**" is a charge in respect of, and determined by reference to the amount of, a User's Registered NTS Entry Capacity, Registered NTS Exit Capacity or Registered LDZ Capacity at a System Point.

1.7.3 A "**Commodity Charge**" is a charge in respect of use of a System, determined by reference to the quantity of the gas flow (or the part thereof attributable to a User) at a System Point, or a charge payable by reference to the arrangements in Special Condition C8B, C8C or E2B of the Transporter's Licence.

1.7.4 A "**Customer Charge**" is a charge payable by reason of being the Registered User of a Supply Point.

1.7.5 In respect of a Customer Charge:

- (a) the "**Capacity Variable Component**" is the component (if any) thereof the amount of which is determined by reference to the amount of a User's Registered Supply Point Capacity;
- (b) the "**Commodity Variable Component**" is the component (if any) thereof the amount of which is determined by reference to the quantity of the gas flow at a Supply Point;
- (c) the "**Fixed Component**" is the component (if any) thereof which is not determined by reference to Supply Point Capacity or gas flow.

1.7.6 Where any element of a Transportation Charge is payable by a User pursuant to a contract other than one made upon the terms of the Code, such element shall not in addition be payable under the Code.

1.7.7 A "**CSEP Charge**" is a charge payable by virtue of being (in relation to a relevant Connected System Exit Point) a CSEP User.

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1.7.8 The further provisions of the Code set out the basis on which Transportation Charges and Metering Charges are payable by Users; provided that (subject to paragraph 1.8.2) where:

- (a) the prevailing Transportation Statement, Metering Charges Statement or Agency Charging Statement provides for any charge which is not provided for in the Code; and
- (b) the amount payable by way of such charge in any case is capable of being determined by reference to the provisions of the Code prevailing at the time

such charge shall be a Transportation Charge or Metering Charge and shall be payable by Users or Users of such class in accordance with the relevant provisions of the Transportation Statement or the Metering Charges Statement respectively.

1.7.9 For the avoidance of doubt paragraph 1.7.8(b) shall not be taken as requiring that the Code should provide for the determination or (other than by virtue of paragraph 1.7.8) payment of any such charge as is therein referred to.

1.7.10 The basis on which the Transporter will reduce any Transportation Charges pursuant to Standard Condition 7(5) of the Transporter's Licence is not contained in the Code; and nothing contained in the Code shall be taken to prevent the Transporter from reducing such charges in accordance with that Standard Condition.

1.7.11 **“Agency Charging Statement”** is a statement prepared pursuant to Standard Special Condition A15(7) to (12) of the Gas Transporter's Licence.

1.7.12 A **“User Pays Charge”** is a charge determined in accordance with the methodology contained in the Agency Charging Statement as payable in respect of a User Pays Service.

1.7.13 For the purposes of the Code, **“User Pays Service”** is a service of a type described as a Code service in Appendix 1 of the Agency Charging Statement.

1.7.14 Where any User Pays Modification Proposal is not implemented but it is determined that a portion of the Implementation Costs should be paid by Users in accordance with the User Pays Charge set out in the Agency Charging Statement, such User Pays Charge shall be payable as set out in the Agency Charging Statement.

1.8 Rates and amounts of Transportation Charges

1.8.1 Subject to paragraphs 1.8.2 to 1.8.5 and paragraph 1.10, and except as provided in paragraph 2.9:

- (a) the amount or rate of any Transportation Charge accrues (irrespective of when it is due for payment); and accordingly the rate of the Transportation Charges payable by a User may vary during the period for which the User holds any System Capacity or is the Registered User of any Supply Point or is a CSEP User;
- (b) the amount or rate of any Metering Charge payable at any time by a User shall be determined in accordance with the Metering Charges Statement in force at the time such charge accrues irrespective of when it is due for payment.

- 1.8.2 The Transporter agrees that, except where any other provision of the Transporter's Licence requires notice of a shorter period to be given:
- (a) each notice given by it to the Authority pursuant to Standard Special Condition A4(2)(d) of the Transporter's Licence will be given, and published in accordance with Standard Special Condition A4(3)(a) thereof, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Transportation Statement) to be implemented;
 - (b) each statement or revision thereto sent by it to the Authority pursuant to Standard Special Condition A4(4) of the Transporter's Licence will be sent to the Authority, and sent to Users, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Metering Charges Statement) to be implemented.
- 1.8.3 In accordance with Standard Special Condition A4(4) of the Transporter's Licence, the amount or rate of any Transportation Charge may with the approval of the Authority differ from what is provided for in the Transportation Statement and in accordance with Standard Special Condition 43(4) of the Transporter's Licence, the amount or rate of any Metering Charge may with the approval of the Authority differ from what is provided for in the Metering Charges Statement.
- 1.8.4 In the case of an NTS Supply Point the rate(s) or amount(s) of the Capacity Charge in respect of NTS Exit Capacity and the Customer Charge may not be specified in the National Grid NTS's Transportation Statement, in which case they will be the rate or amount from time to time notified by National Grid NTS to the Registered User.
- 1.8.5 In respect of any Transportation Charge in respect of any System Point:
- (a) in the case of a Capacity Charge or the Capacity Variable Component of a Customer Charge, the "**Applicable Daily Rate**" is the daily rate of such charge, in pence per kWh/Day of System Capacity; and the "Applicable Annual Rate" is 365 times the Applicable Daily Rate;
 - (b) for the purposes of paragraph 4.6.2, the Applicable Daily Rate and Applicable Annual Rate may be the rate determined in accordance with the Transportation Statement by reference to the distance between the LDZ Specified Exit Point and the Notional NTS Connection Point and the capacity of the LDZ Specified Exit Point determined in accordance with Paragraph 4.6.9 (the "**LDZ Optional Capacity Rate**");
 - (c) in the case of a Commodity Charge or the Commodity Variable Component of a Customer Charge, the "**Applicable Commodity Rate**" is the rate of such charge, in pence per kWh of gas flow; or
 - (d) for the purposes of paragraph 3.12.5, the Applicable Commodity Rate may be the rate determined in accordance with the Transportation Statement by reference to the distance between the Specified Exit Point and the Specified Entry Point and the capacity of the Specified Exit Point, determined in accordance with paragraph 3.12.8 (the "**NTS Optional Commodity Rate**")

in each case in accordance with and subject to paragraphs 1.8.1 to 1.8.4, and (where any such rate varies according to the time of year) as applicable from time to time.

- 1.8.6 Subject to paragraph 1.8.4 and except as provided in paragraph 3.12.5, where the

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Transporter's prevailing Transportation Statement or Metering Charges Statement does not provide for the determination of any particular Transportation Charge or Metering Charge, in any particular case, the rate of such Transportation Charge or Metering Charge shall be deemed to be zero respectively.

1.9 Scottish Independent Networks

1.9.1 References in this Section B to the Total System include references to the Scottish Independent Networks.

1.9.2 In order to enable Users to offtake gas from the Total System at Scottish Independent Network Supply Points ~~Components~~:

- (a) except as provided in paragraph (b), the relevant DN Operator will arrange with a Storage Operator(s) to hold Storage Space (as defined in Section R) in and inject gas into a Storage Facility(ies) in which gas is stored as LNG, and for LNG to be lifted from those facilities and transported by road tanker to and discharged to LNG storage and regasification plants at each Scottish Independent Network;
- (b) in relation to the Scottish Independent Network at Stranraer, the relevant DN Operator will arrange for gas to be taken from the Total System at a Connected System Exit Point and conveyed to that network pursuant to the arrangements referred to in Section A1.7.5.

1.9.3 For the purposes of the Code:

- (a) there shall be deemed to be capacity in the NTS at the Scottish Independent Network NTS Exit Point;
- (b) the relevant DN Operator shall hold NTS Exit Capacity at such Scottish Independent Network NTS Exit Point;
- (c) NTS Exit Capacity may be held by Users at the Scottish Independent Network NTS Exit Point;
- (d) for the purposes of paragraph 3.13 there will be deemed on each Day to be a gas flow out of the NTS at the Scottish Independent Network NTS Exit Point in respect of (and equal to the amount of) the offtake of gas from the Total System on that Day at Scottish Independent Network Supply Points ~~Components~~ by each User on a Day.

1.10 Long Term Contracts

If the Authority shall give Condition A11(18) Approval to its doing so, or otherwise with the assent of the Authority, the Transporter may enter into an Ancillary Agreement with any User:

- (a) pursuant to which, notwithstanding any other provision of the Code:
 - (i) the User may agree to apply for and hold System Capacity in particular amounts, and/or deliver gas to and/or offtake gas from the Total System in particular quantities at particular System Points, for particular periods, or to make payment to the Transporter in lieu of doing so;

and/or

- (ii) the Transporter may agree, notwithstanding Section G5.5.3 or 5.5.4, to accept the User's application for particular Supply Point Capacity;
- (b) containing other terms which may conflict with the terms of the Code.

1.11 Daily Read Errors

Where (pursuant to Sections M4.8 and E3.4) for a Daily Read Error Day an Error Revised UDQO has been determined for a DM Supply Point-Component:

- (a) the Transporter will redetermine, as nearly as may be, the amounts (if any) for which the User would have been liable by way of NTS Exit Overrun Charge and/or in the case of an LDZ Supply Point a Supply Point Ratchet Charge, and the amount of any Ratcheted Supply Point Capacity (and any increment in Transportation Charges payable by the User in respect of such capacity), on the basis of the Error Revised UDQO;
- (b) the amounts for which the User is liable in respect of such charges will be determined accordingly, and invoice adjustments will be made, by way of debit or credit as appropriate, in accordance with Section S.

1.12 DNO Users

In this Section B references to Users shall, except in paragraphs 1.2.3(a), (d) and (e), 2 and 4, include DNO Users.¹

2 NTS ENTRY CAPACITY

2.1 Introduction

2.1.1 Subject to the provisions of the Code, a User may deliver gas to the Total System at any System Entry Point.

2.1.2 Users may apply for and be registered as holding NTS Entry Capacity:

- (a) as Quarterly NTS Entry Capacity pursuant to an auction in accordance with paragraph 2.2;
- (b) as Monthly NTS Entry Capacity pursuant to an auction in accordance with paragraphs 2.2 and 2.3;
- (c) as Daily NTS Entry Capacity pursuant to a bid under paragraph 2.4; and
- (d) as Daily Interruptible NTS Entry Capacity pursuant to a bid under paragraph 2.5; and
- (e) as Quarterly, Monthly, Daily or Daily Interruptible NTS Entry Capacity (as the case may be) pursuant to an invitation in accordance with paragraph 2.1.14.

2.1.3 A User may not apply for or be registered as holding NTS Entry Capacity at an Aggregate System Entry Point in an amount less than 100,000 kWh/Day (the

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.13.

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"**minimum eligible amount**").

2.1.4 In relation to an Aggregate System Entry Point:

- (a) "**Quarterly NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a particular calendar quarter;
- (b) "**Monthly NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a particular calendar month;
- (c) "**Daily NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for a particular Day only; and
- (d) "**Daily Interruptible NTS Entry Capacity**" is Interruptible NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for a particular Day only.

2.1.5 In respect of an Aggregate System Entry Point and in relation to a Day in a calendar month in a Formula Year:

- (a) "**NTS SO Baseline Entry Capacity**" is the amount of NTS Entry Capacity which National Grid NTS is required to make available to Users pursuant to National Grid NTS's Transporter's Licence as set out in National Grid NTS's Transportation Statement;
- (b) "**Incremental NTS Entry Capacity**" is the amount of Firm NTS Entry Capacity (if any) in excess of the Unsold NTS Entry Capacity which National Grid NTS may (but shall not be required to) invite applications for pursuant to paragraphs 2.2 and 2.3; and
- (c) "**Unsold NTS Entry Capacity**" is the amount of Firm NTS Entry Capacity that National Grid NTS has, for the purposes of:
 - (i) paragraph 2.2, in relation to each Day in a calendar quarter (in the case of QSEC) or in a month (in the case of AMSEC);
 - (ii) paragraph 2.3, in relation to each Day in a calendar month;
 - (iii) paragraph 2.4, in relation to a Day

an obligation to make available (in accordance with the procedures set out in this paragraph 2) to Users pursuant to Part C9 of Special Condition C8D of National Grid NTS's Transporter's Licence as, in the case of NTS Entry Capacity to be made available under paragraphs 2.2, 2.3 and 2.4 but not paragraph 2.5, set out in National Grid NTS's Transportation Statement.

2.1.6 For the purposes of the application of paragraph 2.6, the amount of Unsold NTS Entry Capacity in existence at a particular time will, unless expressly stated otherwise, be calculated by reference to a continuing obligation to make available Firm NTS Entry Capacity through the application of Part C9 of Special Condition C8D of National Grid NTS's Transporter's Licence prior to the time at which the amount of Unsold NTS Entry Capacity is to be ascertained.

2.1.7 For the purposes of this paragraph 2:

- (a) at any time, in respect of an Aggregate System Entry Point and in relation to a Day, the "**System Entry Capability**" is the amount (in kWh) or rate (in kWh/Day) (in each case consistent with the provisions of paragraph 2.1.9), determined by the Transporter at such time, as the maximum amount of gas which it will be feasible to take delivery on that Day at that Aggregate System Entry Point, or (as the case may be) the maximum rate at which it will be feasible to take delivery of gas on that Day or in the remaining part of that Day at that Aggregate System Entry Point;
- (b) "**Firm NTS Entry Capacity**" means Quarterly NTS Entry Capacity, Monthly NTS Entry Capacity and Daily NTS Entry Capacity which (without prejudice to Section I3.7) is not subject to curtailment and "**Interruptible NTS Entry Capacity**" means Daily Interruptible NTS Entry Capacity which is liable to be curtailed pursuant to paragraph 2.9;
- (c) a reference to the amount of a User's Available or Registered NTS Entry Capacity (of any class) at an Aggregate System Entry Point for a Day as "**Adjusted**":
 - (i) pursuant to paragraph 2.8.4, is a reference to such amount as reduced pursuant to that paragraph;
 - (ii) pursuant to paragraph 2.9.4, is a reference to such amount as reduced pursuant to that paragraph; and
 - (iii) pursuant to paragraph 2.10.8, is a reference to such amount as determined pursuant to that paragraph; and
 - (iv) pursuant to paragraph 2.17.9 is a reference to such amount as reduced pursuant to that paragraph;and a reference to such amount as "**Unadjusted**" pursuant to any such paragraph is a reference to such amount before and disregarding such reduction or determination;
- (d) a reference to the amount of a User's Available or Registered NTS Entry Capacity (of any class) at an Aggregate System Entry Point for a Day as "**Fully Adjusted**" is a reference to such amount as adjusted pursuant to paragraphs 2.8.4, 2.9.4, 2.10.8 and 2.17.9;
- (e) an "**invitation date**" is a day on which Users may make applications for NTS Entry Capacity in accordance with paragraphs 2.2 and 2.3;
- (f) a "**capacity bid**" is an application for NTS Entry Capacity in accordance with paragraph 2.2, 2.3, 2.4 or 2.5; and
- (g) a "**calendar quarter**" is a period of three calendar months commencing 1 January, 1 April, 1 July and 1 October in any calendar year.

2.1.8 All determinations (as to quantities in which or rates at which gas is or is to be delivered to or accepted by the Total System at an Aggregate System Entry Point) to be made by the Transporter under this paragraph 2 will be made on the assumption that the requirement in Section I3.10.2 is complied with.

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- 2.1.9 For the purposes of determining the NTS Entry Capacity available to the User for each hour in a Day:
- (a) where the NTS Entry Capacity is held in respect of the whole Day, the User shall hold in respect of each hour in the Day an amount of the NTS Entry Capacity equal to the NTS Entry Capacity held by the User, divided by 24; and
 - (b) where the NTS Entry Capacity is held for less than a Day, the User shall hold in respect of each remaining hour of the Day an amount of the NTS Entry Capacity equal to the NTS Entry Capacity, divided by the period (in hours) from the time the NTS Entry Capacity was first registered as being held by a User to the end of the Day.
- 2.1.10 References to rates at which gas is or may be delivered to or accepted by the System at an Aggregate System Entry Point are references to an instantaneous rate of flow, whether expressed in kWh/Day or other units.
- 2.1.11 For the avoidance of doubt, where a User ceases to be a User in accordance with Section V4.3, the NTS Entry Capacity which the User was registered as holding shall (with effect from the latest time by which a transferee election might be made) cease to be treated as held by any User, save to the extent to which any other User elects to be registered as holding such NTS Entry Capacity pursuant to paragraph 5.4.1(b) (a 'transferee election').
- 2.1.12 Any price to be specified by National Grid NTS or a User pursuant to any provision of this paragraph 2 shall be expressed in pence/kWh/Day and specified to four decimal places.
- 2.1.13 For the purposes of this paragraph 2 and in particular in the context of applications for NTS Entry Capacity in accordance with the further provisions of this paragraph 2, a reference to a 'Capacity Year + *n*' is a reference to the Capacity Year commencing on the *n* anniversary of the first Day of the Capacity Year in which the applications are invited to be made.
- 2.1.14 Discretionary NTS Entry Capacity
- (a) In addition to the other methods set out in Section B2.1.2 by which NTS Entry Capacity may be made available to Users, National Grid NTS shall be entitled to invite applications for NTS Entry Capacity to Users by such means as National Grid NTS may determine in its sole discretion. The timing of any such invitation, the quantities of NTS Entry Capacity included in such invitation (“**Discretionary NTS Entry Capacity**”), and the terms which shall apply to the offering of, application for, allocation of and use of such Discretionary NTS Entry Capacity shall also be determined by National Grid NTS in its sole discretion.
 - (b) Any Discretionary NTS Entry Capacity included in any invitation made by National Grid NTS pursuant to the provisions of paragraph (a) shall:
 - (i) be subject to the application of a reserve price, which shall be equal to the prevailing reserve price last published pursuant to paragraph 2.2.1(a) (for each Aggregate System Entry Point at which Discretionary NTS Entry Capacity is offered); and

- (ii) be available for a period of no more than one Capacity Year, such period being specified in the relevant invitation; and
 - (iii) be subject to the provisions of UNC Section V3.
- (c) Each User shall pay Capacity Charges for any Discretionary NTS Entry Capacity allocated to it, and such Capacity Charge shall be determined as the quantity of NTS Entry Capacity allocated multiplied by the bid price tendered multiplied by the relevant period for which such Discretionary NTS Entry Capacity has been allocated.
 - (d) For the avoidance of doubt, any Discretionary NTS Entry Capacity allocated to a User pursuant to this paragraph 2.1.14 shall be included in the User's aggregate Available NTS Entry Capacity.
 - (e) The bid prices offered by Users for Discretionary NTS System Entry Capacity shall be considered in the determination of System Entry Overrun Charge rates at the relevant Aggregate System Entry Point.
 - (f) National Grid NTS will no later than
 - (i) two (2) Business Days prior to the first day of the period to which the invitation relates, inform each User of those of its capacity bids that have been accepted, the amount of Discretionary NTS Entry Capacity which it is registered as holding for the relevant Aggregate System Entry Point and the period for which the Discretionary NTS Entry Capacity has been allocated); and
 - (ii) one (1) Business Day prior to the first day of the period to which the invitation relates, National Grid NTS will provide information to all Users with the information referred to in paragraph 2.14.2 in relation to Discretionary NTS System Entry Capacity.

2.2 Annual NTS Entry Capacity auctions

2.2.1 By:

- (a) not later than the Day falling twenty eight (28) Days before the annual AMSEC invitation date in any Capacity Year, National Grid NTS will notify Users of the reserve prices and the step prices that will apply in respect of each Aggregate System Entry Point for the purposes of the annual AMSEC invitation;
- (b) not earlier than 1 February and not later than 29 February in a Capacity Year, National Grid NTS will invite, and Users may make, applications for Monthly NTS Entry Capacity in respect of each Aggregate System Entry Point for the period specified in paragraph 2.2.2(a);
- (c) not later than the Day falling twenty eight (28) Days before the first annual QSEC invitation date in any Capacity Year, National Grid NTS will notify Users of the reserve prices and the step prices that will apply in respect of each Aggregate System Entry Point for the purposes of the annual QSEC invitation; and
- (d) not earlier than 1 March and not later than 31 March in a Capacity Year,

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National Grid NTS will invite, and Users may make, applications for Quarterly NTS Entry Capacity in respect of each Aggregate System Entry Point for the periods specified in paragraph 2.2.2(b).

2.2.2 National Grid NTS will invite applications ("**annual invitation**") for:

- (a) for Monthly NTS Entry Capacity for each calendar month from April to September (inclusive) in Capacity Year Y and for each calendar month in Capacity Year 1; and
- (b) for Quarterly NTS Entry Capacity for each calendar quarter in Capacity Year + 2 to Capacity Year + 16 (inclusive)

in each case for such aggregate amounts of NTS Entry Capacity as is specified in the relevant annual invitation.

2.2.3 National Grid NTS's annual invitations under paragraph 2.2.2 will specify:

- (a) the dates (on which applications pursuant to the annual invitation may be made), which for the purposes of:
 - (i) paragraph 2.2.2(a), shall be four dates (each of which shall be a Business Day) on which applications pursuant to such annual invitation may be made; the period between each such date shall not be less than two Business Days; and
 - (ii) paragraph 2.2.2(b), shall be a period of ten (10) consecutive Business Days ("**annual invitation period**"),(each such date an "**annual**" invitation date);
- (b) for each Aggregate System Entry Point, and in respect of each of Capacity Year Y to Capacity Year +16 (inclusive), the Available NTS Entry Capacity (and, in respect of Capacity Year Y and Capacity Year 1, the Available Monthly Capacity as referred to in paragraph (e) below) and the reserve price for Unsold NTS Entry Capacity (in accordance with National Grid NTS's Transportation Statement) (the "**reserve price**");
- (c) for each Aggregate System Entry Point, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive):
 - (i) the relevant number of incremental amounts (each being for a different amount) of Quarterly NTS Entry Capacity greater than the Baseline Entry Capacity (the maximum incremental amount being the lower of (1) an amount not less than an amount equal to 150% of NTS SO Baseline Entry Capacity and (2) an amount determined by the application of National Grid NTS's Incremental Entry Capacity Release Statement) (each amount an "**incremental capacity amount**"); and
 - (ii) the price payable by Users for each different incremental capacity amount (the "**step price**") were National Grid NTS to make such incremental capacity amount available

in each case (in accordance with National Grid NTS's Transportation Statement); and

- (d) the relevant number for the purposes of paragraph (c) being twenty (20) except in the case of an Aggregate System Entry Point where the NTS SO Baseline Entry Capacity is less than 300,000,000 kWh/Day where the relevant number (being not greater than twenty (20) and not less than five (5)) shall be set out in National Grid NTS's Transportation Statement; and
- (e) for each Aggregate System Entry Point and in respect of Capacity Year Y and Capacity Year 1, the Available Monthly Capacity for the relevant calendar month on the relevant annual invitation date. The "**Available Monthly Capacity**" for a calendar month shall mean, in respect of the first three annual invitation dates, an amount equal to 25% of the amount of the Available NTS Entry Capacity for that calendar month (as determined immediately prior to the first such annual invitation date); and in respect of the fourth annual invitation date shall mean an amount equal to the Available NTS Entry Capacity for that calendar month (again as determined immediately prior to the first such annual invitation date) less the amount of NTS Entry Capacity allocated in aggregate pursuant to the first three annual invitation dates for that calendar month.

2.2.4 Users may apply for Monthly NTS Entry Capacity for a calendar month in Capacity Year Y and Capacity Year 1 and/or (without prejudice to paragraph 2.2.14) for Quarterly NTS Entry Capacity for a calendar quarter in each of Capacity Year + 2 to Capacity Year + 16 (inclusive) in respect of an Aggregate System Entry Point on the relevant annual invitation dates.

2.2.5 The "**Available NTS Entry Capacity**" for an Aggregate System Entry Point is, in respect of:

- (a) a calendar month in Capacity Year Y and Capacity Year 1, not less than the sum of:
 - (i) Unsold NTS Entry Capacity (if any); and
 - (ii) Incremental NTS Entry Capacity (if any); and
- (b) a calendar quarter in Capacity Year + 2 to Capacity Year + 16 (inclusive), is not less than the sum of:
 - (i) Unsold NTS Entry Capacity (if any); and
 - (ii) Incremental NTS Entry Capacity (if any).

2.2.6 An application (a "**quarterly**" capacity bid) for Quarterly NTS Entry Capacity in respect of Capacity Year + 2 to Capacity Year + 16 (inclusive) shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the calendar year and calendar quarter for which Quarterly NTS Entry Capacity is applied for;
- (d) the amount (not less than the minimum eligible amount) of Quarterly NTS Entry Capacity applied for (in kWh/Day);
- (e) the minimum amount (not less than the minimum eligible amount) of Quarterly

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NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.6.4; and

- (f) the price (being either the reserve price or a step price as set out in National Grid NTS's Transportation Statement) in respect of which the User is applying for the amount of Quarterly NTS Entry Capacity.

2.2.7 An application (a "**monthly**" capacity bid) for Monthly NTS Entry Capacity in respect of Capacity Year Y and Capacity Year 1 shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the Capacity Year and calendar month for which Monthly NTS Entry Capacity is applied for;
- (d) the amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity applied for (in kWh/Day);
- (e) the minimum amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.7.2(e); and
- (f) the amount (the "**bid price**") which shall not be less than the reserve price which the User is willing to pay by way of Capacity Charge in respect of the Monthly NTS Entry Capacity applied for.

2.2.8 A User may have, at any one time:

- (a) in aggregate in respect of each of the annual invitation dates, up to but not more than twenty (20) monthly capacity bids; and
- (b) during the annual invitation period, up to but not more than twenty one (21) quarterly capacity bids provided that during such period the User may only have one (1) such quarterly capacity bid for which the price specified for the purposes of paragraph 2.2.6(f) is the reserve price or any particular step price

in respect of a particular Aggregate System Entry Point for each calendar month or (as the case may be) calendar quarter capable of acceptance in accordance with paragraphs 2.6 and 2.7.

2.2.9 A capacity bid:

- (a) may not be submitted before 08:00 hours or after 17:00 hours on an invitation date; and
- (b) may be withdrawn or amended after 08:00 hours and until, but not after, 17:00 hours:
 - (i) where such bid is a monthly capacity bid, on the relevant invitation date;
 - (ii) where such bid is a quarterly capacity bid, on each annual invitation date in the annual invitation period.

- 2.2.10 Where in relation to the incremental amounts of Quarterly NTS Entry Capacity specified in an annual invitation the step prices specified:
- (a) increase as the corresponding incremental amount itself increases, Users may only submit a second or further quarterly capacity bid where the step price applied for is greater than that applying to any other bid, if the amount of Quarterly NTS Entry Capacity applied for in such bid is no greater than that applied for under any earlier bid;
 - (b) decrease as the incremental amount itself increases, Users may only submit a second or further Quarterly capacity bid where the price applied for is less than that applying to any other bid, if the amount of Quarterly NTS Entry Capacity applied for in such bid is no less than that applied for under any earlier bid.
- 2.2.11 National Grid NTS shall reject a capacity bid submitted on an annual invitation date where:
- (a) the requirement in paragraph 2.2.10 is not complied with;
 - (b) any requirement of paragraphs 2.2.6 or 2.2.7 is not complied with
- and National Grid NTS may reject a capacity bid in accordance with Section V3.
- 2.2.12 Nothing in this paragraph 2.2 shall be construed as giving rise to any restriction on National Grid NTS's ability to make available Quarterly NTS Entry Capacity (or Monthly NTS Entry Capacity) in an annual invitation in an amount which exceeds the Unsold NTS Entry Capacity.
- 2.2.13 In the event that a User submits monthly capacity bids in response to an annual invitation and the sum of:
- (a) the aggregate NTS Entry Capacity Charges payable by the User were all the Monthly NTS Entry Capacity applied for under the User's capacity bids in respect of 1 April to 30 September in Capacity Year Y and 1 October to 31 March in Capacity Year + 1 to be allocated in full; and
 - (b) the User's Relevant Code Indebtedness at 17:00 hours on any Business Day on which monthly capacity bids may be made
- exceeds 85% of the User's Code Credit Limit, National Grid NTS shall not later than five (5) Business Days after the last relevant annual invitation date inform the User.
- 2.2.14 Following a notice under paragraph 2.2.13, in the event the User does not within ten (10) Business Days of such notice provide adequate surety or security (in accordance with Section V3.4.5), all monthly capacity bids submitted by the User in response to the annual invitation shall be disregarded for the purposes of this paragraph 2 (and have no effect).
- 2.2.15 Not used.
- 2.2.16 Not used.
- 2.2.17 Following the submission of quarterly capacity bids on each annual invitation date in the annual invitation period National Grid NTS shall as soon as reasonably practicable after 17:00 hours on each such date calculate and notify Users, in respect of each

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calendar quarter and each Aggregate System Entry Point, of the Stability Group by reference to identifying where the quantities of Quarterly NTS Entry Capacity applied for in aggregate by Users are first equal to or less than the incremental quantities specified in the annual invitation in ascending order.

2.2.18

- (a) For the purposes of this paragraph 2.2.18:
 - (i) a "**New**" Aggregate System Entry Point is an Aggregate System Entry Point in respect of which National Grid NTS has not previously held an annual invitation in accordance with the earlier provisions of this paragraph 2.2 or this paragraph 2.2.18;
 - (ii) an "**initial**" quarterly capacity bid is a capacity bid submitted on an initial annual invitation date and a "**secondary**" quarterly capacity bid is a quarterly capacity bid submitted on a secondary annual invitation date.
- (b) By not later than the Day falling twenty eight (28) Days before the first initial annual invitation date, National Grid NTS will notify Users of the applicable reserve prices and the step prices that will apply in respect of the New Aggregate System Entry Point for the purposes of the first annual invitation.
- (c) National Grid NTS will invite applications ("**first**" annual invitation) for Quarterly NTS Entry Capacity at the New Aggregate System Entry Point for each calendar quarter in Capacity Year +2 to Capacity Year +16 (inclusive) for such aggregate amounts of NTS Entry Capacity as is specified in the first annual invitation and Users may make applications for NTS Entry Capacity in respect of the New Aggregate System Entry Point in accordance with this paragraph 2.2.18.
- (d) National Grid NTS's annual invitation under paragraph 2.2.18(c) will specify:
 - (i) the date(s) on which applications ("**initial applications**") pursuant to the first annual invitation may be made, which shall be a period of ten (10) consecutive Business Days, (each such date an "**initial**" annual invitation date);
 - (ii) the date(s) on which further applications ("**secondary applications**") pursuant to the first annual invitation may be made, which shall be a period of ten (10) consecutive Business Days, (each such date a "**secondary**" annual invitation date);
 - (iii) the conditions which must be satisfied before National Grid NTS will invite Users to submit secondary applications;
 - (iv) for the New Aggregate System Entry Point, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive), the Available NTS Entry Capacity and the applicable reserve prices for Baseline NTS Entry Capacity (in accordance with the Transportation Statement) (the "**applicable reserve price**");
 - (v) for the New Aggregate System Entry Point, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive):

- (1) the relevant number of incremental capacity amounts of Quarterly NTS Entry Capacity greater than the NTS SO Baseline Entry Capacity (the maximum incremental capacity amount being the lower of (1) an amount not less than an amount equal to 150% of NTS SO Baseline Entry Capacity and (2) an amount determined by the application of National Grid's NTS's Incremental Entry Capacity Release Statement); and
- (2) the step price payable by Users for each different incremental capacity amount were National Grid NTS to make such incremental capacity amount available

in each case (in accordance with National Grid NTS's Transportation Statement); and

- (vi) the relevant number for the purposes of paragraph (v) being twenty (20) except in the event of a New Aggregate System Entry Point where the NTS SO Baseline Entry Capacity is less than 300,000,000 kWh/Day where the relevant number (being not greater than twenty (20) and not less than five (5)) as set out in National Grid NTS's Transportation Statement.
- (e) Provided the conditions referred to in the first annual invitation are satisfied National Grid NTS will by not later than the Day falling twenty-eight (28) Days before the first Day on which Users may submit secondary applications re-notify Users of each of the secondary annual invitation date(s), and National Grid NTS's invitation will be in accordance with paragraph 2.2.18(d) and the applicable reserve price shall be the same as that applicable reserve price that applied when Users were invited to submit initial applications.
- (f) Users may apply for Quarterly NTS Entry Capacity for a calendar quarter in each of Capacity Year + 2 to Capacity Year + 16 (inclusive) in respect of the New Aggregate System Entry Point on initial annual invitation dates and on secondary annual invitation dates (and a User who has not submitted an initial application shall not be prevented from submitting a secondary application where National Grid NTS invites secondary applications).
- (g) For the avoidance of doubt, and without prejudice to the further provisions of this paragraph 2.2.18, in relation to a first annual invitation:
 - (i) paragraphs 2.2.5, 2.2.6, 2.2.8, 2.2.10, 2.2.11 and 2.2.12 shall apply;
 - (ii) paragraph 2.2.9 shall apply provided that an initial quarterly capacity bid may not be withdrawn on a secondary annual invitation date;
 - (iii) paragraph 2.2.15 shall apply for which purposes the prevailing relevant step price group shall be determined by reference to the quantities of Quarterly NTS Entry Capacity applied for in aggregate at the New Aggregate System Entry Point by Users up until 17:00 hours on each relevant invitation date).
- (h) Without prejudice to paragraph 2.2.18(i), following the submission of initial applications in relation to the New Aggregate System Entry Point paragraph 2.6 shall apply and National Grid NTS shall allocate NTS Entry Capacity and Users will be registered as holding Quarterly NTS Entry Capacity at the New

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Aggregate System Entry Point in the amounts so allocated.

- (i) Where National Grid NTS invites and Users submit secondary applications in relation to the New Aggregate System Entry Point paragraph 2.6 shall again apply for which purposes the Reserve Price Bid Amount and the relevant step price group shall be determined by reference to initial quarterly capacity bids and secondary quarterly capacity bids and National Grid NTS shall allocate or (as the case may be) reallocate NTS Entry Capacity and Users will be registered as holding Quarterly NTS Entry Capacity in the amounts so allocated or (as the case may be) reallocated.
- (j) For the avoidance of doubt following the allocation of NTS Entry Capacity under paragraph 2.2.18(i) Users agree to pay by way of NTS Entry Charges for the Quarterly NTS Entry Capacity allocated the step price corresponding to the relevant step price group for the calendar quarter following the second application of paragraph 2.6 irrespective of whether or not the step price is the same as the step price corresponding to the relevant step price group following the first application of paragraph 2.6 in respect of initial applications.
- (k) Nothing in this paragraph 2.2.18 shall be construed as giving rise to a requirement that National Grid NTS make available NTS Entry Capacity in relation to the New Aggregate System Entry Point on secondary annual invitation dates or that National Grid NTS invite Users to submit secondary applications.

2.2.19 In the event that following calculation of the Stability Group (in accordance with paragraph 2.2.15) for each calendar quarter and each Aggregate System Entry Point following submission of quarterly capacity bids on the next following invitation date, the Stability Group remains unchanged in respect of all but four or fewer calendar quarters and Aggregate System Entry Point combinations:

- (a) National Grid NTS shall by not later than 08:00 hours on the next following annual invitation date, notify Users that this paragraph 2.2.19 applies and that the annual invitation period has ended; and
- (b) Users shall not be not be permitted to submit and National Grid NTS shall not be permitted to accept any further quarterly capacity bids in respect of the annual invitation.

2.3 Rolling Monthly NTS Entry Capacity auctions

2.3.1 In respect of each Aggregate System Entry Point National Grid NTS will each month invite Users to offer to surrender, and make applications for, Monthly NTS Entry Capacity for the following calendar month in accordance with this paragraph 2.3.

2.3.2 For the purposes of this paragraph 2.3:

- (a) **"Rolling Available NTS Entry Capacity"** in respect of an Aggregate System Entry Point and a calendar month, is an amount of Monthly NTS Entry Capacity equal to:

$$A + B + C$$

where:

- A is the Unsold NTS Entry Capacity (if any) for the calendar month;
- B is the Incremental NTS Entry Capacity (if any) for the calendar month;
and
- C is the Surrendered NTS Entry Capacity (if any) for the calendar month;
- (b) **“Donor ASEP”** is an Aggregate System Entry Point in respect of which;
- (i) no rolling monthly capacity bid remains unsatisfied following an allocation pursuant to paragraph 2.3.19; and
- (ii) there remains Rolling Available NTS Entry Capacity for the relevant month (in an amount in excess of the minimum eligible amount);
- (c) **“inter-ASEP exchange rate”** is the rate in respect of different pairs of Aggregate System Entry Points used by National Grid NTS for the purposes of paragraph 2.3.23 as established in accordance with the Entry Capacity Transfer and Trade Methodology Statement;
- (d) the **“Entry Capacity Transfer and Trade Methodology Statement”** is the entry capacity transfer methodology statement prepared and published by National Grid NTS in accordance with Special Condition C8D(11) of National Grid NTS’s Transporter’s Licence;
- (e) **“Recipient ASEP”** is an Aggregate System Entry Point in respect of which rolling monthly capacity bids remain unsatisfied following an allocation pursuant to paragraph 2.3.19;
- (f) **“relevant month”** is the calendar month in respect of which National Grid NTS shall invite Users to make rolling monthly surrender offers and rolling monthly capacity bids in accordance with this paragraph 2.3;
- (g) **“Surrendered NTS Entry Capacity”** in respect of an Aggregate System Entry Point and a calendar month, is the aggregate amount of Firm NTS Entry Capacity in respect of which Users have submitted rolling monthly surrender offers (excluding any rolling monthly surrender offer rejected in accordance with paragraph 2.3.9) in accordance with this paragraph 2.3;
- (h) **“unit price”** in respect of a rolling monthly capacity bid is calculated as follows:

$$X / Y$$

where:

X is the bid price (in pence/kWh/Day) of the rolling monthly capacity bid;

Y is:

- (i) for the purposes of paragraph 2.3.19, one (1); and
- (ii) for the purposes of paragraph 2.3.23, the relevant inter-ASEP exchange rate applying between the Aggregate System Entry Point and the relevant Donor ASEP; and
- (iii) **“weighted average unit price”** in respect of a rolling monthly

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surrender offer is calculated as follows:

$$\frac{\sum_{i=1}^n P_i * Q_i}{\sum_{i=1}^n Q_i}$$

where:

n is the number of rolling monthly capacity bids to which NTS Entry Capacity is allocated for the purposes of which a rolling monthly surrender offer is deemed to have been accepted pursuant to paragraphs 2.3.20(d) and 2.3.24(d) (each a ‘relevant capacity bid’ for the purposes of this paragraph (i));

P is the unit price of the relevant capacity bid; and

Q is that quantity of NTS Entry Capacity allocated as Surrendered by the Surrendering User pursuant to paragraphs 2.3.20 and 2.3.24 in relation to the relevant capacity bid.

2.3.3 By not later than five (5) Business Days before the date on which National Grid NTS invites Users to make rolling monthly capacity bids National Grid NTS will invite Users to offer to surrender (“**rolling monthly surrender invitation**”) Firm NTS Entry Capacity at each Aggregate System Entry Point for the relevant month for the purposes of this paragraph 2.3.

2.3.4 Users may, pursuant to an invitation under paragraph 2.3.3, offer to surrender Firm NTS Entry Capacity for each Day in the relevant month in respect of an Aggregate System Entry Point.

2.3.5 National Grid NTS’s invitation under paragraph 2.3.3 will specify:

- (a) the calendar month in respect of which the rolling monthly surrender invitation is made;
- (b) the date (the “**rolling monthly surrender date**”) being one of the next two Business Days following the date on which National Grid NTS invites Users to surrender Firm NTS Entry Capacity under paragraph 2.3.3 on which Users may notify National Grid NTS of amounts of Firm NTS Entry Capacity which they are willing to surrender for the relevant month; and
- (c) the prevailing reserve price for Monthly NTS Entry Capacity at each Aggregate System Entry Point for the relevant month.

2.3.6 An offer (“**rolling monthly surrender offer**”) to surrender Firm NTS Entry Capacity pursuant to paragraph 2.3.4 shall specify:

- (a) the identity of the User (“**Surrender User**”);
- (b) the relevant month;
- (c) the Aggregate System Entry Point;
- (d) the amount (not less than the minimum eligible amount) of Firm NTS Entry

Capacity offered for surrender (in kWh/Day) (“**surrender amount**”); and

- (e) the minimum price (the “**rolling monthly surrender price**”) which the User wishes to be paid in respect of the surrender of Firm NTS Exit Capacity;

and where a User submits a rolling monthly surrender offer(s) the User agrees to hold Available NTS Entry Capacity at the Aggregate System Entry Point for each day in the relevant month in an amount not less than the aggregate surrender amount in respect of the rolling monthly surrender offer(s) submitted by the User.

2.3.7 A User may have at any one time up to but no more than two (2) rolling monthly surrender offers in respect of a particular Aggregate System Entry Point.

2.3.8 A rolling monthly surrender offer:

- (a) may not be submitted before 08:00 hours or after 17:00 hours on a rolling monthly surrender date;
- (b) may be withdrawn or amended until, but not after, 17:00 hours on a rolling monthly surrender date.

2.3.9 National Grid NTS will reject a rolling monthly surrender offer submitted on a rolling monthly surrender date where:

- (a) any requirement of paragraphs 2.3.6, 2.3.7 or 2.3.8 is not complied with;
- (b) the amount of Firm NTS Entry Capacity offered for surrender exceeds the amount of the User’s Available Firm NTS Entry Capacity at the Aggregate System Entry Point on any Day in the relevant month (determined by reference to the application of this paragraph 2.3 and System Capacity Transfers which at the relevant time have become effective in accordance with paragraph 5.2.4).

2.3.10 By not later than five (5) Business Days before the rolling monthly invitation date, National Grid NTS will invite (“**rolling monthly invitation**”) Users to apply for Monthly NTS Entry Capacity at each Aggregate System Entry Point for the relevant month for the purposes of this paragraph 2.3.

2.3.11 Users may, pursuant to an invitation under paragraph 2.3.10, apply for Monthly NTS Entry Capacity for each Day in the relevant month in respect of an Aggregate System Entry Point.

2.3.12 National Grid NTS’s invitation under paragraph 2.3.10 will specify:

- (a) the date (“**rolling monthly**” invitation date) being one of the twenty (20) Business Days preceding the last Business Day of the calendar month preceding the relevant month on which applications pursuant to the rolling monthly invitation may be made;
- (b) for each Aggregate System Entry Point the amount of:
 - (i) the Surrendered NTS Entry Capacity in respect of which the rolling monthly surrender price is:
 - (1) less than the reserve price;
 - (2) equal to the reserve price;

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- (3) greater than the reserve price;
 - (ii) the Rolling Available NTS Entry Capacity; and
 - (c) for each Aggregate System Entry Point the reserve price.
- 2.3.13 Users may apply for Monthly NTS Entry Capacity in respect of an Aggregate System Entry Point for the relevant month on the rolling monthly invitation date.
- 2.3.14 An application (a "**rolling monthly**" capacity bid) for Monthly NTS Entry Capacity pursuant to paragraph 2.3.13 shall specify:
 - (a) the identity of the User;
 - (b) the relevant month;
 - (c) the Aggregate System Entry Point;
 - (d) the amount of Monthly NTS Entry Capacity (not less than the minimum eligible amount) applied for (in kWh/Day);
 - (e) the minimum amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraphs 2.3.19 and 2.3.23; and
 - (f) the amount (the "**bid price**") which shall not be less than the reserve price specified in the rolling monthly invitation which the User is willing to pay by way of Capacity Charge in respect of the Monthly NTS Entry Capacity applied for.
- 2.3.15 A User may have at any one time up to but no more than twenty (20) rolling monthly capacity bids in respect of a particular Aggregate System Entry Point.
- 2.3.16 A rolling monthly capacity bid:
 - (a) may not be submitted before 08:00 hours or after 17:00 hours on a rolling monthly invitation date;
 - (b) may be withdrawn or amended until, but not after, 17:00 hours on a rolling monthly invitation date.
- 2.3.17 National Grid NTS will reject a rolling monthly capacity bid submitted on a rolling monthly invitation date where:
 - (a) The bid price is less than the reserve price;
 - (b) any requirement of paragraphs 2.3.14, 2.3.15 or 2.3.16 is not complied withand National Grid NTS may reject a rolling monthly capacity bid in accordance with Section V3.
- 2.3.18 Following the submission of rolling monthly surrender offers and rolling monthly capacity bids Monthly NTS Entry Capacity will be allocated for the relevant month at an Aggregate System Entry Point:

- (a) first in accordance with paragraph 2.3.19;
- (b) where paragraph 2.3.21 applies, thereafter in accordance with paragraph 2.3.23

for which purposes National Grid NTS may ignore (such that the rolling monthly surrender offer has no effect for the purposes of this paragraph 2.3) any rolling monthly surrender offer where at the time of ranking rolling monthly capacity bids in accordance with paragraphs 2.3.19(a) and 2.3.23(a) the amount of Firm NTS Entry Capacity offered (or remaining offered) for surrender exceeds the amount of the User's Available Firm NTS Entry Capacity at the Aggregate System Entry Point on any Day in the relevant month.

2.3.19 Monthly NTS Entry Capacity in respect of an Aggregate System Entry Point will be allocated pursuant to rolling monthly capacity bids submitted in respect of the relevant month as follows:

- (a) all rolling monthly capacity bids (excluding any rejected pursuant to paragraph 2.3.17) will be ranked in order of price (highest ranking first);
- (b) Monthly NTS Entry Capacity will be allocated to rolling monthly capacity bids with the highest bid price first until such time as all the rolling monthly capacity bids are satisfied or the amount of Monthly NTS Entry Capacity allocated is equal to the Rolling Available NTS Entry Capacity at the Aggregate System Entry Point;
- (c) subject to paragraphs (d), (e) and (f), where the amount of Monthly NTS Entry Capacity applied for under a rolling monthly capacity bid exceeds the amount ("**remaining unallocated amount**") of the Rolling Available NTS Entry Capacity remaining unallocated after allocation to higher priced bids the User will be allocated an amount equal to the remaining unallocated amount;
- (d) subject to paragraphs (e) and (f), where two or more rolling monthly capacity bids ("**equal priced bids**") specify the same bid price, and the amount of Monthly NTS Entry Capacity applied for in aggregate under the equal priced bids exceeds the remaining unallocated amount, the remaining unallocated amount shall be allocated pro rata the amounts applied for in each such rolling monthly capacity bid;
- (e) where the amount to be allocated in respect of a rolling monthly capacity bid pursuant to paragraphs (c) and (d) would be less than the minimum amount specified in the bid, the rolling monthly capacity bid will (without prejudice to paragraph 2.3.23) be disregarded for the purposes of this paragraph 2.3.19) and an allocation made between the other rolling monthly capacity bids with the same bid price in accordance with paragraph (d) or (as the case may be) an allocation made in respect of the next ranked rolling monthly capacity bid;
- (f) where the amount to be allocated in respect of any rolling monthly capacity bid would be less than the minimum eligible amount, no allocation shall be made to that bid (and, without prejudice to paragraph 2.3.23, no further allocation shall be made in respect of the Aggregate System Entry Point); and
- (g) National Grid NTS will not allocate Monthly NTS Entry Capacity to a rolling monthly capacity bid where the allocation could only be satisfied by the reduction of Surrendered NTS Entry Capacity at the Aggregate System Entry Point (in accordance with paragraph 2.3.20) in respect of which the rolling

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monthly surrender price is greater than the unit price of the relevant rolling monthly capacity bid.

2.3.20 For the purposes of paragraph 2.3.19, where an allocation of Monthly NTS Entry Capacity is made following acceptance of a rolling monthly capacity bid :

- (a) National Grid NTS will first reduce the amount (if any) of the Surrendered NTS Entry Capacity at the Aggregate System Entry Point in respect of which the rolling monthly surrender price is equal to or less than the reserve price;
- (b) where following the application of paragraph (a) there remains no Surrendered NTS Entry Capacity with a rolling monthly surrender price equal to or less than the reserve price, National Grid NTS will next reduce (if any) the amount of Unsold NTS Entry Capacity at the Aggregate System Entry Point;
- (c) where following the application of paragraph (b) there remains no Unsold NTS Entry Capacity, National Grid NTS will next reduce (if any) the amount of Surrendered NTS Entry Capacity at the Aggregate System Entry Point in respect of which the rolling monthly surrender price is greater than the reserve price;
- (d) in reducing the Surrendered NTS Entry Capacity National Grid NTS will be deemed to have accepted one or more rolling monthly surrender offers at the Aggregate System Entry Point (in whole or in part), for which purpose National Grid NTS shall be deemed to have accepted rolling monthly surrender offers in price order (lowest ranking first) and where two or more rolling monthly surrender offers have the same rolling monthly surrender price the offers shall be accepted on a pro rata basis; and
- (e) where a rolling monthly surrender offer is accepted for the purposes of paragraph (a) or (c) the Surrender User's Available Firm NTS Entry Capacity at the Aggregate System Entry Point shall be reduced by an amount equal to the amount in respect of which the rolling monthly surrender offer was accepted.

2.3.21 Where following an allocation in accordance with paragraph 2.3.19 there remains rolling monthly capacity bids which are unsatisfied (whether in whole or in part) in respect of an Aggregate System Entry Point ("**unsatisfied bids**") and there remains Rolling Available NTS Entry Capacity at any other Aggregate System Entry Point:

- (a) the unsatisfied bids for each Recipient ASEP will be grouped in accordance with paragraph 2.3.22 (for which purposes a rolling monthly capacity bid which remains unsatisfied will be included in respect of the unsatisfied bid quantity); and
- (b) a further allocation of Monthly NTS Entry Capacity will take place at Recipients ASEPs in accordance with paragraph 2.3.23.

2.3.22 For the purposes of paragraph 2.3.23 and in respect of each Recipient ASEP:

- (a) the "**unsatisfied bid quantity**" is:
 - (i) in relation to an unsatisfied bid, the quantity of Monthly NTS Entry Capacity applied for in the relevant rolling monthly capacity bid less the quantity of Monthly NTS Entry Capacity allocated to such rolling monthly capacity bid pursuant to paragraph 2.3.19; and

- (ii) in relation to an unsatisfied bid group, the aggregate unsatisfied bid quantity for all rolling monthly capacity bids in an unsatisfied bid group;
- (b) the unsatisfied bids will be grouped on the following basis:
- (i) the unsatisfied bids will be ranked in price order (highest ranking first);
 - (ii) subject to there being sufficient unsatisfied bids, the unsatisfied bids will be grouped in descending price order into a maximum of four (4) bid groups (each an "**unsatisfied bid group**"); where a bid group shall comprise one or more unsatisfied bids such that:
 - (1) the first and highest ranking bid group comprises unsatisfied bids in respect of which the aggregate amount of Monthly NTS Entry Capacity applied for is not less than twenty-five percent (25%) of the unsatisfied bid quantity;
 - (2) the first and second highest ranking bid groups together comprise unsatisfied bids in respect of which the aggregate amount of Monthly NTS Entry Capacity is not less than fifty percent (50%) of the unsatisfied bid quantity; and
 - (3) the first, second and third highest ranking bid groups together comprise unsatisfied bids in respect of which the aggregate amount of Monthly NTS Entry Capacity applied is not less than seventy-five percent (75%) of the unsatisfied bid quantity;
 - (iii) where an unsatisfied bid could be included, for the purposes of paragraph (ii), in two (2) unsatisfied bid groups it shall be included in the highest ranked bid group;
 - (iv) where there are two or more equally priced unsatisfied bids that could be included in two unsatisfied bid groups for the purposes of this paragraph (b), the unsatisfied bids will be included in the unsatisfied bid group with the highest unsatisfied bid group price; and
 - (v) where the number or characteristics of the unsatisfied bids at a Recipient ASEP are such to prevent the identification of four (4) unsatisfied bid groups in the manner anticipated by paragraph (ii) a lesser number of unsatisfied bid groups may be identified;
- (c) for each unsatisfied bid group the "**unsatisfied bid group price**" shall be calculated as follows:

$$\frac{\sum_{i=1}^n P_i * Q_i}{\sum_{i=1}^n Q_i}$$

where:

- n is the number of unsatisfied bids in the unsatisfied bid group;
- P is the bid price for each relevant unsatisfied bid in the unsatisfied bid

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group; and

Q is the unsatisfied bid quantity for each relevant unsatisfied bid in the unsatisfied bid group.

2.3.23 Where paragraph 2.3.21 applies Monthly NTS Entry Capacity in respect of a Recipient ASEP will be allocated pursuant to rolling monthly capacity bids comprised in unsatisfied bid groups and submitted in respect of the relevant month as follows:

- (a) all unsatisfied bid groups for all Recipient ASEPs will be ranked in order of unsatisfied bid group price (highest ranking first), and where two or more unsatisfied bid groups have the same unsatisfied bid group price, such unsatisfied bid groups will be ranked as follows:
 - (i) the unsatisfied bid group comprising the rolling monthly capacity bid with the highest bid price shall rank highest; provided that where the highest individual bid price is the same in two or more unsatisfied bid groups, then;
 - (ii) the unsatisfied bid group with the largest unsatisfied bid quantity shall rank highest; provided that where the unsatisfied bid quantity is the same, then;
 - (iii) the unsatisfied bid group comprising the earliest received rolling monthly capacity bid shall rank highest;
- (b) where, following the ranking of unsatisfied bid groups in accordance with paragraph (a), there are unsatisfied bid groups at the same Recipient ASEP ranked consecutively, the unsatisfied bid groups will be amalgamated for the purposes of determining the inter-ASEP exchange rate when allocating Monthly NTS Entry Capacity to rolling monthly capacity bids comprised in the amalgamated unsatisfied bid group;
- (c) subject to the provisions of this paragraph 2.3.23, Monthly NTS Entry Capacity will be allocated to rolling monthly capacity bids comprised in the highest ranked unsatisfied bid group first (and subject to this paragraph (c) to rolling monthly capacity bids comprised in the next ranked unsatisfied bid group), until such time as in respect of an unsatisfied bid group:
 - (i) all the rolling monthly capacity bids are satisfied;
 - (ii) Monthly NTS Entry Capacity is only available on the basis of the application of an inter-ASEP exchange rate which is greater than 10:1; or
 - (iii) there is no Rolling Available NTS Entry Capacity remaining at any Donor ASEPs;
- (d) for the purposes of paragraph (c):
 - (i) when considering an unsatisfied bid group, National Grid NTS will rank each Donor ASEP by reference to the inter-ASEP exchange rate applying between the Recipient ASEP and the Donor ASEP in

accordance with the Entry Capacity Transfer and Trade Methodology Statement;

- (ii) National Grid NTS will allocate Monthly NTS Entry Capacity to rolling monthly capacity bids comprised in an unsatisfied bid group from the highest ranked Donor ASEP first and where there is no longer Rolling Available NTS Entry Capacity at a Donor ASEP National Grid NTS shall allocate Monthly NTS Entry Capacity from the next ranked Donor ASEP;
 - (iii) where there is no longer Rolling Available NTS Entry Capacity at a Donor ASEP National Grid NTS may recalculate the inter-ASEP exchange rate for each of the remaining Donor ASEPs and may, as a result of such recalculation, reconsider the order in which the remaining Donor ASEPs are ranked for the purpose of this paragraph 2.3.23;
 - (iv) where all the rolling monthly capacity bids comprised in an unsatisfied bid group cannot be satisfied by reference to the Rolling Available NTS Entry Capacity at a Donor ASEP(s) and the relevant inter-ASEP exchange rate, National Grid NTS will allocate Monthly NTS Entry Capacity to the rolling monthly capacity bids comprised in the unsatisfied bid group in bid price order, allocating Monthly NTS Entry Capacity to the rolling monthly capacity bid with the highest bid price first (and where there are two or more rolling monthly capacity bids with the same bid price Monthly NTS Entry Capacity shall be allocated by reference to the time the rolling monthly capacity bids were received by National Grid NTS, with the earliest received rolling monthly capacity bid ranking highest); and
 - (v) where rolling monthly capacity bids comprised in an unsatisfied bid group remain unsatisfied following consideration of all relevant Donor ASEPs (whether in whole or part) the rolling monthly capacity bids will be treated for the purposes of this paragraph 2.3.23 as being comprised in the next ranked unsatisfied bid group for that Recipient ASEP;
- (e) for the purposes of this paragraph 2.3.23:
- (i) Monthly NTS Entry Capacity allocated to a rolling monthly capacity bid pursuant to this paragraph 2.3.23 will be subject to the application of the relevant inter-ASEP exchange rate(s);
 - (ii) where Monthly NTS Entry Capacity is allocated to a rolling monthly capacity bid comprised in an unsatisfied bid group the Rolling Available NTS Entry Capacity at the relevant Donor ASEP shall be reduced by an amount calculated as follows:

$$P * Q$$

where:

P is the quantity allocated to the rolling monthly capacity bid from the relevant Donor ASEP;

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Q is the inter-ASEP exchange rate applying between the Recipient ASEP and the relevant Donor ASEP;

- (f) subject to paragraphs (g) and (h) where the unsatisfied bid quantity under a rolling monthly capacity bid exceeds the amount ("**remaining unallocated amount**") of the Rolling Available NTS Entry Capacity remaining unallocated after allocation to higher priced bids the User will be allocated an amount equal to the remaining unallocated amount;
- (g) where the amount to be allocated in respect of a rolling monthly capacity bid pursuant to this paragraph 2.3.23, in respect of which no allocation was made pursuant to paragraph 2.3.19, would be less than the minimum amount specified in the bid, the rolling monthly capacity bid will be disregarded for the purposes of this paragraph 2.3.23 and an allocation made in respect of the next ranked rolling monthly capacity bid;
- (h) where the amount to be allocated in respect of a rolling monthly capacity bid pursuant to this paragraph 2.3.23, in respect of which no allocation was made pursuant to paragraph 2.3.19, would be less than the minimum eligible amount, no allocation shall be made to that bid (and no further allocation shall be made in respect of the Aggregate System Entry Point);
- (i) where one of the conditions referred to in paragraph (c) applies in respect of each unsatisfied bid group National Grid NTS will not accept any further unsatisfied bids (which such bids shall be disregarded and have no further effect); and
- (j) for the purposes of this paragraph 2.3.23 and paragraph 2.3.24 National Grid NTS will not allocate Monthly NTS Entry Capacity to a rolling monthly capacity bid where the allocation could only be satisfied by the reduction of Surrendered NTS Entry Capacity at the Donor ASEP (in accordance with paragraph 2.3.24) in respect of which the rolling monthly surrender price is greater than the unit price of the relevant rolling monthly capacity bid.

2.3.24 For the purposes of paragraph 2.3.23, where an allocation of Monthly NTS Entry Capacity is made:

- (a) National Grid NTS will first reduce the amount (if any) of the Surrendered NTS Entry Capacity at the Donor ASEP in respect of which the rolling monthly surrender price is equal to or less than the reserve price;
- (b) where following the application of paragraph (a) there remains no Surrendered NTS Entry Capacity with a rolling monthly surrender price equal to or less than the reserve price, National Grid NTS will next reduce (if any) the amount of Unsold NTS Entry Capacity at the Aggregate System Entry Point;
- (c) where following the application of paragraph (b) there remains no Unsold NTS Entry Capacity, National Grid NTS will next reduce (if any) the amount of Surrendered NTS Entry Capacity at the Donor ASEP in respect of which the rolling monthly surrender price is greater than the reserve price;
- (d) in reducing the Surrendered NTS Entry Capacity National Grid NTS will be deemed to have accepted one or more rolling monthly surrender offers at the

Donor ASEP (in whole or in part), for which purpose National Grid NTS shall be deemed to have accepted rolling monthly surrender offers in price order (lowest ranking first) and where two or more rolling monthly surrender offers have the same rolling monthly surrender price the offers shall be accepted on a pro rata basis; and

- (e) where a rolling monthly surrender offer is accepted for the purposes of paragraph (a) or (c) the Surrender User's Available Firm NTS Entry Capacity at the Donor ASEP shall be reduced by an amount equal to the amount in respect of which the rolling monthly surrender offer was accepted.

2.3.25 Where a rolling monthly surrender offer or rolling monthly capacity bid is accepted:

- (a) the Surrender User shall remain liable for the Capacity Charges payable in respect of the surrendered Firm NTS Entry Capacity for the relevant month;
- (b) the User who submitted the rolling monthly capacity bid agrees to pay by way of NTS Entry Capacity Charges the relevant bid price for the relevant month in respect of the Monthly NTS Entry Capacity allocated in accordance with this paragraph 2.3;
- (c) where Monthly NTS Entry Capacity is allocated to a rolling monthly capacity bid by reason of the acceptance of a rolling monthly surrender offer National Grid NTS shall pay to the Surrender User an amount, subject to paragraph (b), equal to the weighted average unit price multiplied by the amount of Firm NTS Entry Capacity surrendered (and allocated as Monthly NTS Entry Capacity in accordance with paragraphs 2.3.20(d) and 2.3.24(d)); and
- (d) for the purposes of paragraph (c) National Grid NTS shall not be required, in respect of any Aggregate System Entry Point at which a rolling monthly surrender offer(s) were accepted for the purposes of this paragraph 2.3, to pay the Surrender User(s) an amount in aggregate which exceeds the amounts received from a User(s) as a result of the allocation of Monthly NTS Entry Capacity following the acceptance of rolling monthly surrender offers in accordance with paragraph 2.3.20(d) and 2.3.24(d) (and National Grid NTS shall make such adjustments to the amounts payable to the Surrender User(s) as are reasonable for such purpose).

2.3.26 Where a rolling monthly capacity bid is accepted the User whose rolling monthly capacity bid was accepted shall be registered as holding Monthly NTS Entry Capacity (in the amount so allocated) for the relevant month at the relevant Aggregate System Entry Point.

2.3.27 Amounts due under paragraph 2.3.25 shall be invoiced and payable in accordance with Section S.

2.3.28 Each User agrees and acknowledges that in respect of each relevant month:

- (a) the issue of invitations pursuant to paragraphs 2.3.3 and 2.3.10 represent the means by which a User may request an entry capacity transfer or trade rate or rates for the purposes of Special Condition C8D(11)(b) and 12(b) of National Grid NTS's Transporter's Licence;
- (b) where a User submits a rolling monthly surrender offer or rolling monthly capacity bid (as the case may be) the User shall be deemed to have requested

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National Grid NTS to enact an entry capacity transfer or trade for the purposes of Special Condition C8D(11)(c) and 12(c) of National Grid NTS's Transporter's Licence;

and National Grid NTS may disregard any other request from a User for an entry capacity transfer or trade rate or rates.

2.4 Daily NTS Entry Capacity

2.4.1 Users may apply for Daily NTS Entry Capacity in respect of an Aggregate System Entry Point for a Day in accordance with this paragraph 2.4.

2.4.2 An application (a "**daily**" capacity bid) for Daily NTS Entry Capacity shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the Day for which the Daily NTS Entry Capacity is applied for;
- (d) the amount (not less than the minimum eligible amount) of Daily NTS Entry Capacity applied for;
- (e) the minimum amount (not less than the minimum eligible amount) of Daily NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.7.2(e);
- (f) the amount (the "**bid price**"), which shall not be less than the reserve price which the User is willing to pay by way of Capacity Charge in respect of the Daily NTS Entry Capacity applied for; and
- (g) whether such bid is a fixed or reducing daily capacity bid.

2.4.3 A daily capacity bid:

- (a) may be submitted at any time from the 7th Day before the Gas Flow Day until 02:00 hours on the Day for which the Daily NTS Entry Capacity is applied for; and
- (b) may, subject to paragraph 2.4.4, in the case of a fixed bid be withdrawn or amended and in the case of a reducing bid withdrawn, at any time before Daily NTS Entry Capacity is allocated in respect of such bid.

2.4.4 A daily capacity bid may not be withdrawn during a capacity allocation period (irrespective of whether or not the daily capacity bid is in relation to an Aggregate System Entry Point at which, for the purposes of the capacity allocation, there is Available Daily Capacity) and where a User seeks to withdraw a bid during such period, National Grid NTS will notify the User that a capacity allocation period is current and National Grid NTS may, subject to paragraph 2.4.6, accept such daily capacity bid.

2.4.5 In relation to each Aggregate System Entry Point and in respect of any Day (or part of any such Day) a User may have, at any one time, up to but not more than twenty (20) daily capacity bids which are capable of acceptance in accordance with this paragraph 2.4.

- 2.4.6 National Grid NTS shall reject a daily capacity bid where:
- (a) the bid price is less than the reserve price;
 - (b) any other requirement of paragraph 2.4.2 is not complied with
- and National Grid NTS may reject a daily capacity bid in accordance with Section V3.
- 2.4.7 For each Day (or part of each such Day) in respect of each Aggregate System Entry Point, where Available Daily Capacity is available National Grid NTS will initiate a capacity allocation period. For the avoidance of doubt, where Daily NTS Entry Capacity in respect of an Aggregate System Entry Point is applied for on the Day for which such Daily NTS Entry Capacity is required, National Grid NTS will initiate a capacity allocation period on each of the next hour bars falling thereafter, until such daily capacity bid is no longer available in accordance with 2.4.14, up to and including 02:00 hours on such Day where Available Daily Capacity is available at that Aggregate System Entry Point.
- 2.4.8 Where National Grid NTS has initiated a capacity allocation period or for the purposes of paragraph 2.4.11, Daily NTS Entry Capacity (up to the amount, if any, of the Available Daily Capacity) will be allocated in accordance with paragraph 2.7.
- 2.4.9 Subject to paragraph 2.7.3, National Grid NTS will accept bids in respect of which Daily NTS Entry Capacity is allocated in accordance with paragraph 2.7.2, and each User whose bid is so accepted will be registered as holding Daily NTS Entry Capacity (in the amount so allocated) for the Day in respect of the Aggregate System Entry Point.
- 2.4.10 Where there is no Available Daily Capacity in respect of an Aggregate System Entry Point for a Day, or the amount thereof is less than the minimum eligible amount, National Grid NTS will not accept any daily capacity bids.
- 2.4.11 Daily capacity bids will also be selected for acceptance in accordance with the System Management Principles.
- 2.4.12 National Grid NTS will accept daily capacity bids selected pursuant to paragraph 2.7.2 or 2.4.11 and the amount of Available Daily Capacity for the Day at the Aggregate System Entry Point will be decreased by the amount for which the bid was selected.
- 2.4.13 For the purposes of this paragraph 2.4:
- (a) the "**Available Daily Capacity**" in relation to an Aggregate System Entry Point, is an amount of Daily NTS Entry Capacity equivalent to the sum of Unsold NTS Entry Capacity (which was available for such Day in accordance with paragraph 2.3 (if any)) which remains available following the application of paragraph 2.3 in respect of each Day in the calendar month in which such Day falls and any additional Daily NTS Entry Capacity that National Grid NTS may in its sole discretion choose to make available for the Day (if any);
 - (b) the "**bid effective time**" is the time on the hour in relation to a daily capacity bid being the later of:
 - (i) 06:00 hours on the Gas Flow Day; or
 - (ii) the time falling no earlier than 60 minutes after Daily NTS Entry Capacity has been allocated in respect of such bid;

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- (c) a "**capacity allocation period**" is the period of 15 minutes, in which National Grid NTS conducts capacity allocation at an Aggregate System Entry Point for a Day, and which subject to there being Available Daily Capacity and available daily capacity bids at such time:
- (i) first commences at 13:00 hours on the Preceding Day to that for which the Daily NTS Entry Capacity is applied for;
 - (ii) commences on any hour bar falling thereafter up to and including 02:00 hours on the Day for which the Daily NTS Entry Capacity is applied for (but not thereafter);
- (d) a "**capacity allocation**" is the allocation of Daily NTS Entry Capacity during a capacity allocation period in accordance with paragraph 2.7;
- (e) a "**fixed bid**" is a daily capacity bid in relation to which the Daily NTS Entry Capacity applied for is not conditional on the bid effective time and a "**reducing bid**" is a daily capacity bid in relation to which the amount of Daily Entry Capacity applied for is determined as:

$$(DSEC / BET) * N$$

where:

DSEC is the amount of Daily NTS Entry Capacity applied for when the bid was first submitted;

BET commencing from the earliest bid effective time in respect of such bid, the number of hours remaining on the Gas Flow Day;

N the number of hours remaining from the actual bid effective time were Daily NTS Entry Capacity to be allocated in respect of such a bid;

- (f) the "**reserve price**" shall mean:
- (i) in respect of Daily NTS Entry Capacity applied for and allocated prior to 06:00 on the Day for which it was applied for, the reserve price for Unsold NTS Entry Capacity (in accordance with National Grid NTS's Transportation Statement); or
 - (ii) in respect of Daily NTS Entry Capacity applied for and allocated after 06:00 hours on the Day for which it was applied for, zero.

2.4.14 A daily capacity bid is "**available**" where:

- (a) submitted and not withdrawn prior to the start of any capacity allocation period; and
- (b) the bid effective time is later than 06:00 on the Gas Flow Day, the implied capacity rate is less than or equal to the available capacity rate at the relevant Aggregate System Entry Point

and for the avoidance of doubt, where Daily NTS Entry Capacity is allocated in respect of a bid such bid shall be extinguished and no longer be available for the purposes of paragraph 2.7.

2.4.15 For the purposes of this paragraph 2.4:

- (a) the "**available capacity rate**" in relation to an Aggregate System Entry Point is the rate (in kWh/hour) calculated as an amount of Daily NTS Entry Capacity equal, as appropriate, to the Available Daily Capacity, divided by the number of hours remaining in the Day following the capacity allocation effective time;
- (b) the "**capacity allocation effective time**" is:
 - (i) where the capacity allocation period ends prior to 04:00 hours on the Preceding Day, 06:00 on the Gas Flow Day;
 - (ii) the hour bar following the next hour bar falling after the end of a capacity allocation period;
- (c) the "**implied capacity rate**" in relation to a:
 - (i) fixed bid, is the rate (in kWh/hour), calculated as the amount of Daily NTS Entry Capacity in respect of which the bid was made divided by the number of hours remaining in the Day were Daily NTS Entry Capacity to be allocated in respect of such bid;
 - (ii) reducing bid, is the rate (in kWh/hour) calculated as the amount of Daily NTS Entry Capacity in respect of which the bid was made divided by the number of hours remaining in the Day from the hour bar following the hour bar next falling after submission of such bid.

2.5 Daily Interruptible NTS Entry Capacity

2.5.1 Users may apply for Daily Interruptible NTS Entry Capacity in respect of an Aggregate System Entry Point for a Day in accordance with this paragraph 2.5.

2.5.2 An application (a "**daily interruptible**" capacity bid) for Daily NTS Entry Capacity pursuant to this paragraph 2.5 shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the Day for which the Daily Interruptible NTS Entry Capacity is applied for;
- (d) the amount (not less than the minimum eligible amount) of Daily Interruptible NTS Entry Capacity applied for;
- (e) the minimum amount (not less than the minimum eligible amount) of Daily Interruptible NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.7.2(e); and
- (f) the amount (the "**bid price**"), which shall not be less than the reserve price which the User is willing to pay by way of Capacity Charge in respect of the Daily Interruptible NTS Entry Capacity applied for.

2.5.3 A daily interruptible capacity bid:

- (a) may be submitted at any time from the 7th Day before the Gas Flow Day until

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13:00 hours on the Preceding Day; and

- (b) may be withdrawn or amended until, but not after, 13:00 hours on the Preceding Day.

2.5.4 For each Day, in respect of each Aggregate System Entry Point:

- (a) National Grid NTS will notify Users of the amount of Available Interruptible Capacity by not later than 12:00 hours on the Preceding Day; and
- (b) Daily Interruptible NTS Entry Capacity (up to the amount if any of the Available Interruptible Capacity) will be allocated pursuant to daily interruptible capacity bids in accordance with paragraph 2.7.

2.5.5 In relation to each Aggregate System Entry Point and in respect of any Day a User may have, at any one time, up to but not more than 20 daily interruptible capacity bids which are capable of acceptance in accordance with paragraph 2.7.

2.5.6 National Grid NTS will reject a daily interruptible capacity bid where:

- (a) the bid price is less than the reserve price;
- (b) any other requirement of paragraph 2.5.2 is not complied with

and National Grid NTS may reject a daily interruptible capacity bid in accordance with Section V3.

2.5.7 Subject to paragraph 2.7.3, National Grid NTS will accept bids in respect of which Daily Interruptible NTS Entry Capacity is allocated in accordance with paragraph 2.7.2, and each User whose bid is so accepted will be registered as holding Daily Interruptible NTS Entry Capacity (in the amount so allocated) for the Day in respect of the Aggregate System Entry Point.

2.5.8 Where there is no Available Interruptible Capacity in respect of an Aggregate System Entry Point for a Day, or the amount thereof is less than the minimum eligible amount, National Grid NTS will not accept any daily interruptible capacity bids.

2.5.9 National Grid NTS will, not later than 15:00 hours on the Preceding Day, inform each User of those of its daily interruptible capacity bids which have been accepted and the amount of Daily Interruptible NTS Entry Capacity which it is registered as holding pursuant to each such accepted bid.

2.5.10 For the purposes of this paragraph 2.5 the "**Available Interruptible Capacity**" in respect of an Aggregate System Entry Point for any Day is:

- (a) an amount of NTS Entry Capacity equal to the daily average unutilised firm capacity; and
- (b) an amount of NTS Entry Capacity (if any) additional to that in (a) which National Grid NTS determines, in its sole discretion, shall be made available.

2.5.11 The "**daily average unutilised firm capacity**" in respect of any relevant period in relation to an Aggregate System Entry Point is an amount of NTS Entry Capacity equal to:

where:

AUC is the aggregate amount, for each relevant day, by which the Firm NTS Entry Capacity at the Aggregate System Entry Point held by Users in aggregate exceeds the sum of the Entry Point Daily Quantity Delivered for each System Entry Point comprised in the Aggregate System Entry Point

and a "**relevant day**" is each of the thirty (30) Days up to (and including) the Day falling seven (7) Days before the first Day in any relevant period and "**relevant period**" is a period of seven (7) consecutive Days .

2.6 Allocation: Quarterly NTS Entry Capacity

2.6.1 Following an annual invitation and in relation to an Aggregate System Entry Point and a calendar quarter where the Reserve Price Bid Amount:

- (a) is equal to or less than the Unsold NTS Entry Capacity, paragraph 2.6.2 will apply;
- (b) is greater than the Unsold NTS Entry Capacity, paragraph 2.6.3 will apply (other than where the circumstances in paragraph 2.6.4 exist in which case such paragraph shall apply).

2.6.2 Where this paragraph 2.6.2 applies pursuant to paragraph 2.6.1:

- (a) Quarterly NTS Entry Capacity will be allocated to each quarterly capacity bid (excluding any quarterly capacity bid rejected pursuant to paragraph 2.2.11) in the amount of Quarterly NTS Entry Capacity applied for; and
- (b) the User agrees to pay by way of NTS Entry Capacity Charges for the Quarterly NTS Entry Capacity allocated in accordance with paragraph (a) the applicable reserve price for the calendar quarter.

2.6.3 Where this paragraph 2.6.3 applies pursuant to paragraph 2.6.1, subject to paragraph 2.6.4:

- (a) Quarterly NTS Entry Capacity will be allocated to each quarterly capacity bid in the relevant step price group or the reserve price (as the case may be) (in each case excluding any quarterly capacity bid rejected pursuant to paragraph 2.2.11) in the amount of Quarterly NTS Entry Capacity applied for; and
- (b) the User agrees to pay by way of NTS Entry Capacity Charges for the Quarterly NTS Entry Capacity allocated in accordance with paragraph (a) the step price or the reserve price (as the case may be) corresponding to the relevant step price group for the calendar quarter.

2.6.4 In the event that there is no relevant step price group the Actual Available NTS Entry Capacity will be allocated to each quarterly capacity bid:

- (a) where paragraph 2.2.10(a) applies, in the step price group for which Users specified the highest step price when applying for Quarterly NTS Entry Capacity;

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- (b) where paragraph 2.2.10(b) applies, in the step price group for which the incremental capacity amount which is equal to the Actual Available Aggregate NTS Entry Capacity

(in each case excluding any quarterly capacity bid rejected pursuant to paragraph 2.2.11) pro rata the amount applied for (provided that where the amount to be allocated is less than the minimum amount specified in the quarterly capacity bid, the bid will be disregarded (and have no effect) and a revised allocation will be made between the quarterly capacity bids in accordance with this paragraph).

2.6.5 For the purposes of this paragraph 2.6, and in respect of an Aggregate System Entry Point in relation to a calendar quarter:

- (a) **"Actual Available NTS Entry Capacity"** is, following an annual invitation, an amount of Quarterly NTS Entry Capacity equal to the sum of:
 - (i) Unsold NTS Entry Capacity (as determined prior to the annual invitation);
 - (ii) any additional Quarterly NTS Entry Capacity which NTS is required to make available pursuant to the Incremental Entry Capacity Release Statement following the submission of quarterly capacity bids in response to the annual invitation; and
 - (iii) any additional Quarterly NTS Entry Capacity which National Grid NTS in its sole discretion determines to make available to Users;
- (b) the **"relevant step price group"** is:
 - (i) where a step price group quantity is exactly equal to the Actual Available NTS Entry Capacity, the step price group in respect of which the step price group quantity is exactly equal to the Actual Available NTS Entry Capacity at the step price in respect of the Actual Available NTS Entry Capacity; and
 - (ii) where paragraph (i) above is not applicable and paragraph 2.2.10(a) applies, the step price group, when considering the incremental quantities specified in the annual invitation in ascending order, in respect of which the step price group quantity is first equal to or less than the Actual Available NTS Entry Capacity; and
 - (iii) where paragraph (i) above is not applicable and paragraph 2.2.10(b) applies, the step price group or those bids at the reserve price (as the case may be), when considering the step prices and the reserve price specified in the annual invitation in descending order, in respect of which the step price group quantity or the Reserve Price Bid Amount is last equal to or less than the Actual Available NTS Entry Capacity;
- (c) the **"Reserve Price Bid Amount"** is, in relation to an annual invitation, the aggregate amount of Quarterly NTS Entry Capacity applied for pursuant to quarterly capacity bids in respect of which different Users specified a price other than a step price when applying for Quarterly NTS Entry Capacity;
- (d) a **"step price group"** are those quarterly capacity bids in respect of which different Users specified the same step price when applying for Quarterly NTS

Entry Capacity; and

- (e) the "**step price group quantity**" is the aggregate amount of Quarterly NTS Entry Capacity applied for by Users pursuant to quarterly capacity bids comprised in a step price group; and
- (f) the "**Stability Group**" is the step price group, when considering the incremental quantities specified in the annual invitation in ascending order, in respect of which the step price group quantity is first equal to or less than the incremental quantities specified in the annual invitation in ascending order.

2.6.6 National Grid NTS will accept quarterly capacity bids in respect of which Quarterly NTS Entry Capacity is allocated in accordance with paragraphs 2.6.2, 2.6.3 and 2.6.4, and each User whose bid is so accepted will be registered as holding Quarterly NTS Entry Capacity (in the amount so allocated) for the relevant calendar quarter in respect of the Aggregate System Entry Point.

2.6.7 National Grid NTS will, not later than:

- (a) two months following the last annual invitation date in a Capacity Year inform each User of those of its quarterly capacity bids which have been accepted and the amount of Quarterly NTS Entry Capacity which it is registered as holding for each calendar quarter pursuant to each such accepted quarterly capacity bid; and
- (b) twenty four (24) hours after the time at which National Grid NTS notifies Users in accordance with paragraph (a) notify all Users in respect of each calendar quarter in accordance with paragraph 2.14.2.

2.7 Allocation: Monthly, Daily and Daily Interruptible NTS Entry Capacity

2.7.1 Following the submission of monthly capacity bids, daily capacity bids and daily interruptible capacity bids, NTS Entry Capacity will be allocated for a relevant short term period in accordance with this paragraph 2.7.

2.7.2 For a relevant short term period, NTS Entry Capacity in respect of an Aggregate System Entry Point will be allocated pursuant to capacity bids submitted in respect of such short term period as follows:

- (a) all capacity bids submitted in respect of the relevant short term period (excluding any bid rejected pursuant to paragraph 2.2.11, 2.4.6 or 2.5.6) will be ranked in order of bid price (the highest price ranking first) save that in the case of monthly capacity bids made pursuant to paragraph 2.2.4 the ranking will be made in respect of each relevant annual invitation date;
- (b) in the case of monthly capacity bids made pursuant to paragraph 2.2.4, the Available NTS Entry Capacity for the calendar month;
 - (i) in the case of monthly capacity bids made pursuant to paragraph 2.2.4, the Available Monthly Capacity for the relevant annual invitation date for the calendar month;
 - (ii) in the case of daily capacity bids made pursuant to paragraph 2.4.1 the Available Daily Capacity; and

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- (iii) in the case of daily interruptible capacity bids made pursuant to paragraph 2.5.1, the Available Interruptible Capacity;
 - (c) subject to paragraphs (d) and (e) and paragraph 2.7.3, where the amount of NTS Entry Capacity applied for under a bid exceeds the amount (the "**remaining unallocated amount**") of the relevant capacity remaining unallocated after allocation to higher priced bids, the User will be allocated an amount equal to the remaining unallocated amount;
 - (d) subject to paragraph (e) and paragraph 2.7.3, where each of two or more bids ("**equal priced bids**") specifies the same bid price, and the amount of relevant capacity remaining applied for in aggregate under such bids exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the amounts applied for in each such bid;
 - (e) where the amount to be allocated in respect of a bid pursuant to paragraph (c) or (d) is less than the minimum amount specified in the capacity bid, the bid will be disregarded (and of no effect), and a revised allocation will be made between remaining equal price bid(s) under paragraph (d), or (as the case may be) an allocation made in respect of the next priced bid.
- 2.7.3 Where the amount to be allocated in respect of any bid pursuant to paragraph 2.7.2 is less than the minimum eligible amount, National Grid NTS will not accept that or any further capacity bids under, as appropriate, paragraphs 2.2, 2.4 or 2.5.
- 2.7.4 Subject to paragraph 2.7.2, National Grid NTS will accept bids in respect of which NTS Entry Capacity is allocated in accordance with paragraph 2.7.2, and each User whose bid is so accepted will be registered as holding NTS Entry Capacity (in the amount so allocated) for the relevant short term period in respect of the Aggregate System Entry Point.
- 2.7.5 Each User who applies for NTS Entry Capacity for a relevant short term period shall tender in respect of each capacity bid a bid price (in accordance with paragraph 2.2.7(f), 2.4.2(f) or 2.5.2(f)) and agrees by making such application to pay by way of NTS Entry Capacity Charges the relevant bid price for the relevant short term period in respect of the NTS Entry Capacity allocated in accordance with this paragraph 2.7 pursuant to such capacity bid.
- 2.7.6 For the purposes of this paragraph 2.7:
 - (a) "**relevant short term period**" means:
 - (i) in the case of an annual invitation under paragraph 2.2, the relevant calendar month; and
 - (ii) for the purposes of paragraphs 2.4 and 2.5, the relevant Day; and
 - (b) "**relevant capacity remaining**" is, for the purposes of an allocation in accordance with paragraph 2.7.2 following applications made under:
 - (i) paragraph 2.2.5, Monthly NTS Entry Capacity;
 - (ii) paragraph 2.4.1, Daily NTS Entry Capacity; and
 - (iii) paragraph 2.5.1, Daily Interruptible NTS Entry Capacity.

2.7.7 National Grid NTS will:

- (a) in respect of Monthly NTS Entry Capacity allocated in respect of Capacity Year Y not later than one month following the final date on which applications for Monthly NTS Entry Capacity could be made, inform each User of those of its monthly capacity bids which have been accepted and the amount of Monthly NTS Entry Capacity which it is registered as holding for each calendar month in Capacity Year Y pursuant to each such accepted monthly capacity bid;
- (b) in respect of Monthly NTS Entry Capacity allocated in respect of Capacity Year 1 not later than two months following the final date on which applications for Monthly NTS Entry Capacity could be made, inform each User of those of its monthly capacity bids which have been accepted and the amount of Monthly NTS Entry Capacity which it is registered as holding for each calendar month in Capacity Year 1;
- (c) one (1) hour after a capacity allocation of Daily NTS Entry Capacity and Daily Interruptible NTS Entry Capacity inform each User of those of its capacity bids which have been accepted and the amount of Daily NTS Entry Capacity and Daily Interruptible NTS Entry Capacity which it is registered as holding pursuant to each such accepted capacity bid; and
- (d) twenty four (24) hours after the time at which National Grid NTS notifies Users in accordance with paragraph (a), (b) and (c) notify all Users in respect of each relevant short term period in accordance with paragraph 2.14.2.

2.8 Capacity Constraint Management

2.8.1 National Grid NTS may, for the purposes of Capacity Management:

- (a) initiate a capacity allocation period in accordance with the System Management Principles; and
- (b) undertake Capacity Management in accordance with the System Management Principles (which may include the acceptance of daily capacity offers on any Day at an Aggregate System Entry Point in such aggregate amounts as is consistent with the System Management Principles).

2.8.2 For the purposes of the Code:

- (a) "**Capacity Management**" means, in relation to an Aggregate System Entry Point and in relation to any Day:
 - (i) the entering into of a Capacity Management Agreement by National Grid NTS; and/or
 - (ii) the curtailment of Interruptible NTS Entry Capacity in accordance with paragraphs 2.9; and/or
 - (iii) the acceptance by National Grid NTS of daily capacity offers submitted by Users in accordance with paragraph 2.10

in each case in accordance with the System Management Principles (and this paragraph 2);

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- (b) "**Capacity Management Charges**" are all amounts payable by National Grid NTS to a User pursuant to a Capacity Management Agreement and include Capacity Surrender Charges; and
 - (c) a "**Capacity Management Agreement**" is any form of agreement (or mechanism) identified in the statement to be prepared and published by National Grid NTS pursuant to Special Condition C5(3) of National Grid NTS's Transporter's Licence which may be utilised by National Grid NTS and pursuant to which National Grid NTS may secure the surrender of Firm NTS Entry Capacity by Users for the purposes of the management of a capacity constraint.
- 2.8.3 National Grid NTS may enter into a Capacity Management Agreement with a User.
- 2.8.4 Where pursuant to the terms of a Capacity Management Agreement a User surrenders Firm NTS Entry Capacity at an Aggregate System Entry Point in relation to a Day, the amount of the User's Available Firm NTS Entry Capacity at the Aggregate System Entry Point shall be reduced by the amount surrendered by the User pursuant to the terms of the Capacity Management Agreement.
- 2.8.5 Capacity Surrender Charges will be invoiced and payable in accordance with Section S.
- 2.8.6 National Grid NTS shall for the purposes of the management of a capacity constraint take such steps as are in accordance with the System Management Principles; it however being acknowledged that the System Management Principles do not form part of, and are not incorporated into, and are not binding upon National Grid NTS pursuant to, the Code.
- 2.8.7 For the avoidance of doubt, National Grid NTS shall not be under any obligation pursuant to paragraphs 2.2, 2.3, 2.4, 2.5 or any other provision of this Section B2 to make available to Users NTS Entry Capacity surrendered by Users pursuant to the terms of a Capacity Management Agreement.
- 2.8.8 For the purposes of paragraph 2.8.9 below, the following words shall have the following meanings:
- (a) "**Forward Agreement**" means a Capacity Management Agreement (entered into following the issue of a Tender Invitation Notice) pursuant to which a User surrenders Firm NTS Entry Capacity to National Grid NTS over a forward period of days (but, for the avoidance of doubt, shall not include an agreement made pursuant to the provisions of paragraph 2.10);
 - (b) "**Option Agreement**" means a Capacity Management Agreement (entered into following the issue of a Tender Invitation Notice) pursuant to which a User grants an option to National Grid NTS upon the exercise of which National Grid NTS may accept the surrender of Firm NTS Entry Capacity (but, for the avoidance of doubt, shall not include an agreement made pursuant to the provisions of paragraph 2.10);
 - (c) "**Relevant Forward Combination**" means a specific combination of Aggregate System Entry Point and forward delivery period as set out in a valid tender offer submitted to National Grid NTS pursuant to a Tender Invitation Notice;
 - (d) "**Relevant Option Combination**" means a specific combination of Aggregate System Entry Point and option exercise period as set out in a valid tender offer

submitted to National Grid NTS pursuant to a Tender Invitation Notice; and

- (e) **"Tender Invitation Notice"** means a notice issued by National Grid NTS inviting Users to submit a tender offer for a Forward Agreement or an Option Agreement (as the case may be).

2.8.9

- (a) Where, in respect of a Relevant Forward Combination and pursuant to a Tender Invitation Notice, National Grid NTS enters into Forward Agreement(s) with Users after the date of implementation of the modification proposal giving effect to this paragraph (a), it shall publish on the Business Day following that on which it enters into such Forward Agreement(s) and in respect of each Gas Flow Day in the relevant forward delivery period:
 - (i) the volume weighted average price in respect of all valid offers received by National Grid NTS for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
 - (ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Grid NTS for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
 - (iii) the minimum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
 - (iv) the maximum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
 - (v) in respect of such Forward Agreement(s), the volume weighted average price for the surrender of Firm NTS Entry Capacity pursuant to such agreements;
 - (vi) in respect of such Forward Agreement(s), the aggregate quantity of Firm NTS Entry Capacity that was surrendered pursuant to such agreements;
 - (vii) in respect of such Forward Agreement(s), the minimum price paid for the surrender of Firm NTS Entry Capacity pursuant to such agreements; and
 - (viii) in respect of such Forward Agreement(s), the maximum price paid for the surrender of Firm NTS Entry Capacity pursuant to such agreements.
- (b) Where, in respect of a Relevant Option Combination and pursuant to a Tender Invitation Notice, National Grid NTS enters into Option Agreement(s) with Users after the date of implementation of the modification proposal giving effect to this paragraph (b), it shall publish on the Business Day following that on which it enters into such Option Agreement(s):
 - (i) the volume weighted average strike price in respect of all valid offers received by National Grid NTS for the surrender of Firm NTS Entry

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- Capacity for that Relevant Option Combination pursuant to the Tender Invitation Notice;
- (ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Grid NTS for that Relevant Option Combination pursuant to that Tender Invitation Notice;
 - (iii) the minimum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
 - (iv) the maximum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
 - (v) in respect of such Option Agreement(s), the volume weighted average strike price for the Firm NTS Entry Capacity available for surrender pursuant to such agreements;
 - (vi) in respect of such Option Agreement(s), the aggregate quantity of Firm NTS Entry Capacity that is available for surrender by Users pursuant to such agreements;
 - (vii) in respect of such Option Agreement(s), the minimum strike price for the surrender of Firm NTS Entry Capacity pursuant to such agreements; and
 - (viii) in respect of such Option Agreement(s), the maximum strike price for the surrender of Firm NTS Entry Capacity pursuant to such agreements.
- (c) Where, after the date of implementation of the modification proposal giving effect to this paragraph (c), National Grid NTS, whether in whole or in part, exercises its right to accept the surrender of Firm NTS Entry Capacity in respect of any specific Gas Flow Day and specific Aggregate System Entry Point pursuant to an Option Agreement or Option Agreements, it shall publish on the first Business Day following that specific Gas Flow Day:
- (i) the aggregate quantity of Firm NTS Entry Capacity surrendered to National Grid NTS in respect of that Gas Flow Day and Aggregate System Entry Point pursuant to such exercise; and
 - (ii) the volume weighted average strike price in respect of the Firm NTS Entry Capacity surrendered to National Grid NTS in respect of that Gas Flow Day and Aggregate System Entry Point pursuant to such exercise.
- (d) Where, after the date of implementation of the modification proposal giving effect to this paragraph (d) and pursuant to a Tender Invitation Notice, National Grid NTS receives valid tender offers in respect of a Relevant Forward Combination but National Grid NTS does not enter into any Forward Agreements with Users in respect of that Relevant Forward Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish, within 4 Business Days following the last Day on which such tender offers may have been submitted to National Grid NTS pursuant to that Tender Invitation Notice,

and in respect of each Gas Flow Day in the relevant forward delivery period:

- (i) the volume weighted average price in respect of all valid offers received by National Grid NTS for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
 - (ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Grid NTS for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
 - (iii) the minimum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice; and
 - (iv) the maximum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice.
- (e) Where, after the date of implementation of the modification proposal giving effect to this paragraph (e) and pursuant to a Tender Invitation Notice, National Grid NTS receives valid tender offers in respect of a Relevant Option Combination but National Grid NTS does not enter into any Option Agreements with Users in respect of that Relevant Option Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish within 4 Business Days following the last Day on which such tender offers may have been submitted to National Grid NTS pursuant to that Tender Invitation Notice:
- (i) the volume weighted average strike price in respect of all valid offers received by National Grid NTS for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
 - (ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Grid NTS for that Relevant Option Combination pursuant to that Tender Invitation Notice;
 - (iii) the minimum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice; and
 - (iv) the maximum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice.

2.9 Curtailment of Interruptible NTS Entry Capacity

2.9.1 For the purposes of this paragraph 2.9, an "**Entry Capability Shortfall**" in respect of an Aggregate System Entry Point for a Day is the amount (in kWh) by which the amount of (or rate at which) gas is or will be delivered exceeds the System Entry Capability (as determined by National Grid NTS).

2.9.2 Where at any time after 15:00 hours on the Preceding Day National Grid NTS

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determines:

- (a) in relation to any Aggregate System Entry Point that there is or will be an Entry Capability Shortfall; or
- (b) that there is or will be a Transportation Constraint or a Localised Transportation Deficit which National Grid NTS believes may be avoided or remedied by the curtailment of Interruptible NTS Entry Capacity held by Users at one or more Aggregate System Entry Points (whether or not those Aggregate System Entry Points are affected by the Transportation Constraint or Localised Transportation Deficit);

the Interruptible NTS Entry Capacity held by Users at that Aggregate System Entry Point may be curtailed subject to and in accordance with the System Management Principles and the further provisions of this paragraph 2.9.

2.9.3 National Grid NTS will give a notice ("**interruptible curtailment notice**") to all Users specifying:

- (a) the Aggregate System Entry Point and the Day to which the notice relates;
- (b) the time ("**curtailment effective time**") with effect from which such curtailment is to take place, which shall be on the hour, shall not be earlier than 06:00 hours nor later than 02:00 hours on the Gas Flow Day, and shall not be less than 60 minutes after such notice is given; and
- (c) a factor ("**interruptible curtailment factor**") determined in accordance with the System Management Principles.

2.9.4 Where National Grid NTS gives an interruptible curtailment notice, the amount of each User's Available Interruptible NTS Entry Capacity (excluding any negative Available Interruptible NTS Entry Capacity) will be determined as:

$$R * (ICF1 * P1 + ICF2 * P2 + \dots + ICFn * Pn) / 24$$

where R is the amount of the User's Available Interruptible NTS Entry Capacity for the Day;

and where for each interruptible curtailment notice (from 1 to n) given in respect of the Aggregate System Entry Point and the Day:

ICF is the interruptible curtailment factor, and

P is the period in hours from the curtailment effective time until the end of the Gas Flow Day or (if earlier) the curtailment effective time of a subsequent curtailment notice

and for the purposes of which, in the absence of any other interruptible curtailment notice, there shall be deemed to be an interruptible curtailment notice specifying an interruptible curtailment factor of one (1) in force at the start of the Gas Flow Day.

2.10 Surrender of NTS Entry Capacity

2.10.1 Users may offer to surrender Available Firm NTS Entry Capacity for a Day in respect of an Aggregate System Entry Point, and National Grid NTS may accept such offers,

subject to and in accordance with the System Management Principles and this paragraph 2.10.

2.10.2 An offer ("**daily capacity offer**") to surrender Firm NTS Entry Capacity pursuant to this paragraph 2.10 shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the Day for which NTS Entry Capacity is offered for surrender;
- (d) the amount (not less than the minimum eligible amount) of NTS Entry Capacity offered for surrender (in kWh/Day);
- (e) the minimum amount (not less than the minimum eligible amount) of NTS Entry Capacity for which the User is willing to have the offer accepted;
- (f) the amount (the "**offer price**") in pence/kWh/Day which the User wishes to be paid in respect of the of the surrender of the offered NTS Entry Capacity; and
- (g) whether such offer is a fixed or reducing daily capacity offer.

2.10.3 A daily capacity offer:

- (a) may be submitted at any time from 06:00 hours on the 7th Day before the Gas Flow Day until 02:00 hours on the Day for which the NTS Entry Capacity is offered for surrender; and
- (b) may, subject to paragraph 2.10.4, in the case of a fixed offer be withdrawn or amended and in the case of a reducing offer be withdrawn, at any time before NTS Entry Capacity in such bid is selected for surrender.

2.10.4 A daily capacity offer may not be withdrawn during a capacity selection period (irrespective of whether or not the daily capacity offer is in relation to an Aggregate System Entry Point at which, for the purposes of capacity selection, there is a Firm Capacity Shortfall) and where a User seeks to withdraw an offer during such period, National Grid NTS will notify the User that a capacity selection period is current and National Grid NTS may, subject to paragraph 2.10.6, accept such daily capacity offer.

2.10.5 In relation to each Aggregate System Entry Point and in respect of any Day (or part of any such Day) a User may have, at any one time, up to but not more than twenty (20) daily capacity offers which are capable of acceptance in accordance with this paragraph 2.10.

2.10.6 National Grid NTS will reject a daily capacity offer where any requirement of paragraph 2.10.2 is not complied with, and may reject such an offer where the amount of NTS Entry Capacity offered for surrender exceeds the amount of the User's Available Firm NTS Entry Capacity (determined by reference to System Capacity Transfers which have at the relevant time become effective pursuant to paragraph 5.2.3(c) and the provisions of paragraph 2.8 and this paragraph 2.10).

2.10.7 For each Day (or part of each such Day) in respect of each Aggregate System Entry Point, where National Grid NTS determines that:

- (a) there is a Firm Capacity Shortfall at one or more Aggregate System Entry

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Points; or

- (b) there is or will be a Transportation Constraint or a Localised Transportation Deficit which National Grid NTS believes may be avoided or remedied by the surrender of Firm System Entry Capacity held by Users at one or more Aggregate System Entry Points (whether or not those Aggregate System Entry Point are affected by the Transportation Constraint or Localised Transportation Deficit);

National Grid NTS may initiate, not earlier than 13:00 hours on the Preceding Day, a capacity selection period.

2.10.8 National Grid NTS may accept daily capacity offers in accordance with the System Management Principles and the amount of Available Firm NTS Entry Capacity held (for the relevant Day in respect of the relevant Aggregate System Entry Point) by each User whose offer is so accepted will be reduced by the amount for which the offer was selected.

2.10.9 National Grid NTS will, not later than one (1) hour after each capacity selection, inform each User of those of its daily capacity offers which have been accepted, the amount of NTS Entry Capacity surrendered pursuant to each such accepted offer, and the amount by which its Available NTS Entry Capacity is accordingly reduced in respect of each Aggregate System Entry Point.

2.10.10 For the purposes of this paragraph 2.10:

- (a) the "**offer effective time**" is the time on the hour in relation to a daily capacity offer being the later of:
 - (i) 06:00 hours on the Gas Flow Day; and
 - (ii) the time not earlier than 60 minutes after Firm NTS Entry Capacity has been selected pursuant to such bid for surrender;
- (b) a "**capacity selection period**" is the period of 15 minutes in which, where National Grid NTS intends to accept Firm NTS Entry Capacity for surrender pursuant to available daily capacity offers, it conducts a capacity selection;
- (c) a "**capacity selection**" is the acceptance of Firm NTS Entry Capacity for surrender during a capacity selection period in accordance with this paragraph 2.10;
- (d) a "**fixed offer**" is a daily capacity offer in relation to which the amount of Firm NTS Entry Capacity offered for surrender is not conditional on the offer effective time and a "**reducing offer**" is a daily capacity offer in relation to which the amount of Firm Entry Capacity offered for surrender is determined as:

$$(FSEC / OET) * N$$

where:

FSEC is the amount of Firm NTS Entry Capacity offered for surrender when the offer was first submitted;

OET commencing from the earliest offer effective time in respect of such bid, the number of hours remaining on the Gas Flow Day; and

N the number of hours remaining from the actual offer effective time were Firm NTS Entry Capacity to be selected for surrender pursuant to such offer; and

- (e) a "**Firm Capacity Shortfall**" is an amount of Firm NTS Entry Capacity equal to the amount by which the lesser of National Grid NTS's estimate of the amount of gas that will be delivered to the Total System at the Aggregate System Entry Point during a Day (or part thereof) and the Aggregate Registered Firm NTS Entry Capacity held by all Users at that Aggregate System Entry Point exceeds the System Entry Capability at that Aggregate System Entry Point.

2.10.11 A daily capacity offer is "**available**" where:

- (a) submitted and not withdrawn prior to the start of any capacity selection period; and
- (b) where the offer effective time is later than 06:00 on the Gas Flow Day, the implied surrender rate is less than or equal to the available surrender rate at the relevant Aggregate System Entry Point

and for the avoidance of doubt, where Firm NTS Entry Capacity is selected for surrender pursuant to an offer such offer shall be extinguished and no longer be available for the purposes of this paragraph 2.10.

2.10.12 For the purposes of this paragraph 2.10:

- (a) the "**available surrender rate**" in relation to an Aggregate System Entry Point is the rate (in kWh/hour) calculated as an amount of Firm NTS Entry Capacity equal, as appropriate, to the Firm Capacity Shortfall or to the amount of Firm System Entry Capacity National Grid NTS believes requires to be surrendered to avoid or remedy the relevant Transportation Constraint or Localised Transportation Deficit), divided by the number of hours remaining in the Day following the capacity selection effective time;
- (b) the "**capacity selection effective time**" is the hour bar following the next hour bar falling after the end of a capacity selection period;
- (c) the "**implied surrender rate**" in relation to:
- (i) a fixed offer, is the rate (in kWh/hour), calculated as the amount of Firm NTS Entry Capacity in respect of which the offer was made divided by the number of hours remaining in the Day were Firm NTS Entry Capacity to be selected for surrender pursuant to such offer;
- (ii) a reducing offer, is the rate (in kWh/hour) calculated as the amount of Firm NTS Entry Capacity in respect of which the offer was made divided by the number of hours remaining in the Day from the hour bar following the hour next falling after submission of such offer.

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2.11 Entry Charges, NTS Entry Commodity Charges and Capacity Surrender Charges

- 2.11.1 (a) A User shall, subject to paragraph (b) below, pay Capacity Charges ("**NTS Entry Capacity Charges**") in respect of its Registered NTS Entry Capacity at Aggregate System Entry Points.
- (b) Where:
- (i) pursuant to paragraph 2.2.18 National Grid NTS allocates Quarterly NTS Entry Capacity for the first time at a New Aggregate System Entry Point from a specific date (the "**First Capacity Allocation Date**") but fails to accept gas properly tendered for delivery by a User (for the purpose of this paragraph 2.11.1 a "**relevant User**") at that Aggregate System Entry Point in the period on and following that First Capacity Allocation Date; and
 - (ii) the reason for such failure is the non commissioning of that Aggregate System Entry Point or any System Entry Point comprised within it; and
 - (iii) the relevant User both holds Registered Quarterly NTS Entry Capacity and does properly tender gas for delivery on the relevant Day(s) at that Aggregate System Entry Point

then no NTS Entry Capacity Charges shall be payable by that relevant User in respect of such Registered NTS Entry Capacity at that Aggregate System Entry Point for each Day in the period from the First Capacity Allocation Date to the Day immediately preceding that on which National Grid NTS is first able to accept gas properly tendered for delivery by any User. Notwithstanding any other provision of the Code, the provisions of this paragraph (b) shall be the sole and exclusive remedy of Users where National Grid NTS fails to accept gas properly tendered for delivery in the circumstances set out above.

- (c) A User shall pay Commodity Charges ("**NTS Entry Commodity Charges**") in respect of the flow of gas into the NTS on any day, or a charge calculated by reference to Special Condition C8B & C8C of National Grid NTS's Transporter's Licence.
- 2.11.2 The NTS Entry Capacity Charge payable by a User in respect of each Day will be determined for each Aggregate System Entry Point and each class (as described in paragraph 2.1.4) of NTS Entry Capacity, as the amount of the User's Registered NTS Entry Capacity (of the relevant class, and in the case of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity, applied for pursuant to paragraphs 2.2 and/or 2.3, and allocated following an invitation date) multiplied by the Applicable Daily Rate.
- 2.11.3 The Applicable Daily Rate shall be:
- (a) in respect of Quarterly NTS Entry Capacity applied for pursuant to an annual invitation under paragraph 2.2, the applicable reserve or cleared price (for the calendar quarter) as determined following the relevant annual invitation date in accordance with paragraph 2.6;
 - (b) in respect of Monthly NTS Entry Capacity applied for pursuant to an invitation under paragraphs 2.2 and 2.3, the bid price tendered by the User in respect of the Monthly NTS Entry Capacity allocated for the relevant calendar month

pursuant to paragraph 2.7.2;

- (c) in respect of Daily NTS Entry Capacity, the bid price tendered by the User in respect of the Daily NTS Entry Capacity allocated for the Day pursuant to paragraph 2.7.2; and
 - (d) in respect of Daily Interruptible NTS Entry Capacity, the bid price tendered by the User in respect of the Daily Interruptible NTS Entry Capacity allocated for the Day pursuant to paragraph 2.7.2.
- 2.11.4 For the purposes of paragraph 2.11.2, the amount of the User's Registered NTS Entry Capacity shall be determined Unadjusted pursuant to paragraph 2.9.4 (but for the avoidance of doubt Unadjusted pursuant to paragraphs 2.8.4, 2.10.8 and 2.17.9).
- 2.11.5 Where National Grid NTS accepts a daily capacity offer pursuant to paragraph 2.10 National Grid NTS will pay to the User a charge ("**Capacity Surrender Charge**") in an amount determined as the amount of NTS Entry Capacity for which the daily capacity offer was accepted by National Grid NTS multiplied by the offer price specified in the daily capacity offer.
- 2.11.6 The NTS Entry Commodity Charge payable by a User in respect of each Day will be determined for each NTS Entry Point as the User Daily Quantity Input less any quantity to which the NTS Optional Commodity Rate applies in accordance with Code multiplied by the Applicable Commodity Rate for such Commodity Charge.
- 2.11.7 NTS Entry Capacity Charges, NTS Entry Commodity Charges and Capacity Surrender Charges will be invoiced and payable in accordance with Section S.

2.12 Overrun charges

- 2.12.1 If for any reason the quantity of gas delivered by a User to the Total System at an Aggregate System Entry Point on any Day exceeds the User's aggregate Available NTS Entry Capacity (determined as Fully Adjusted), the User shall pay a charge ("**System Entry Overrun Charge**") in respect of NTS Entry Capacity at that Aggregate System Entry Point on that Day.
- 2.12.2 For the purposes of this paragraph 2.12, in respect of a User at an Aggregate System Entry Point for any Day, the "**overrun quantity**" is the amount by which the sum of the User's UDQIs on that Day in respect of each System Entry Point comprised in the Aggregate System Entry Point exceeds the sum of the User's Fully Adjusted Available NTS Entry Capacity.
- 2.12.3 The System Entry Overrun Charge shall be calculated as the amount of the overrun quantity multiplied by whichever is the greatest of:
- (a) $(8 * A)$, where 'A' is the highest bid price in relation to a capacity bid in respect of which NTS Entry Capacity was allocated following an invitation under paragraphs 2.2, 2.3 and 2.4; and
 - (b) $(1.1 * B)$, where 'B' is the relevant average accepted offer price;
 - (c) $(1.1 * C)$, where 'C' is the relevant average accepted forward price;
 - (d) $(1.1 * D)$, where 'D' is the relevant average accepted exercise price; and

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(e) $(1.1 * E)$, where 'E' is the highest unit price accepted by National Grid NTS

where (a), (b), (c), (d) and (e) are calculated by reference to information available to National Grid NTS at 02:00 hours on the relevant Day.

2.12.4 For the purposes of paragraph 2.12.3(b), in respect of an Aggregate System Entry Point the "**relevant average accepted offer price**" for a Day is calculated as:

$$\frac{\sum_{i=1}^n Q_i * P_i}{\sum_{i=1}^n Q_i}$$

where:

n is the number of relevant successful offers;

Q is the amount of Daily NTS Entry Capacity surrendered pursuant to each relevant successful offer (being in aggregate equal to the relevant capacity); and

P is the offer price of each relevant successful offer,

and for the purposes of this paragraph 2.12.4 a "**relevant successful offer**" is an offer in respect of which relevant capacity was surrendered by a User and "**relevant capacity**" is that amount of NTS Entry Capacity equal to the first 25% of the total Firm NTS Entry Capacity surrendered by Users (determined by ranking all relevant successful offers for the Day in price order (the highest ranked first) and aggregating the Firm NTS Entry Capacity surrendered for each relevant successful offer, in descending order of bid price starting with the highest priced until the aggregate Firm NTS Entry Capacity surrendered equals the relevant capacity) in accordance with paragraph 2.10 and the System Management Principles.

2.12.5 For the purposes of paragraph 2.12.3(c), in respect of an Aggregate System Entry Point the "**relevant average forward price**" for a Day is calculated as:

$$\frac{\sum_{i=1}^n Q_i * P_i}{\sum_{i=1}^n Q_i}$$

where:

n is the number of relevant forward arrangements;

Q is the amount of Daily NTS Entry Capacity surrendered (being in aggregate equal to the relevant forward capacity) pursuant to the relevant forward arrangements; and

P is the forward price of each relevant forward arrangement,

and for the purposes of this paragraph 2.12.5 a "**relevant forward arrangement**" is a Capacity Management Agreement pursuant to which relevant forward capacity was surrendered by a User for the relevant Day on any earlier Day and "**relevant forward capacity**" is that amount of NTS Entry Capacity equal to the first 25% of Firm NTS Entry Capacity surrendered by Users (determined by ranking all relevant forward offers for the Day in price order (the highest ranked first) and aggregating the Firm NTS Entry Capacity surrendered for each relevant forward offer, in descending order of bid price starting with the highest priced until the aggregate Firm NTS Entry Capacity surrendered equals the relevant forward capacity) in accordance with paragraph 2.10 and the System Management Principles.

- 2.12.6 For the purposes of paragraph 2.12.3(d), in respect of an Aggregate System Entry Point the "**relevant average accepted exercise price**" for a Day is calculated as:

$$\frac{\sum_{i=1}^n Q_i * P_i}{\sum_{i=1}^n Q_i}$$

where:

- n is the number of relevant option arrangements;
- Q is the amount of Daily NTS Entry Capacity surrendered (being in aggregate equal to the relevant option capacity) pursuant to the relevant option arrangements; and
- P is the exercise price of each relevant option arrangement,

and for the purposes of this paragraph 2.12.5 a "**relevant option arrangement**" is a Capacity Management Agreement pursuant to which relevant option capacity was surrendered by a User for the relevant Day on any earlier Day following the exercise by National Grid NTS of an option that NTS Entry Capacity be surrendered on such Day and "**relevant option capacity**" is that amount of NTS Entry Capacity equal to the first 25% of Firm NTS Entry Capacity surrendered by Users (determined by ranking all relevant option offers for the Day in price order (the highest ranked first) and aggregating the Firm NTS Entry Capacity surrendered for each relevant option offer, in descending order of bid price starting with the highest priced until the aggregate Firm NTS Entry Capacity surrendered equals the relevant option capacity) in accordance with paragraph 2.10 and the System Management Principles.

- 2.12.7 Where on any Day National Grid NTS makes a Constrained Storage Renomination in respect of the Storage Connection Point of a National Grid LNG Facility then, subject to the proviso below, the System Entry Overrun Charge for a User in respect of the National Grid LNG Facility shall be zero for any overrun quantity but only to the extent and for such part of that Day that the implied rate derived from the Constrained Storage Renomination exceeds the implied rate derived from that User's Registered Storage Deliverability (as defined in Section Z) (in both cases for that LNG facility). This paragraph shall only apply in respect of a User where that User sends written notification to National Grid NTS within 3 Business Days of the relevant Day stating (a) that the zero rate is to apply; (b) the overrun quantity and the period for which it is to apply; and (c) reasonable evidence to support its claim.

- 2.12.8 System Entry Overrun Charges shall be invoiced and payable in accordance with

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2.13 Capacity Neutrality Arrangements

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

2.13.2 For each Aggregate System Entry Point, in relation to each Day:

- (a) **"Relevant Capacity Revenues"** are the aggregate of the amounts payable to National Grid NTS by Users:
 - (i) by way of Capacity Charges in respect of:
 - (1) Daily NTS Entry Capacity where the User was registered at any time during the Day in question as holding the Daily NTS Entry Capacity in respect of that Day;
 - (2) Daily Interruptible NTS Entry Capacity;
 - (3) any additional Firm NTS Entry 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 Entry Capacity; and
 - (4) Monthly NTS Entry Capacity is allocated pursuant to paragraph 2.3.19 or 2.2.23 by reason of the acceptance of a rolling monthly surrender offerat the Aggregate System Entry Point;
 - (ii) by way of System Entry Overrun Charges; and
 - (iii) where any User has negative Available NTS Entry Capacity, by way of System Entry Overrun Charges pursuant to (and calculated in respect of the amount determined under) paragraph 5.5.2(a); and
 - (iv) by way of Market Balancing Action Charges in respect of each Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint; and
 - (v) by way of any other amounts payable to National Grid NTS in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements as a result of a Localised Transportation Deficit and/or a Transportation Constraint; and
 - (vi) by way of Physical Renomination Incentive Chargesin respect of such Day;
- (b) **"Relevant Capacity Costs"** are the aggregate of the amounts payable by

National Grid NTS to Users by way of:

- (i) 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 Entry Capacity pursuant to the relevant Capacity Management Agreement); and
- (ii) Aggregate Constraint Amounts pursuant to Section I3.7.2;
- (iii) Market Balancing Action Charges in respect of each Market Balancing Buy Action (or negatively priced Balancing Sell Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint;
- (iv) any other amounts in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements as a result of a Localised Transportation Deficit and/or a Transportation Constraint;
- (v) amounts payable by National Grid NTS in accordance with paragraph 2.3.25(c); and
- (vi) amounts payable by National Grid NTS in accordance with paragraph 2.17;

in relation to the Aggregate System Entry Point in respect of such Day.

2.13.3 In relation to each Aggregate System Entry Point and a calendar month, National Grid NTS shall pay to each relevant User an amount ("**Capacity Revenue Neutrality Charge**") determined as:

$$\text{RCR} * \text{UFAC} / \text{AFAC}$$

where:

RCR is the Relevant Capacity Revenues;

UFAC is the aggregate sum of the User's Fully Adjusted Firm Available NTS Entry Capacity at each Aggregate System Entry Point; and

AFAC is the aggregate sum of all User's Fully Adjusted Firm Available NTS Entry Capacity at each Aggregate System Entry Point

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

2.13.4 In relation to each Aggregate System Entry Point and a calendar month, each relevant User shall pay to National Grid NTS an amount ("**Capacity Cost Neutrality Charge**") determined as:

$$\text{RCC} * \text{UFAC} / \text{AFAC}$$

where:

RCC are the Relevant Capacity Costs;

and 'UFAC' and 'AFAC' have the meanings in paragraph 2.13.3.

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2.13.5 For the purposes of this paragraph 2.13:

- (a) the "**Second Capacity Adjustment Neutrality Amount**" for a Day in a calendar month (month 'm') is:
 - (i) the sum of:
 - (1) the amount of any charge of a kind referred to in the definition of Relevant Capacity Revenues, and of any Capacity Neutrality Charge (payable to National Grid NTS), 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;
 - (2) the amount of any interest paid (in accordance with Section S4.3.2) 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

 - (ii) the sum of:
 - (1) the amount of any charge of a kind referred to in the definition of Relevant Capacity Revenues, and of any Capacity Neutrality Charge (payable to National Grid NTS) which:
 - (aa) 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 Capacity Adjustment Neutrality Amount for month m-1; but
 - (bb) has been paid to National Grid NTS since the last Day of month m-1;
 - (2) the amount of any interest paid (in accordance with Section S4.3.2) 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';
- (b) "**Capacity Neutrality Charges**" comprise Capacity Revenue Neutrality Charges, Capacity Cost Neutrality Charges and Capacity Adjustment Neutrality Charges;
- (c) "**Relevant Capacity Charges**" comprise Relevant Capacity Revenues and Relevant Capacity Costs; and
- (d) a "**relevant User**" is a User registered as holding Firm NTS Entry Capacity at an Aggregate System Entry Point on the relevant Day.

2.13.6 In relation to a Day (and all Aggregate System Entry Points), where:

- (a) the Second Capacity Adjustment Neutrality Amount (if any) is negative,

National Grid NTS shall pay to each relevant User; and

- (b) the Second Capacity Adjustment Neutrality Amount (if any) is positive, each relevant User shall pay to National Grid NTS,

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

$$\text{CNAA} * \text{UFAC} / \text{AFAC}$$

where CNAA is the Second Capacity Adjustment Neutrality Amount and 'UFAC' and 'AFAC' have the meanings in paragraph 2.13.3 (provided that in the event that no Firm NTS Entry Capacity was held by any User at any Aggregate System Entry Point on such Day, 'UFAC' and 'AFAC' shall be determined on the basis of the most recent preceding Day in respect of which a User held Firm NTS Entry Capacity at an Aggregate System Entry Point).

- 2.13.7 Capacity Neutrality Charges shall be invoiced and are payable in accordance with Section S.

2.14 Auction information

- 2.14.1 In respect of each annual invitation pursuant to paragraph 2.2.2(b), National Grid NTS will by not later than 20:00 hours on each invitation date (under paragraph 2.2.3(b)) notify Users, in respect of each Aggregate System Entry Point and each relevant long term period, of the cumulative amounts of Quarterly NTS Entry Capacity in relation to which Users have in aggregate submitted Quarterly capacity bids at each price step on such and earlier annual invitation dates for each relevant Capacity Year.

- 2.14.2 Following each allocation of NTS Entry Capacity pursuant to paragraphs 2.1.14, 2.2, 2.4 and 2.5 National Grid NTS will, in accordance with paragraphs 2.1.14(f), 2.6.7 and 2.7.7 and in respect of each Aggregate System Entry Point and relevant long term period or (as the case may be) relevant short term period, notify Users of:

- (a) the price (in pence/kWh) accepted for NTS Entry Capacity by a User (and the amount of NTS Entry Capacity applied for);
- (b) except in relation to an allocation of NTS Entry Capacity pursuant to paragraph 2.1.14, the relevant step price group;
- (c) the lowest accepted bid price in respect of a successful capacity bid and the amount of NTS Entry Capacity applied for;
- (d) aggregate volume of NTS Entry Capacity allocated to successful capacity bids;
- (e) the number of Users who submitted successful capacity bids and the number of Users who submitted unsuccessful capacity bids;
- (f) the weighted average price in respect of capacity bids for which NTS Entry Capacity was allocated calculated as:

$$\frac{\sum_{i=1}^n Q_i * P_i}{\sum_{i=1}^n Q_i}$$

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where:

- n is the number of successful relevant capacity bids;
- Q is the amount of NTS Entry Capacity allocated to each successful relevant capacity bid; and
- p is the bid price of each successful relevant capacity bid

and for the purposes of this paragraph 2.14.2(f), "**relevant capacity bid**" is a bid in respect of which relevant capacity was allocated and "**relevant capacity**" is that amount of capacity equal to the first 50% of the total NTS Entry Capacity allocated (determined in accordance with the the provisions of paragraphs 2.6.2 or 2.6.6 or (as the case may be) paragraph 2.7.2;

- (g) the amount of NTS SO Baseline Entry Capacity which remains unsold (if any) following the allocation; and
- (h) in the case of an allocation of Quarterly NTS Entry Capacity only, the number of Users who submitted, in respect of each step price group, a Quarterly capacity bid.

2.14.3 Following an allocation of NTS Entry Capacity pursuant to paragraph 2.3, National Grid NTS will:

- (a) by not later than three (3) Business days before the last Business day of the calendar month preceding the relevant month, notify each User who submitted a rolling monthly capacity bid for the relevant month and in respect of each Aggregate System Entry Point, of:
 - (i) the rolling monthly capacity bids in respect of which an allocation of Monthly NTS Entry Capacity was made in accordance with paragraphs 2.3.19 and 2.3.23 and the amount of the allocation in respect of each such rolling monthly capacity bid;
 - (ii) the amount of Monthly NTS Entry Capacity held in aggregate by the User for the relevant month pursuant to an allocation in accordance with paragraphs 2.3.19 and 2.3.23;
 - (iii) the amount of NTS Entry Capacity held in aggregate by the User for the relevant month;
- (b) by not later than three (3) Business Days before the last Business Day of the calendar month preceding the relevant month, notify each User who submitted a rolling monthly surrender offer for the relevant month and in respect of each Aggregate System Entry Point, of:
 - (i) the amount of Firm NTS Entry Capacity which the User offered for surrender;
 - (ii) the aggregate quantity of Firm NTS Entry Capacity which was surrendered following acceptance of rolling monthly surrender offers submitted by the User for the purposes of paragraphs 2.3.19 and 2.3.23;
 - (iii) the weighted average unit price in respect of each rolling monthly

surrender offer in respect of which Firm NTS Entry Capacity was surrendered by the User;

- (c) by not later than the Business Day following the notification under paragraphs (a) and (b), notify all Users in respect of each Aggregate System Entry Point, of:
- (i) (the information referred to in paragraph 2.14.2 (other than the relevant step price group);
 - (ii) the amount of Monthly NTS Entry Capacity allocated for the relevant month pursuant to paragraph 2.3.19;
 - (iii) the amount of Monthly NTS Entry Capacity allocated for the relevant month pursuant to paragraph 2.3.23;
 - (iv) the aggregate amount of Firm NTS Entry Capacity which Users offered for surrender and the aggregate amount of Firm NTS Entry Capacity which was surrendered following acceptance of rolling monthly surrender offers submitted by Users for the purposes of paragraphs 2.3.19 and 2.3.23;
 - (v) that quantity (if any) of Daily NTS Entry Capacity which National Grid NTS is required to make available to Users in accordance with paragraph 2.4 for the relevant month;
 - (vi) for each Donor ASEP the aggregate amount by which the Unsold NTS Entry Capacity at the Donor ASEP was reduced in accordance with paragraph 2.3.23;
 - (vii) for each Recipient ASEP:
 - (1) the order in which the unsatisfied bid groups were ranked for the purposes of paragraph 2.3.23;
 - (2) the highest and lowest bid price and the weighted average price (calculated in a manner consistent with the calculation in paragraph 2.14.2(f)) in respect a rolling monthly capacity bids for which Monthly NTS Entry Capacity was allocated under paragraph 2.3.23;
 - (3) the weighted average inter-ASEP exchange rate for each combination of Recipient ASEP and Donor ASEP utilised for the purposes of paragraph 2.3.23.

2.15 NTS Entry Capacity Retention

2.15.1 For the purposes of the Code, “**NTS Entry Capacity Substitution Methodology Statement**” means the methodology statement published pursuant to the Standard Special Condition C8D of National Grid NTS’s Gas Transporter’s Licence.

2.15.2 National Grid NTS may, from time to time in accordance with the NTS Entry Capacity Substitution Methodology Statement, invite Users to enter into an arrangement with National Grid NTS pursuant to which National Grid NTS may exclude certain amounts of unsold NTS Entry Capacity from being substituted from an ASEP to meet demand

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for incremental obligated NTS Entry Capacity at one or more other ASEPs. Any amount payable by a User (or to be refunded to a User) pursuant to such an arrangement shall be a “**NTS Entry Capacity Retention Charge**”

2.15.3 The terms and conditions applicable to any such arrangement and the payment of NTS Entry Capacity Retention Charges shall be specified in the NTS Entry Capacity Substitution Methodology Statement and/or the relevant invitation published by National Grid NTS.

2.16 Class A Contingencies

2.16.1 During the period of a Class A Contingency:

- (a) where due to a Class A Contingency no capacity allocations of Daily NTS Entry Capacity in respect of a relevant Day are made by National Grid NTS within the capacity allocation period (in accordance with paragraph 2.4.13(c)) the System Entry Overrun Charge payable by Users in respect of the relevant Day will not apply;
- (b) applications for and registration of NTS Entry Capacity (pursuant to paragraph 2) will be operated in accordance with the relevant Contingency Procedures as contained in the Code Contingency Guidelines Document,
- (c) where
 - (i) Capacity Management processes are required; and/or
 - (ii) Surrender of NTS Entry Capacity is required; and/or
 - (iii) Registration of System Capacity Trading processes is required;

these will be operated in accordance with the relevant Contingency Procedures as contained in the Code Contingency Guidelines Document.

2.17 Force Majeure affecting capacity at an ASEP

2.17.1 Where National Grid NTS issues an ASEP Force Majeure Notice in respect of the affected ASEP it will implement a Force Majeure Capacity Management Arrangement in accordance with this paragraph 2.17.

2.17.2 National Grid NTS will commence the Force Majeure Capacity Management Arrangement:

- (a) within 5 Business Days following the date of the ASEP Force Majeure Notice, where the ASEP Force Majeure Notice is issued after the Modification Implementation Date; or
- (b) within 5 Business Days following the Modification Implementation Date, where the Modification Implementation Date occurs after the date of the ASEP Force Majeure Notice.

2.17.3 The Force Majeure Capacity Management Arrangement will continue until such time as the ASEP Force Majeure ceases to apply and National Grid NTS resumes performance of the obligations which have been prevented or delayed by the Force Majeure.

- 2.17.4 Where Users in aggregate are Registered (on the day that the Force Majeure Notice is issued) as holding Firm NTS Entry Capacity at the affected ASEP that would entitle them to tender gas for delivery in excess of the level that National Grid NTS is able to accept at the affected ASEP as a result of the ASEP Force Majeure, then pursuant to the Force Majeure Capacity Management Arrangement, National Grid NTS will determine one or more Force Majeure Option Arrangements, each being for a Day(s), Month(s) or Quarter(s) during the period of the Force Majeure Capacity Management Arrangement and notify each Relevant User in accordance with paragraph 2.17.5.
- 2.17.5 National Grid NTS will update its relevant systems with, and following such update will provide to each Relevant User, the following details in respect of each Force Majeure Option Arrangement:
- (a) the affected ASEP in respect of which the Force Majeure Option Arrangement will apply;
 - (b) the duration of the Force Majeure Option Arrangement which, at the discretion of National Grid NTS, may be for the period of a Day, Month or Quarter;
 - (c) the number of Days in respect of which the Force Majeure Option may be exercised during each Force Majeure Option Arrangement;
 - (d) the ASEP Force Majeure Quantity at the affected ASEP;
 - (e) the Maximum Option Capacity (kWh/day) that may be exercised in respect of that Force Majeure Entry User at the affected ASEP;
 - (f) the Force Majeure Premium Charge (p/kWh/day) payable to the Force Majeure Entry User;
 - (g) the latest time by which a Force Majeure Option may be exercised; (which shall be no later than 01:00hours on the Day);
 - (h) the Exercise Price, which shall be zero.
- 2.17.6 Upon the determination of a Force Majeure Option Arrangement, the Force Majeure Entry User, in consideration of the Force Majeure Premium Charge, irrevocably grants to National Grid NTS, in accordance with paragraph 2.17.7, the right to exercise one or more Force Majeure Options.
- 2.17.7 National Grid NTS may exercise (by no later than the latest exercise time specified in paragraph 2.17.5(g)) a Force Majeure Option in respect of any Day or Days during the period of the Force Majeure Option Arrangement to which the Force Majeure Option pertains and will provide notification of such exercise and the Force Majeure Option Quantity in respect of such Force Majeure Option.
- 2.17.8 Upon the exercise of the Force Majeure Option in accordance with paragraph 2.17.7, the Force Majeure Entry User will be deemed to have surrendered the Force Majeure Option Quantity in respect of such Force Majeure Option and authorised National Grid NTS to take any actions to give effect to such surrender.
- 2.17.9 Where pursuant to paragraph 2.17.8 a Force Majeure Option Quantity is deemed to have been surrendered at the affected ASEP in relation to a Day, the amount of the Force Majeure Entry User's Available Firm NTS Entry Capacity at the affected ASEP shall be reduced by such Force Majeure Option Quantity.

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2.17.10 For the avoidance of doubt, paragraph 2.17.9 is without prejudice to any actions National Grid NTS may take to agree additional surrender of NTS Entry Capacity where on the same Day National Grid NTS is required to take any actions for the purposes of the management of a capacity constraint (other than related to the Force Majeure event) at the affected ASEP.

2.17.11 When a Force Majeure Option Arrangement(s) is granted, National Grid NTS will provide to all Users:

- (a) the ASEP Force Majeure Quantity (kWh/day);
- (b) the weighted average price (in p/kWh/day) of all Force Majeure Premium Charges calculated in aggregate for all Force Majeure Entry Users at the affected ASEP.

2.17.12 Within one hour following the exercise of a Force Majeure Option National Grid NTS will provide notification to all Users:

- (a) that the Force Majeure Option has been exercised;
- (b) the affected ASEP at which it has been exercised.

2.17.13 All Force Majeure Premium Charges will be invoiced and payable in accordance UNC TPD Section S.

2.17.14 Where National Grid NTS has issued an ASEP Force Majeure Notice and subsequently updates it such that the Force Majeure Amount is increased or decreased, National Grid NTS will determine one or more replacement Force Majeure Option Arrangements in accordance with paragraph 2.17.4 so as to increase or decrease the Force Majeure Option Quantity and Maximum Option Capacity;

2.17.15 For the purposes of this paragraph 2.17:

- (a) **“ASEP Force Majeure”** is an occurrence of Force Majeure in respect of an Aggregate System Exit Point (the **“affected ASEP”**);
- (b) **“ASEP Force Majeure Notice”** is a notice issued pursuant to General Terms, Section B, paragraph 3.3 in respect of an ASEP Force Majeure, pursuant to which the amount of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity held in aggregate on the date of the ASEP Force Majeure Notice by all Force Majeure Entry Users is greater than the amount of gas tendered for delivery that may be accommodated at the affected ASEP as a result of the ASEP Force Majeure;
- (c) **“ASEP Force Majeure Quantity (kWh/day)”** is determined as:

$$(T - TS) - (B - FMA)$$

where:

T is the total aggregate quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by all Force Majeure Entry Users at the affected ASEP on the date of the ASEP Force Majeure Notice;

TS is the total aggregate quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity which has been surrendered by all Force Majeure Entry Users at the affected ASEP in accordance with paragraph 2.10 on the date of the ASEP Force Majeure Notice;

B is the NTS SO Baseline Entry Capacity at the affected ASEP on the date of the ASEP Force Majeure Notice;

FMA is the amount (“**Force Majeure Amount**”) being the maximum amount of capacity that National Grid NTS is likely to be unable to accept into the Total System at the affected ASEP, as notified under the Force Majeure Notice and having regard to any updates thereto;

- (d) “**Exercise Price**” is the price payable by National Grid NTS for exercise of a Force Majeure Option, which in all cases will be zero;
- (e) “**Force Majeure Capacity Management Arrangement**” is an arrangement pursuant to which all Force Majeure Entry Users at the affected ASEP will be deemed to have granted National Grid NTS one or more Force Majeure Option Arrangements;
- (f) “**Force Majeure Entry User**” is a User that is registered as holding Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity at the affected ASEP on the date of the ASEP Force Majeure Notice;
- (g) “**Force Majeure Option**” is an option granted by a Force Majeure Entry User to National Grid NTS upon the exercise of which National Grid NTS may accept surrender of a quantity of Firm NTS Entry Capacity determined by National Grid NTS (the “**Force Majeure Option Quantity**”) which quantity may not be greater than the Maximum Option Capacity;
- (h) “**Force Majeure Option Arrangement**” is an arrangement granted in accordance with paragraph 2.17.4, pursuant to which National Grid NTS may accept the surrender of a Force Majeure Option Quantity up to the Maximum Option Capacity by exercising Force Majeure Options during the period of the Force Majeure Option Arrangement.
- (i) “**Force Majeure Premium Charge**” is the price (in p/kWh/day) payable by National Grid NTS to a Force Majeure Entry User for the entitlement of National Grid NTS to exercise a Force Majeure Option Arrangement (whether it is exercised or not) and such price will be the weighted average price (in p/kWh/day) payable to each Force Majeure Entry User at the affected ASEP;
- (j) “**The Maximum Option Capacity**” is a quantity of NTS Entry Capacity determined as:

$$((R - S) \text{ divided by } (T - TS)) * AFMA$$

where:

R is the Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by the Force Majeure Entry User at the affected ASEP on the date of the ASEP Force Majeure Notice;

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S is the Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity which has been surrendered by such Force Majeure Entry User at the affected ASEP in accordance with paragraph 2.10 before the date of the ASEP Force Majeure Notice and which applies in respect of a period during the Force Majeure Capacity Management Arrangement;

T is the total quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by all Force Majeure Entry Users at the affected ASEP on the date of the ASEP Force Majeure Notice;

TS is the total quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity which has been surrendered by all Force Majeure Entry Users at the affected ASEP in accordance with paragraph 2.10 before the date of the ASEP Force Majeure Notice and which in respect of a period applies during the Force Majeure Capacity Management Arrangement;

AFMA is the Adjusted Force Majeure Amount being the Force Majeure Amount minus any Unsold Capacity at the affected ASEP on the date of the ASEP Force Majeure Notice and any Daily Firm NTS Entry Capacity that has been allocated prior to the ASEP Force Majeure Notice for a Day within the FM Period but not including any Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity that has been acquired after the date of the ASEP Force Majeure Notice.

(k) **“weighted average price”** is an amount for each Force Majeure Entry User calculated as:

$$\frac{SRCP - SSCP}{SRC - SSC}$$

where:

SRCP is the sum of each quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by such Force Majeure Entry User on the date of the ASEP Force Majeure Notice multiplied by each respective bid price paid by such Force Majeure Entry User for such capacity;

SSCP is the sum of any Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity surrendered by the Force Majeure Entry User before the date of the ASEP Force Majeure Notice, multiplied by the bid price paid by National Grid NTS for such surrender);

SRC is the sum of the Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by such Force Majeure Entry User on the date of the ASEP Force Majeure Notice;

SSC is the sum of any surrendered Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity before the date of the

ASEP Force Majeure Notice.

3 NTS EXIT CAPACITY

3.1 Introduction

3.1.1 Subject to the provisions of the Code,

(a) a Shipper User may:

(i) by offtaking gas from the Total System at an NTS Supply Point Component, require a gas flow out of the NTS at that NTS Supply Point Component;

(ii) offtake gas from the Total System at a NTS Connected System Exit Point;

(b) a DNO User may cause or permit the flow of gas out of the NTS to an LDZ at a NTS/LDZ Offtake.

3.1.2 No provision of the Code in relation to gas flows at NTS Exit Points confers on any Shipper User any rights or obligations in respect of offtake of gas from the Total System other than at System Exit Points.

3.1.3 Users may:

(a) apply for and be registered as holding NTS Exit Capacity as:

(i) Annual NTS Exit (Flat) Capacity pursuant to an application in accordance with paragraphs 3.2 and 3.4;

(ii) Daily NTS Exit (Flat) Capacity pursuant to an invitation in accordance with paragraphs 3.5 and 3.6;

(iii) NTS Exit (Flexibility) Capacity in accordance with paragraph 3.7;

(b) offer or agree to surrender NTS Exit Capacity in accordance with paragraph 3.11.

3.1.4 Subject to paragraph 3.2.15(d), a User may not apply for, bid or offer to surrender NTS Exit (Flat) Capacity at an NTS Exit Point in an amount less than 100,000 kWh per day (the "**minimum eligible amount**").

3.1.5 In relation to an NTS Exit Point:

(a) "**Annual**" NTS Exit (Flat) Capacity is NTS Exit (Flat) Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a Gas Year;

(b) "**Daily**" NTS Exit (Flat) Capacity is NTS Exit (Flat) Capacity which may be applied for and registered as held (in a given amount) by a User for a particular Day only;

(c) "**Enduring**" Annual NTS Exit (Flat) Capacity is Annual NTS Exit (Flat) Capacity which may be applied for and registered as held (in a given amount)

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by a User with effect from the Day for which it is allocated pursuant to paragraph 3.2, on the basis that the User will continue to hold such amount of capacity subject only to:

- (i) a reduction in accordance with paragraph 3.2;
 - (ii) the User ceasing to hold the capacity in accordance with 3.3.7(a);
 - (iii) any System Capacity Assignment;
- (d) Daily NTS Exit (Flat) Capacity is **"Off-peak"** where it is subject to curtailment in accordance with paragraph 3.10, and otherwise is **"Firm"**; and except where expressly stated to be Off-peak, references to Daily NTS Exit (Flat) Capacity are to Firm Daily NTS Exit (Flat) Capacity.

3.1.6 For the purposes of the Code:

- (a) the **"classes"** of NTS Exit Capacity are Enduring Annual NTS Exit (Flat) Capacity, Annual NTS Exit (Flat) Capacity, Firm Daily NTS Exit (Flat) Capacity, Off-peak Daily NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity;
- (b) in respect of an NTS Exit Point and in relation to a Gas Year:
 - (i) the **"Baseline NTS Exit (Flat) Capacity"** is the amount of NTS Exit (Flat) Capacity which National Grid NTS is required to make available to Users in relation to each Day in that Gas Year (or part thereof) pursuant to National Grid NTS's Transporter's Licence and as set out in National Grid NTS's Exit Capacity Baseline Statement;
 - (ii) at any time the **"Remaining Available NTS Exit (Flat) Capacity"** in relation to that Gas Year or (as the case may be) a Day in that Gas Year is the amount (if any) by which the Baseline NTS Exit (Flat) Capacity for that Gas Year exceeds the aggregate amount of NTS Exit (Flat) Capacity registered, at that time, as held by Users in relation to that Gas Year or Day;
- (c) for the purposes of any capacity invitation, the **"reserve price"** in relation to any class of NTS Exit Capacity, capacity period and NTS Exit Point is the price ascertained pursuant to National Grid NTS's Transporters Licence as set out in National Grid NTS's Transportation Statement;
- (d) a **"New"** NTS Exit Point is an NTS Exit Point in respect of which Users have not previously been able to submit an application or bid for Annual NTS Exit (Flat) Capacity in accordance with the provisions of paragraphs 3.2.3(a) and 3.4.

3.1.7 The **"User Daily Exit Quantity"** for a User in respect of a Day is:

- (a) in the case of a NTS Supply Point ~~Component~~ or NTS Connected System Exit Point, the Shipper User's UDQO for the NTS Supply Point ~~Component~~ or NTS Connected System Exit Point;
- (b) in the case of a NTS/LDZ Offtake, the quantity of gas treated as offtaken by the DNO User at the NTS/LDZ Offtake on that Day;

- 3.1.8 For the purposes of this paragraph 3 and in particular in the context of applications and invitations for Annual NTS Exit (Flat) Capacity in accordance with the further provisions of this paragraph 3 a reference to a 'Gas Year Y+n' is a reference to a Gas Year commencing on the nth anniversary of the first Day of the Gas Year in which such applications are to be made.
- 3.1.9 The "**Annual Application Window**" in a Gas Year (Y) is the period commencing at 08:00 hours and ending on 17:00 hours on each Business Day in July.
- 3.1.10 An "**enduring annual capacity notification**" is the notification made each Gas Year pursuant to Section B3.2.26 by National Grid NTS informing Users they may make capacity applications for Enduring Annual NTS (Flat) Exit Capacity.

3.2 Release and Reduction of Enduring Annual NTS Exit (Flat) Capacity

- 3.2.1 In each Gas Year (Y) Users may apply for Enduring Annual NTS Exit (Flat) Capacity to be registered as held with effect from Gas Year Y+4, Y+5 or Y+6 or in accordance with the provisions of 3.2.3(b), at each NTS Exit Point, in accordance with the further provisions of this paragraph 3.2 and having regard to the Exit Capacity Release Methodology Statement.
- 3.2.2 Where a User is for the time being registered as holding any amount of Enduring Annual NTS Exit (Flat) Capacity in respect of an NTS Exit Point, the User shall continue to be registered as holding such amount of Enduring Annual NTS Exit (Flat) Capacity until and unless the amount is increased by the User making a further application in a Gas Year following Gas Year Y in accordance with paragraph 3.2.4 or reduced by the User in accordance with paragraph 3.2.14 or paragraph B6.
- 3.2.3 An application for Enduring Annual NTS Exit (Flat) Capacity:
- (a) during an Annual Application Window may be for an amount of Enduring Annual NTS Exit (Flat) Capacity equal to the Enduring Annual NTS Exit (Flat) Capacity (if any) which the User wishes to apply for at the NTS Exit Point;
 - (b) may be made by a User at any time between 1 October and 30 June in Gas Year Y where the application is:
 - (i) in respect of a New NTS Exit Point; or
 - (ii) for an amount of Enduring Annual NTS Exit (Flat) Capacity which:
 - (1) if accepted would result in Users holding in aggregate an amount of Enduring Annual NTS Exit (Flat) Capacity in excess of 125% of the Baseline NTS Exit (Flat) Capacity at the NTS Exit Point in respect of the Gas Year for which the application is made; or
 - (2) exceeds 10GWh/Day;
 - (c) shall specify:
 - (i) the identity of the User;
 - (ii) the NTS Exit Point in respect of which the application is made;

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- (iii) the Gas Year in respect of which the application is made; and
- (iv) the amount of Enduring Annual NTS Exit (Flat) Capacity applied for (being not less than the minimum eligible amount);

and where the User makes applications for different Gas Years (or any part thereof in the case of an application made under paragraph 3.2.3(b)) the amount of Enduring Annual NTS Exit (Flat) Capacity applied for in respect of any later Gas Year shall be expressed as the amount in excess of the amount applied for in respect of any earlier Gas Year.

3.2.4 A User:

- (a) in the case of an application made under paragraph 3.2.3(a):
 - (i) may submit an application for Enduring Annual NTS Exit (Flat) Capacity during the Annual Application Window;
 - (ii) may apply for Enduring Annual NTS Exit (Flat) Capacity to be registered with effect from 1 October in Gas Year Y+4, Y+5 and Y+6;
 - (iii) may have, at any one time, no more than one (1) application for each of Gas Year Y+4, Y+5 and Y+6 for Enduring Annual NTS Exit (Flat) Capacity capable of acceptance by National Grid NTS in respect of an NTS Exit Point; and
 - (iv) may withdraw or modify an application at any time during the Annual Application Window.
- (b) in the case of an application made under paragraph 3.2.3(b):
 - (i) may apply for up to four (4) separate tranches of Enduring Annual NTS Exit (Flat) Capacity, specifying in each case the amount applied for in each separate tranche;
 - (ii) shall specify, in respect of each separate tranche applied for, the date with effect from which the User wishes to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity, such date being not earlier than six (6) months from the date the application is made and not later than 1 October in Gas Year Y+4; and
 - (iii) in respect of a New NTS Exit Point, shall submit with its application such other documentation (as published by National Grid NTS from time to time) required by National Grid NTS for the purposes of commencing work on new connections to the NTS.

3.2.5 National Grid NTS may reject an application for Enduring Annual NTS Exit (Flat) Capacity:

- (a) where any of the requirements of paragraphs 3.2.3 or 3.2.4 is not complied with;
- (b) where the amount of Enduring Annual NTS Exit (Flat) Capacity applied for by way of a revised application submitted in accordance with paragraph 3.2.8(a) is, in the reasonable opinion of National Grid NTS, not consistent with National

Grid NTS's rejection or acceptance in part only of an application made by the DNO User pursuant to paragraph 3.7.5 for NTS Exit (Flexibility) Capacity or Section J2.5.9 in relation to an increase in the Assured Offtake Pressure;

(c) in accordance with Section V3.

3.2.6 Not Used.

3.2.7 Not Used.

3.2.8 In respect of an application made under paragraph 3.2.3(a) and (as the case may be) a notice of reduction given by a DNO User under paragraph 3.2.15 to which paragraph (a) applies:

(a) where National Grid NTS has rejected or accepted in part only an application made by a DNO User pursuant to paragraph 3.7.5 for NTS Exit (Flexibility) Capacity or Section J2.5 in relation to an increase in the Assured Offtake Pressure in respect of Gas Year Y+4, Y+5 or Y+6, a DNO User may, on any of the ten (10) Business Days following the provision of the indicative statement in accordance with paragraph 3.7.9(b) in Gas Year Y:

(i) submit a revised application for Enduring Annual NTS Exit (Flat) Capacity for Gas Year Y+4, Y+5 and Y+6; and/or

(ii) submit a revised notice of reduction for Gas Years Y+1 to Y+6 (inclusive);

(b) National Grid NTS will, not later than 30 September in Gas Year Y:

(i) accept in full (if not rejected pursuant to paragraph 3.2.5) a User's application (including a DNO User's revised application made under paragraph (a)(i)) for Enduring Annual NTS Exit (Flat) Capacity in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement; and

(ii) notify the User of which of its applications have been accepted, and in each case for what amount of Enduring Annual NTS Exit (Flat) Capacity;

(iii) (if not rejected pursuant to paragraph 3.2.19) give effect to a DNO User's revised notice of reduction given under paragraph 3.2.8(a)(ii) in accordance with paragraph 3.2.20;

(c) the User will be registered as holding Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point in the amount in respect of which its application was accepted under paragraph (b) provided that in the case of a DNO User such amount shall be adjusted by any revised notice of reduction which has been given effect to in accordance with paragraph (b)(iii);

(d) National Grid NTS will, by not later than twenty-four (24) hours after the notification under paragraph (b)(ii), publish in respect of each NTS Exit Point for each of Gas Year Y+4, Y+5 and Y+6 the following information:

(i) the number of Users who made an application for Enduring Annual NTS Exit (Flat) Capacity;

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- (ii) the aggregate quantity of Enduring Annual NTS Exit (Flat) Capacity in respect of which applications were accepted by National Grid NTS; and
- (iii) the aggregate quantity of any Enduring Annual NTS Exit (Flat) Capacity in respect of which applications were accepted in excess of the Baseline NTS Exit (Flat) Capacity.

3.2.9 Paragraphs 3.2.10 to 3.2.13 shall apply in respect of an application made under paragraph 3.2.3(b).

3.2.10 Where an application is made under paragraph 3.2.3(b) (which is not rejected pursuant to paragraph 3.2.5) National Grid NTS will make an offer (in accordance with the principles in the Exit Capacity Release Methodology Statement) to the User which specifies:

- (a) the amount of Enduring Annual NTS Exit (Flat) Capacity offered, being equal to the amount applied for under paragraph 3.2.4(b)(i);
- (b) the date(s) with effect from which the User applied to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity (or each separate tranche specified in the application);
- (c) the date(s) with effect from which National Grid NTS is able to make Enduring Annual NTS Exit (Flat) Capacity available at the NTS Exit Point, such dates(s) being not earlier than the date(s) with effect from which the User applied to be registered as holding Enduring Annual NTS Exit (Flat) Capacity and not later than 1 October in the Gas Year Y+4 ; and
- (d) where applicable, the Demonstration Date;

and National Grid NTS will use its reasonable endeavours to make available Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point with effect from the date(s) from which the User applied to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity.

3.2.11 National Grid NTS will notify the User of its offer in accordance with paragraph 3.2.10 as soon as possible after an application under paragraph 3.2.3(b) is received, but in any event by not later than:

- (a) except where paragraphs (b) or (c) apply, fifteen (15) Business Days after the application was received;
- (b) where National Grid NTS is of the opinion Works may be required or there is likely to be a requirement for capacity substitution in accordance with the principles in the prevailing Exit Capacity Substitution Methodology Statement, ninety (90) days after the application was received;
- (c) such later date, being a date falling more than ninety (90) days after the application was received, as National Grid NTS and the User may agree.

3.2.12 A User may accept an offer made under paragraph 3.2.10 within thirty (30) days of the date on which the offer was made by National Grid NTS or within such other greater period as agreed between National Grid NTS and the User, and where the User accepts an offer the User will be registered as holding the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point with effect from the date(s) specified in the offer (in

accordance with paragraph 3.2.10(c)) (the "**Registration Date(s)**").

3.2.13 Within ten (10) days of acceptance of an offer by a User pursuant to paragraph 3.2.12 National Grid NTS will publish the following information:

- (a) the NTS Exit Point at which the Enduring Annual NTS Exit (Flat) Capacity is to be registered pursuant to paragraph 3.2.12;
- (b) the amount of Enduring Annual NTS Exit (Flat) Capacity registered;
- (c) the Registration Date(s);
- (d) if applicable, the Demonstration Date.

3.2.14 A User may reduce the amount of Enduring Annual NTS Exit (Flat) Capacity which it holds at an NTS Exit Point (subject to paragraph 3.2.16) by giving notice of such reduction to National Grid NTS.

3.2.15 Save in respect of a DNO User where circumstances in paragraph 3.2.8(a) apply, a notice of reduction of Enduring Annual NTS Exit (Flat) Capacity may be given no earlier than 08:00 hours or later than 17:00 hours on a Business Day in the period 1 July to 15 July (inclusive) in any Gas Year (Y). A notice of reduction (including any revised notice of reduction given by a DNO User under paragraph 3.2.8(a)(ii)) shall specify:

- (a) the identify of the User;
- (b) the NTS Exit Point;
- (c) subject to paragraph 3.2.16, the date, being the first day of a calendar month, on which the User wishes the reduction to be effective ("**User Reduction Date**");
- (d) the amount of Enduring Annual NTS Exit (Flat) Capacity (which, notwithstanding paragraph 3.1.4, may be less than the minimum eligible amount) which the User no longer wishes to be registered as holding ("**reduction amount**");
- (e) the remaining amount (which may not be less than zero) of Enduring Annual NTS Exit (Flat) Capacity which the User wishes to be registered as holding.

3.2.16 Without prejudice to paragraph 3.2.17, the earliest date upon which a reduction may be effective shall be 1 October in Gas Year Y+1 or such later date (being the first day of a calendar month) as determined in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement.

3.2.17 Where a User has applied for a reduction of Enduring Annual NTS Exit (Flat) Capacity specifying a User Reduction Date which is earlier than 1 October in Gas Year Y+2, National Grid NTS:

- (a) may give effect to the reduction (acting in its sole discretion) from the User Reduction Date specified in the User's application, where:
 - (i) a User has applied to be registered as holding Enduring Annual NTS Exit (Flat) Capacity at any NTS Exit Point; and
 - (ii) National Grid NTS is able to satisfy such application by reason of giving effect to the reduction applied for; or

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- (b) will give effect to the reduction from the User Reduction Date specified in the User's application, where:
 - (i) the User Reduction Date is after the end of the commitment period as determined in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement ("**Commitment Period**"); and
 - (ii) the Commitment Period commences in Gas Year Y+1; or
 - (c) may give effect to the reduction from 1 October in Gas Year Y + 2 where the circumstances in paragraphs (a) and (b) do not apply.
- 3.2.18 Save in respect of a DNO User where circumstances in paragraph 3.2.8(a) apply, a User may withdraw or modify a notice of reduction at any time between 08:00 hours and 17:00 hours on a Business Day during the period referred to in paragraph 3.2.15.
- 3.2.19 National Grid NTS may reject a notice of reduction where:
- (a) any of the requirements of paragraph 3.2.15 or 3.2.22 is not complied with;
 - (b) by reference to System Capacity Transfers notified prior to the notice of reduction, the User's Enduring Annual NTS Exit (Flat) Capacity would, on the basis of the reduced amount specified in such notice, be negative at any time in the future;
 - (c) the User Reduction Date is earlier than the end of the Commitment Period and National Grid NTS is unable to utilise the reduction amount to satisfy a further application for Enduring Annual NTS Exit (Flat) Capacity at any NTS Exit Point;
 - (d) in the case of a revised reduction notice submitted by a DNO User pursuant to paragraph 3.2.8(a)(ii), the revision is, in the reasonable opinion of National Grid NTS, not consistent with National Grid NTS' rejection or acceptance in part only of an application made by the DNO User pursuant to paragraph 3.7.5 for NTS Exit (Flexibility) Capacity or Section J2.5.9 in relation to an increase in the Assured Offtake Pressure.
- 3.2.20 National Grid NTS will, not later than 30 September in Gas Year Y:
- (a) give effect to a User's notice of reduction (by reducing the User's Registered Enduring Annual NTS Exit (Flat) Capacity at the relevant NTS Exit Point) made pursuant to paragraph 3.2.15 (if not rejected pursuant to paragraph 3.2.19) in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement;
 - (b) notify the User of the date on which the reduction is to be effective; and
 - (c) notify the User of the amount of Enduring Annual NTS Exit (Flat) Capacity the User will continue to be registered as holding at the NTS Exit Point following the date specified in paragraph (b).
- 3.2.21 National Grid NTS may invite Users to submit a notice of reduction at such other times as it may determine in accordance with the principles in the prevailing Exit Capacity Substitution Methodology Statement, and any such invitation shall specify:

- (a) the period (being a period other than the period referred to in paragraph 3.2.15) during which a User may give a notice of reduction;
- (b) the earliest date on which National Grid NTS may give effect to a reduction;
and
- (c) the date on which National Grid NTS will notify a User of whether or not it will give effect to a notice of reduction.

3.2.22 A notice of reduction in respect of an invitation under paragraph 3.2.21 shall, in addition to the details referred to in paragraph 3.2.15 specify:

- (a) a User Reduction Date which is not earlier than the date specified in paragraph 3.2.21(b);
- (b) the minimum amount of Enduring Annual NTS Exit (Flat) Capacity in respect of which National Grid NTS may give effect to the notice of reduction ("**minimum reduction amount**").

3.2.23 By not later than the date specified in the invitation, National Grid NTS:

- (a) will notify the User of whether or not it will give effect to the notice of reduction, and if so, the date on which the reduction is to be effective and of the amount of Enduring Annual NTS Exit (Flat) Capacity the User will continue to be registered as holding at the NTS Exit Point from such date.
- (b) may give effect to a User's notice of the reduction made pursuant to paragraph 3.2.22 (if not rejected pursuant to paragraph 3.2.19) for an amount of Enduring Annual NTS Exit (Flat) Capacity which is not:
 - (i) greater than the reduction amount; or
 - (ii) less than the minimum reduction amount

in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement;

3.2.24 National Grid NTS will, not later than twenty four (24) hours after giving effect to a notice of reduction in accordance with paragraphs 3.2.8(b)(iii), 3.2.20 and 3.2.23, publish the aggregate quantity of Enduring Annual NTS Exit (Flat) Capacity in respect of which it gave effect to a notice of reduction:

- (a) pursuant to paragraph 3.2.8(b)(iii);
- (b) pursuant to paragraph 3.2.20;
- (c) pursuant to paragraph 3.2.23, for each relevant period.

3.2.25 Not Used.

3.2.26 National Grid NTS will each Gas Year issue an enduring annual capacity notification to Users not later than twenty eight (28) days before the commencement of the Annual Application Window in respect paragraph 3.2.3(a) and the notification shall specify:

- (a) the Gas Years in respect of which the enduring annual capacity notification relates;

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- (b) for each Gas Year, the Remaining Available NTS Exit (Flat) Capacity for each NTS Exit Point to which the enduring capacity notification relates.

3.3 NTS Exit ARCAs and Demonstration Dates

3.3.1 National Grid NTS may enter into NTS Exit ARCAs.

3.3.2 For the purposes of the Code an "NTS Exit ARCA" (which it is anticipated will contain provisions similar to those in paragraphs 3.3.4 to 3.3.7 (inclusive)) is an agreement with a person who is not a User (the "**Reservation Party**"), under which the Reservation Party is entitled to nominate any User to be registered with effect from such date as is specified in the NTS Exit ARCA, as holding an amount of Enduring Annual NTS Exit (Flat) Capacity (the "**Reserved Capacity**") in respect of an NTS Exit Point.

3.3.3 Where National Grid NTS has entered into an NTS Exit ARCA:

- (a) the amount of Reserved Capacity shall be treated (for the purposes of determining the Remaining Available NTS Exit (Flat) Capacity) as if it were registered as held by a User;
- (b) National Grid NTS will not be required to make Reserved Capacity available to Users in accordance with the other provisions of this paragraph 3;
- (c) the Reservation Party may by notice to National Grid NTS nominate a User to be registered as holding Reserved Capacity;
- (d) a notice under paragraph (c) shall specify:
 - (i) the identity of the nominated User;
 - (ii) an amount of Reserved Capacity to be registered in the name of the nominated User which shall not exceed the total amount of Reserved Capacity (taking into account any prior notice by the Reservation Party under this paragraph 3.3.3 in relation to the NTS Exit ARCA);
 - (iii) the date, consistent with the terms of the NTS Exit ARCA, from which the nominated User is to be registered as holding Reserved Capacity

and following such notice National Grid NTS will notify the nominated User of the contents of such notice;

- (e) the nominated User may within five (5) Business Days of National Grid NTS's notice under paragraph (d) confirm to National Grid NTS its acceptance of the details in the Reservation Party's notice;
- (f) National Grid NTS may reject the User's nomination:
 - (i) where any of the requirements of paragraph (d) is not complied with;
 - (ii) in accordance with Section V3; and
- (g) subject to paragraph (f), a nominated User shall be deemed (including for the purposes of paragraph 3.2.16) to have been allocated Reserved Capacity and accordingly be registered as holding Enduring Annual NTS Exit (Flat) Capacity from the date determined under the NTS Exit ARCA.

- 3.3.4 Where an application is made by a User in accordance with paragraph 3.2.3(b) (which is not rejected pursuant to paragraph 3.2.5) and National Grid NTS is of the opinion that Works will be required:
- (a) National Grid NTS will notify the User of the latest date by which the demonstration information is to be provided to it ("**Demonstration Date**"); and
 - (b) the User will provide the demonstration information to National Grid NTS by no later than the Demonstration Date.
- 3.3.5 For the purposes of paragraph 3.3.4:
- (a) "**demonstration information**" is such information (not being information which is in the possession or control of National Grid NTS) as is sufficient to enable National Grid NTS to be reasonably satisfied that the User (or other relevant party):
 - (i) will be able to progress to commencement; or
 - (ii) has commenced;
 - (iii) and in either case, is expected to be able to progress to completion;such activities as are necessary to ensure that the Enduring Annual NTS Exit (Flat) Capacity applied for will be utilised by the offtake of gas at the NTS Exit Point with effect from the Registration Date(s);
 - (b) National Grid NTS will publish guidelines (to be updated from time to time) setting out the scope and content of such demonstration information as it may require for the purposes of paragraph 3.3.4.
- 3.3.6 Where a User fails to provide National Grid NTS with demonstration information by the Demonstration Date (and National Grid NTS is not entitled to reject the application made under paragraph 3.2.3(b) in accordance with Section V3), National Grid NTS may delay commencement of the Works and in such case:
- (a) subject to paragraph 3.3.7:
 - (i) a new Demonstration Date shall apply, which shall be the date falling one year after the previously notified Demonstration Date (or with the agreement of the User, any earlier date);
 - (ii) National Grid NTS may for the purposes of the User's application under paragraph 3.2.3(b) treat the application as being made for a Registration Date(s) falling on a date up to one year after the Registration Date specified by in the application made under paragraph 3.2.3(b);
 - (b) National Grid NTS will notify the User of the new Demonstration Date and Registration Date(s) by no later than ten (10) Business Days following the previously notified Demonstration Date;
 - (c) the User will provide the demonstration information by no later than the new Demonstration Date notified in accordance with paragraph (b);
- 3.3.7 Where the User does not provide National Grid NTS with demonstration information by the Demonstration Date notified under paragraph 3.3.4 or by two (2) subsequent

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Demonstration Dates notified under paragraph 3.3.6:

- (a) unless otherwise agreed with the User, the User shall cease to hold the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point which the User was previously registered as holding pursuant to paragraph 3.2.12; and
- (b) National Grid NTS shall be entitled to recover from the User all costs and expenses incurred in performing design work in respect of the Works prior to the latest Demonstration Date notified to the User under this paragraph 3.3.

3.3.8 Where following an application under paragraph 3.2.3(a) National Grid NTS is unable to make available (consistent with its acceptance of the application under paragraph 3.2.8(b)) Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point from the date of registration in accordance with 3.2.8(c) by reason of a failure or delay in connection with the completion of any necessary Works, or connection work being undertaken by National Grid NTS, National Grid NTS shall be required (subject to the provisions of Annex B-1 paragraph 3.10 and except where such failure or delay is due to an event or circumstance beyond the reasonable control of National Grid NTS and which could not have been avoided by steps which might reasonably be expected to have been taken by it) to take Exit Constraint Management Actions in relation to the NTS Exit Point on the date specified in the User's application in accordance with 3.2.8(c) and any Day thereafter until such time as all necessary Works or connection work is completed.

3.3.9 Where following an application under paragraph 3.2.3(b) National Grid NTS is unable to make available (consistent with its offer under paragraph 3.2.10) Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point from the Registration Date by reason of a failure or delay in connection with the completion of any necessary Works, or connection work being undertaken by National Grid NTS, National Grid NTS shall be required (subject to the provisions of Annex B-1 paragraph 3.10 and except where such failure or delay is due to an event or circumstance beyond the reasonable control of National Grid NTS and which could not have been avoided by steps which might reasonably be expected to have been taken by it) to take Exit Constraint Management Actions in relation to the NTS Exit Point on the Registration Date and any Day thereafter until such time as all necessary Works or connection work is completed.

3.3.10 For the purposes of paragraph 3, "**Works**" means works, in relation to reinforcement of the NTS, in order to make available the Enduring Annual NTS Exit (Flat) Capacity applied for pursuant to an application made under paragraphs 3.2.3(a) and 3.2.3(b).

3.3.11 For the purposes of paragraph 3.3, "**connection work**" is the construction of the physical connection to the NTS of those facilities through which gas is intended to flow from the NTS at the relevant NTS Exit Point, including but not limited to any gas pipeline.

3.4 Release of Annual NTS Exit (Flat) Capacity

3.4.1 In each Gas Year (Y) National Grid NTS will issue an annual capacity notification for capacity applications, and Users may (by submitting capacity applications) apply for, Annual NTS Exit (Flat) Capacity in respect of each of Gas Years Y+1, Y+2 and Y+3, at each NTS Exit Point, in accordance with:

- (a) the provisions of paragraph 3.4.2; and
- (b) the applicable provisions of Annex B-1.

3.4.2 For the purposes of Annex B-1, in relation to an annual capacity notification pursuant to this paragraph 3.4:

- (a) capacity applications may be made in the Annual Application Window;
- (b) the capacity periods are Gas Years Y+1, Y+2 and Y+3;
- (c) the amount of Annual NTS Exit (Flat) Capacity subject to such annual capacity notification in respect of each NTS Exit Point and each capacity period shall be the amount of Remaining Available NTS Exit (Flat) Capacity that is available for all Gas Days within that Gas Year plus such additional amount of Annual NTS Exit (Flat) Capacity above the Baseline NTS Exit (Flat) Capacity as National Grid NTS may decide to release for that Gas Year in its absolute discretion.

3.4.3 Users will be registered as holding Annual NTS Exit (Flat) Capacity allocated pursuant to their capacity applications in accordance with the provisions of Annex B-1.

3.5 Release of Daily NTS Exit (Flat) Capacity

3.5.1 Users may apply for Daily NTS Exit (Flat) Capacity in respect of an NTS Exit Point in respect of a Day by submitting daily capacity bids in accordance with the provisions of Annex B-1.

3.5.2 For the purposes of Annex B-1, in relation to the capacity invitation pursuant to this paragraph 3.5 in respect of a Day (D):

- (a) there will be a capacity allocation period commencing at:
 - (i) 15:00 hours on Day D-1;
 - (ii) 08:00, 14:00, 18:00, 22:00 and 01:00 hours on Day D;
- (b) National Grid NTS may elect to have one or more further capacity allocation periods, commencing at any time (up to but not later than 02:00 hours) on Day D, by giving notice to Users not later than sixty (60) minutes before the commencement of each such capacity allocation period;
- (c) the amount of Daily NTS Exit (Flat) Capacity subject to such capacity invitation in respect of each NTS Exit Point shall be:
 - (i) the Remaining Available NTS Exit (Flat) Capacity on Day D and such additional amount, if any, of Daily NTS Exit (Flat) Capacity as National Grid NTS may in its discretion choose to make available for the Day;
 - (ii) in the case of each other capacity allocation period, such amount, if any, of Daily NTS Exit (Flat) Capacity as National Grid NTS may in its discretion choose to make available for the Day.

3.5.3 Users will be registered as holding Daily NTS Exit (Flat) Capacity allocated pursuant to their daily capacity bids in accordance with the provisions of Annex B-1.

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3.6 Release of Off-Peak Daily NTS Exit (Flat) Capacity

- 3.6.1 Users may apply for Off-peak Daily NTS Exit (Flat) Capacity in respect of an NTS Exit Point in respect of a Day by submitting daily capacity bids in accordance with the provisions of Annex B-1.
- 3.6.2 For the purposes of Annex B-1, in relation to the capacity invitation pursuant to this paragraph 3.6 in respect of a Day (D):
- (a) there will be a capacity allocation period commencing at 15:00 hours on Day D-1;
 - (b) the amount of Off-peak Daily NTS Exit (Flat) Capacity subject to such capacity invitation in respect of each NTS Exit Point shall be:
 - (i) the amount determined under paragraph 3.6.3;
 - (ii) where at 13:30 hours on Day D-1 the prevailing Forecast Total System Demand for Day (D) is less than 80% of the 1-in-20 peak day demand, the Maximum NTS Exit Point Offtake Rate multiplied by 24, less the aggregate amount of Firm NTS Exit (Flat) Capacity held by Users; and
 - (iii) such additional amount, if any, of Off-peak Daily NTS Exit (Flat) Capacity as National Grid NTS may in its discretion make available for the Day without prejudicing the offtake of gas by Users consistent with the amounts of Firm Daily NTS Exit (Flat) Capacity held in aggregate by Users.
- 3.6.3 The amount of Off-peak Daily NTS Exit (Flat) Capacity in relation to an NTS Exit Point required to be released pursuant to paragraph 3.6.2(b)(i) is an amount determined as:
- $$\text{AUC} / 30$$
- where:
- AUC is the aggregate amount, over the thirty (30) day period ending on and including Day D-7, by which on each Day in such period the Firm NTS Exit (Flat) Capacity (excluding Reserved Capacity) at the NTS Exit Point held by Users in aggregate exceeds the sum of the User Daily Exit Quantities for the NTS Exit Point.
- 3.6.4 For the purposes of this paragraph 3.6, National Grid NTS shall, in respect of each Day, by not later than 13:30 hours on the Preceding Day notify Users of the prevailing Forecast Total System Demand expressed as a percentage of the 1-in-20 peak day demand.
- 3.6.5 Users will be registered as holding Off-peak Daily NTS Exit (Flat) Capacity allocated pursuant to their daily capacity bids in accordance with the provisions of Annex B-1.
- 3.6.6 In respect of an NTS Exit Point the "**Maximum NTS Exit Point Offtake Rate**" is an amount (where positive) determined as the instantaneous rate of offtake (in kWh/hour) which the Transporter determines to be the maximum instantaneous rate at which it is feasible to make gas available for offtake at the NTS Exit Point.

- 3.6.7 No later than the date from which gas may be first offtaken from a New NTS Exit Point National Grid NTS will notify the User of the Maximum NTS Exit Point Offtake Rate.
- 3.6.8 A User shall take all reasonable steps to ensure that it is made aware of any change to the size or nature of, or the nature of use of, gas facility which uses gas offtaken by the User at an NTS Exit Point and shall notify National Grid NTS of any such change as soon as reasonably practicable after being so aware.
- 3.6.9 Where National Grid NTS becomes aware of a change to the size or nature of, or the nature of use of, the gas facility which uses gas offtaken by the User at an NTS Exit Point, it shall notify the relevant User as soon as reasonably practicable thereafter.
- 3.6.10 Within five (5) Business Days of becoming aware of such change under paragraph 3.6.8 or of receiving notice under 3.6.9, the User shall provide to National Grid NTS:
- (a) reasonable details of the change;
 - (b) the date on which the change occurred; and
 - (c) details of the reasons for the change.
- 3.6.11 Where National Grid NTS determines that it will be feasible to revise the Maximum NTS Exit Point Offtake Rate at an NTS Exit Point following receipt by National Grid NTS of a notice under paragraph 3.6.10, it will notify the User of the revised Maximum NTS Exit Point Offtake Rate; and the date from which the revised rate may become effective.
- 3.6.12 For the purposes of paragraph 3.6, **“gas facility”** means in respect of any NTS Exit Point, the plant, equipment and/or facility, in which gas offtaken from the Total System at that point is to be used (including any plant equipment and/or facility in which gas is compressed, stored or otherwise treated before being consumed).

3.7 Offtake Capacity Statement

- 3.7.1 National Grid NTS will issue to each DNO User, not later than 30 September in each Gas Year, a statement (**“Offtake Capacity Statement”**) specifying, for each DNO User, for each of the Gas Years (each a **“relevant”** Gas Year) Gas Year +1 to Gas Year +5 (inclusive), in relation to each NTS/LDZ Offtake an amount of NTS Exit (Flexibility) Capacity.
- 3.7.2 The Offtake Capacity Statement may be revised (as to any relevant Gas Year) in accordance with the further provisions of this paragraph 3.7.
- 3.7.3 The Offtake Capacity Statement issued in any Gas Year will, as respects each relevant Gas Year, contain the same details as were specified in the preceding year's statement for that Gas Year, subject to any revision pursuant to paragraph 3.7.5 and 3.7.10.
- 3.7.4 Subject to the further provisions of this paragraph 3.7 for each relevant Gas Year (or part thereof) a DNO User shall be registered as holding in respect of each relevant NTS/LDZ Offtake the amount of NTS Exit (Flexibility) Capacity specified in respect of such Gas Year (or part thereof) in the prevailing Offtake Capacity Statement.
- 3.7.5 A DNO User may apply:
- (a) to increase its NTS Exit (Flexibility) Capacity at a NTS/LDZ Offtake:

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- (i) in relation to any relevant Gas Year (year Y) or any relevant Gas Year after Year Y by submitting an application to National Grid NTS during the period 1 July to 31 July in Gas Year Y-1 (the "**Application Window**");
 - (ii) in relation to any relevant Gas Year(s) or the remaining part thereof, out with the Application Window, as a result of a request for new or additional capacity at a Supply Point, where the DNO User might otherwise be unable to comply with the relevant conditions of its Transporter's Licence, by submitting an application to National Grid NTS;
- (b) for an amount of NTS Exit (Flexibility) Capacity at an NTS/LDZ Offtake in relation to any relevant Gas Year (Y) (and the preceding Gas Year where the DNO User has not submitted an earlier application for an amount of NTS Exit (Flexibility) Capacity pursuant to this paragraph 3.7.5(b) in respect of such Gas Year) by submitting an application to National Grid NTS during the Application Window 1 July to 31 July in Gas Year Y-5.

subject to and in accordance with this paragraph 3.7.

3.7.6 An application for an amount of NTS Exit (Flexibility) Capacity or for an increase in NTS Exit (Flexibility) Capacity at an NTS/LDZ Offtake shall specify:

- (a) the identity of the DNO User;
- (b) the relevant NTS/LDZ Offtake;
- (c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which the application is made;
- (d) the amount or increased amount of NTS Exit (Flexibility) Capacity applied for.

3.7.7 National Grid NTS may reject, or accept in part only, an application for an amount of or an increase in the NTS Exit (Flexibility) Capacity in respect of an NTS/LDZ Offtake where, or (as the case may be) to the extent that, National Grid NTS determines that it would not be feasible to make gas available for offtake at the NTS/LDZ Offtake on the basis of such amount or increased amount of NTS Exit (Flexibility) Capacity throughout the period for which the application is made.

3.7.8 In making any determination under paragraph 3.7.7 in relation to applications made within an Application Window, National Grid NTS will take into account all applications received by National Grid NTS within the Application Window from DNO Users for an amount of or an increase in NTS Exit (Flexibility) Capacity

3.7.9 National Grid NTS will in the case of an application under paragraph 3.7.5:

- (a) as soon as reasonably practicable thereafter notify DNO Users where they believe they are unlikely to be able to meet the application in full, providing details of:
 - (i) the circumstances surrounding any restrictions; and
 - (ii) the maximum available capacity;

- (b) in the case of an application made under paragraph 3.7.5(a)(i) or 3.7.5(b), within 15 Business Days following the last Day of the Application Window provide an indicative statement notifying the DNO User whether its application is accepted in whole or in part, or rejected, specifying the indicative amount of NTS Exit (Flexibility) Capacity for each NTS/LDZ Offtake and each Gas Year and maximum available NTS Exit (Flexibility) Capacity;
- (c) a DNO User will then have an opportunity to seek clarification, reconsider and resubmit its application for NTS Exit (Flexibility) Capacity within ten (10) Business Days following notification from National Grid NTS under paragraph 3.7.9(b) above;
- (d) National Grid NTS will use reasonable endeavours to consider and where necessary discuss an application made under paragraph 3.7.9(c) with a DNO User with a view to agreeing by 30 September the Offtake Capacity Statement to be issued by such date in accordance with paragraph 3.7.1; and
- (e) in the case of an application made under paragraph 3.7.5(a)(ii) National Grid NTS must within fifteen (15) Business Days of such application provide a statement to the DNO User in accordance with paragraphs 3.7.1 to 3.7.4 (except with regard to date of 30 September). Such statement will for the purpose of paragraph 3.7.2 be deemed to be an Offtake Capacity Statement revision. It is understood that in determining whether capacity is available, National Grid NTS will take into account whether it would be likely to trigger the declaration of a Potential Network Gas Supply Emergency or actual Network Gas Supply Emergency. If this is likely to be the case it is understood that capacity would not be deemed available.

3.7.10 A DNO User may decrease the amount of its NTS Exit (Flexibility) Capacity at a NTS/LDZ Offtake in relation to any relevant Gas Year (Year Y) or any relevant Gas Year after Year Y by notifying such decrease to National Grid NTS during the Application Window in Gas Year Y-1, specifying:

- (a) the identity of the User;
- (b) the relevant NTS/LDZ Offtake;
- (c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which notification is made;
- (d) the decreased amount of NTS Exit (Flexibility) Capacity.

3.7.11 Where National Grid NTS accepts an application (in whole or part) for an amount of, or an increase in NTS Exit (Flexibility) Capacity, or where a DNO User decreases the amount of its NTS Exit (Flexibility) Capacity, National Grid NTS will issue a revised Offtake Capacity Statement reflecting such amount, or such increase or decrease.

3.7.12 The NTS Exit (Flexibility) Capacity held by a DNO User at an NTS/LDZ Offtake on a Day may also be increased as provided in Section J7.3, but the Offtake Capacity Statement will not be revised to reflect such increase.

3.7.13 The Ten Year Statement to be prepared and published by National Grid NTS in accordance with TPD Section O4 may include details of the amount of NTS Exit (Flexibility) Capacity held by DNO Users at NTS/LDZ Offtakes.

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3.7.14 The provisions set out in this Section B3.7 should not be confused with the provisions set out in the UNC OAD Section H relating to NTS Long Term Demand Forecasting. Information provided by DNO Users under UNC OAD Section H2 should not be construed as an application for the purposes of this paragraph 3.7. Similarly information provided by National Grid NTS under OAD Section H to DNO Users should not be construed as an allocation for the purposes of paragraph 3.7.

3.8 NTS Exit Constraints

3.8.1 Where National Grid NTS determines, in relation to a Day or the remaining part of a Day, that it will not or may not be feasible to make gas available for offtake at an NTS Exit Point in the amounts or rates at which National Grid NTS expects gas to be offtaken by Users (within their entitlements pursuant to the amounts of NTS Exit Capacity held by them), there is an **"NTS Exit Constraint"** in relation to that NTS Exit Point.

3.8.2 Where there is an NTS Exit Constraint, National Grid NTS may take any or all of the steps provided in paragraph 3.8.3 for the purposes of:

- (a) reducing the amounts of NTS Exit (Flat) Capacity held by Users in respect of that NTS Exit Point for that Day; or
- (b) reducing the quantity of gas offtaken by Users at that NTS Exit Point on that Day

provided where an NTS Exit Constraint occurs on a Day which is, in respect of the relevant NTS Exit Point, a maintenance day constituting Programmed Maintenance (determined in accordance with Section L4.2), National Grid NTS will not be required to take any Exit Constraint Management Actions in relation to the NTS Exit Point.

3.8.3 The steps (**"Exit Constraint Management Actions"**) which may be taken in relation to an NTS Exit Constraint are:

- (a) the entering into and/or exercise of a right pursuant to an Exit Constraint Management Agreement, as provided in paragraph 3.9;
- (b) the curtailment of Off-peak Daily NTS Exit (Flat) Capacity in accordance with paragraph 3.10;
- (c) the initiation of a capacity invitation for, and the selection of, daily capacity offers in respect of NTS Exit (Flat) Capacity in accordance with paragraph 3.11;
- (d) the issue of a offtake reduction invitation, and acceptance of offtake reduction offers, in accordance with Annex B-2.

3.8.4 The Parties acknowledge that National Grid NTS's determinations as to the taking of any Exit Constraint Management Action are governed by the System Management Principles; that the System Management Principles do not form part of, and are not incorporated into, and are not binding on National Grid NTS pursuant to, the Code.

3.8.5 For the avoidance of doubt, amounts of NTS Exit (Flat) Capacity which are surrendered by Users in relation to any Day pursuant to any Exit Constraint Management Action shall not form part of the Remaining Available NTS Exit Capacity for that Day; and

National Grid NTS shall have no obligation to make such amounts available to Users.

3.8.6 The amount of a User's Available NTS Exit (Flat) Capacity at any NTS Exit Point shall be reduced (for the relevant Day or Days) by the amount of any such capacity surrendered pursuant to any Exit Constraint Management Action taken by National Grid NTS in relation to a Day or Days; and for the purposes of the Code, a reference to the amount of a User's Available NTS Exit (Flat) Capacity of any class at any NTS Exit Point for any Day or Days:

- (a) as "**Adjusted**" pursuant to any of paragraphs 3.9, 3.10, 3.11 is a reference to such amount as reduced pursuant to such paragraph(s);
- (b) as "**Unadjusted**" pursuant to any such paragraph is a reference to such amount before and disregarding such reduction;
- (c) as "**Fully Adjusted**" is a reference to such amount as reduced pursuant to each of paragraphs 3.9, 3.10 and 3.11.

3.8.7 For the purposes of the Code:

- (a) "**Exit Constraint Management**" means the taking of any Exit Constraint Management Action in accordance with the System Management Principles and this paragraph 3.8;
- (b) "**Exit Constraint Management Charges**" are all amounts payable by National Grid NTS to a User pursuant to an Exit Constraint Management Agreement, NTS Exit Capacity Surrender Charges and NTS Offtake Reduction Charges.

3.9 Exit Constraint Management Agreement

3.9.1 For the purposes of the Code an "**Exit Constraint Management Agreement**" is any form of agreement (or mechanism) identified in the System Management Principles to be prepared and published by National Grid NTS pursuant to Special Condition C5(3) of National Grid NTS's Transporter's Licence which may be utilised by National Grid NTS and pursuant to which National Grid NTS may secure the surrender of Firm NTS Exit (Flat) Capacity by Users for the purposes of the management of an NTS Exit Constraint.

3.9.2 National Grid NTS may enter into (and exercise rights pursuant to) Exit Constraint Management Agreements with Users.

3.9.3 In accordance with the System Management Principles:

- (a) an Exit Constraint Management Agreement may comprise:
 - (i) an Exit Forward Agreement, pursuant to which a User will surrender a particular amount of NTS Exit (Flat) Capacity in relation to a period of one or more Days;
 - (ii) an Exit Option Agreement, pursuant to which National Grid NTS may require a User to surrender a particular amount (or up to that amount) of NTS Exit (Flat) Capacity in relation to any Day in a period of one or more Days;
- (b) Exit Constraint Management Agreements may be entered into following a

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tender carried out by National Grid NTS for offers by Users to enter into such agreements.

3.9.4 National Grid NTS will publish information in relation to Exit Constraint Management Agreements, separately in respect of each class of NTS Exit Capacity, each NTS Exit Point and each period or (as the case may be) Day, for which any tender was carried out or as the case may be option was exercised, as follows:

- (a) following the carrying out of any tender for such agreements, irrespective of whether National Grid NTS accepted any offers received in response to such tender:
 - (i) the volume-weighted average forward price (in the case of forward agreements) or option exercise price (in the case of option agreements) of valid offers received;
 - (ii) the aggregate amount of NTS Exit (Flat) Capacity for which valid offers were received;
 - (iii) the lowest and the highest offer price or option exercise price under any valid offer received;
- (b) following the carrying out of any tender for such agreements, where National Grid NTS accepted any such offer(s):
 - (i) the volume-weighted average forward price (in the case of forward agreements) or option exercise price (in the case of option agreements) of offers accepted;
 - (ii) the aggregate amount of NTS Exit (Flat) Capacity for which offers were accepted;
 - (iii) the lowest and the highest forward price or option exercise price under any offer accepted;
- (c) following the exercise in respect of any Day of the right under an option agreement to require the surrender of NTS Exit (Flat) Capacity:
 - (i) the aggregate amount of NTS Exit (Flat) Capacity for which such options were exercised;
 - (ii) the volume-weighted average option exercise price of the options exercised.

3.9.5 The information under paragraph 3.9.4 is to be published:

- (a) in the case of paragraph 3.9.4(a) and (b), where National Grid NTS accepted any such offer(s), on the Business Day following that on which Exit Constraint Management Agreements were entered into pursuant to such acceptance;
- (b) in the case of paragraph 3.9.4(a), where National Grid NTS did not accept any such offer(s), on the 4th Business Day following the last Day on which Users were entitled to submit offers pursuant to the tender;
- (c) in the case of paragraph 3.9.4(c), on the Business Day following the Day for

which the options were exercised.

3.9.6 For the purposes of this paragraph 3.9:

- (a) an **"Exit Forward Agreement"** means an Exit Constraint Management Agreement pursuant to which (against payment of a forward price for a Day) a User surrenders Firm NTS Exit (Flat) Capacity to National Grid NTS over a forward period of days in accordance with the terms of such agreement);
- (b) an **"Exit Option Agreement"** means an Exit Constraint Management Agreement pursuant to which a User grants an option to National Grid NTS upon the exercise of which National Grid NTS will pay an option exercise price and the User will surrender Firm NTS Exit (Flat) Capacity for a Day in accordance with the terms of such agreement

(in each case being an agreement made other than in accordance with paragraph 3.11 or Annex B-2).

3.10 Curtailment of Off-peak Daily NTS Exit (Flat) Capacity

3.10.1 Where, in relation to an NTS Exit Constraint on a Day, National Grid NTS wishes to curtail Off-peak Daily NTS Exit (Flat) Capacity held at any NTS Exit Point, National Grid NTS will give a notice (**"exit off-peak curtailment notice"**) to Users specifying:

- (a) the NTS Exit Point(s) and the Day to which the notice relates;
- (b) the time (**"exit curtailment effective time"**) with effect from which such curtailment is to take place, which shall be on the hour, shall not be earlier than 06:00 hours nor later than 02:00 hours on the Gas Flow Day, and shall not be less than four (4) hours after such notice is given; and
- (c) a factor (**"exit off-peak curtailment factor"**) determined in accordance with the System Management Principles.

3.10.2 Where National Grid NTS gives an exit off-peak curtailment notice in relation to a Day, the amount of each User's Available Off-peak Daily NTS Exit (Flat) Capacity for the Day will be determined as:

$$R * \sum_i (\text{ExICFi} * P_i) / 24$$

where:

R is the amount of the User's Available Off-peak Daily NTS Exit (Flat) Capacity for the Day at the NTS Exit Point;

\sum_i is the sum over all exit off-peak curtailment notices (i) given in respect of the NTS Exit Point and the Day;

and where for each such exit off-peak curtailment notice (i):

ExICFi is the exit off-peak curtailment factor; and

Pi is the period in hours from the exit curtailment effective time until the end of the Gas Flow Day or (if earlier) the exit curtailment effective time of a subsequent exit off-peak curtailment notice

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and for the purposes of which, in the absence of any other exit off-peak curtailment notice, there shall be deemed to be an exit off-peak curtailment notice specifying an off-peak curtailment factor of one (1) in force at the start of the Gas Flow Day.

3.11 Surrender of Daily NTS Exit (Flat) Capacity

3.11.1 Users may offer to surrender Available NTS Exit (Flat) Capacity in respect of an NTS Exit Point in relation to a Day by submitting daily capacity offers in accordance with the provisions of Annex B-1.

3.11.2 For the purposes of Annex B-1, in relation to the capacity invitation pursuant to this paragraph 3.11 in respect of a Day (D):

- (a) where, in relation to an NTS Exit Constraint, National Grid NTS wishes to accept daily capacity offers in respect of NTS Exit (Flat) Capacity, National Grid NTS will initiate a capacity selection period no earlier than 15:00 hours on D-1 and no later than 02:00 hours on Day D;
- (b) the amount of NTS Exit (Flat) Capacity subject to such capacity invitation shall be such amount as National Grid NTS shall in its discretion choose to accept for surrender.

3.11.3 NTS Exit (Flat) Capacity will be surrendered in the amounts for which Users' capacity offers were selected in accordance with the provisions of Annex B-1.

3.12 NTS Exit (Flat) Capacity Charges, NTS Exit (Flat) Commodity Charges and NTS Exit (Flat) Capacity Surrender Charges

3.12.1 A User shall pay:

- (a) Capacity Charges ("**NTS Exit (Flat) Capacity Charges**") in respect of its Registered NTS Exit (Flat) Capacity at NTS Exit Points;
- (b) Commodity Charges ("**NTS Exit (Flat) Commodity Charges**") in respect of its use of the NTS on any Day, or a charge payable by reference to the arrangements in Standard Special Condition C8B and C8C of National Grid NTS's Transporter's Licence.

3.12.2 The NTS Exit (Flat) Capacity Charge payable by a User in respect of each Day will be determined for each NTS Exit Point, and each class and each allocation of NTS Exit (Flat) Capacity, as the amount of the User's Registered NTS Exit (Flat) Capacity registered (pursuant to such allocation) multiplied by the Applicable Daily Rate.

3.12.3 The Applicable Daily Rate shall be:

- (a) in respect of:
 - (i) Enduring Annual NTS Exit (Flat) Capacity; and
 - (ii) Annual NTS Exit (Flat) Capacity allocated to the User in respect of a Gas Year pursuant to paragraph 3.4;

the rate determined in accordance with National Grid NTS's Transportation Statement;

- (b) in respect of each amount of:
 - (i) Daily NTS Exit (Flat) Capacity allocated to the User in respect of a Day pursuant to paragraph 3.5;
 - (ii) Daily Off-peak NTS Exit (Flat) Capacity allocated to the User in respect of a Day pursuant to paragraph 3.6;

the bid price tendered by the User pursuant to the respective annual capacity bid or daily capacity bid pursuant to which such NTS Exit (Flat) Capacity was allocated.

3.12.4 For the purposes of paragraph 3.12.2, the amount of the User's Registered NTS Exit (Flat) Capacity shall be determined Unadjusted pursuant to paragraphs 3.9, 3.10, 3.11 or (as the case may be) paragraph 3.4 of Annex B-2.

3.12.5 The NTS Exit (Flat) Commodity Charge payable (for any Day) by a Shipper User will be determined:

- (a) subject to paragraph (b), as the amount of its User Daily Quantity Output multiplied by the Applicable Commodity Rate(s); and
- (b) in the case of a NTS Connected System Exit Point, where a Storage Facility is connected to the Total System at the NTS Connected System Exit Point and in relation to which such facility the User is storage use gas provider, an amount equal to:

$$(SUG / n) * CR$$

where:

SUG is the quantity of storage use gas attributed to the User and is notified to National Grid NTS pursuant to the terms of the Storage Connection Agreement in respect of the NTS Storage Facility;

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

CR is the Applicable Commodity Rate(s) that would apply in relation to a NTS Connected System Exit Point in the event the gas flowing out of the Total System at such System Point was not being delivered into a Storage Facility.

3.12.6 No charges are payable by DNO Users in respect of NTS Exit (Flexibility) Capacity.

3.12.7 Pursuant to the prevailing National Grid NTS Transportation Statement, a User may elect that, for the purposes of paragraph 3.12.5, the Applicable Commodity Rate of the NTS Exit (Flat) Commodity Charge in respect of a Specified Exit Point shall be the NTS Optional Commodity Rate, determined in accordance with paragraphs 3.12.9 to 3.12.14 (inclusive).

3.12.8 For the purposes of Code:

- (a) an "**Eligible Entry Point**" is an Aggregate System Entry Point which is not a Storage Connection Point;
- (b) an "**Eligible Exit Point**" is a System Exit Point which is not a Storage

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Connection Point;

- (c) a **"Specified Entry Point"** is, in the case of a Supply Point, the Eligible Entry Point identified in the User's Nomination in accordance with Section G2.3.2 or, in the case of a CSEP, the Eligible Entry Point identified in the Conventional Notice in accordance with paragraph 3.12.13;
- (d) a **"Specified Exit Point"** is, in the case of a Supply Point, the Eligible Exit Point notified to National Grid NTS as the Proposed Supply Point in the User's Nomination in accordance with Section G2.3.2 or, in the case of a CSEP, the System Exit Point identified as the CSEP in the Conventional Notice in accordance with paragraph 3.12.13.

3.12.9 The NTS Exit (Flat) Commodity Charge payable (for any Day) by a Registered User or CSEP User will be determined (for each Specified Exit Point) as:

- (a) the UDQO multiplied by the NTS Optional Commodity Rate applicable for the capacity (calculated in accordance with paragraph 3.12.10) and the distance (calculated in accordance with paragraph 3.12.11);
- (b) where the UDQI is less than the UDQO, the UDQO minus the UDQI multiplied by the difference between such NTS Commodity Rate as would apply if paragraphs 3.12.9 to 3.12.14 (inclusive) did not apply and the NTS Optional Commodity Rate;

provided that, where a User has nominated or identified more than one Specified Exit Point at a Specified Entry Point, the UDQI shall be prorated in relation to the UDQOs at the relevant Specified Exit Points.

3.12.10 For the purposes of paragraphs 3.12.9 to 3.12.14 (inclusive), the capacity of the Specified Exit Point shall be the Supply Point Capacity, provided:

- (a) in the case of an LDZ Supply Point the capacity shall be determined in accordance with Section G5.4.1, except:
 - (i) for an LDZ Firm Supply Point the capacity shall be the sum of the DM Supply Point Capacity and the NDM Supply Point Capacity that the User is registered as holding from time to time in accordance with paragraphs 4.2 and 4.3 respectively;
 - (ii) for a LDZ Shared Supply Point the capacity shall be determined in accordance with Section G1.7.14;
 - (iii) for an LDZ CSEP the capacity shall be determined in accordance with paragraph 4.5.2;
- (b) in the case of an NTS Exit Point the capacity shall be equal to 24 times the Maximum NTS Exit Point Offtake Rate, except:
 - (i) for an NTS Exit Point in respect of a pipeline interconnector having no physical exit capability which is both a Connected Offtake System and a Connected Delivery Facility, the capacity shall be equal to 24 times the amount (where positive) determined as the instantaneous rate (in kWh/Hour) which the Transporter determines to be the maximum instantaneous rate at which it is feasible to deliver gas to the NTS at the

System Entry Point associated with such Connected Delivery Facility.

- 3.12.11 The distance (to the nearest 0.1 km) from the Specified Entry Point to the curtilage of the Specified Exit Point or the offtake from the Total System at the Specified Exit Point (whichever is the lesser) shall be calculated on a straight line basis as the minimum of each of the distances between each System Entry Point within the Specified Entry Point and the Specified Exit Point using six figure grid references. National Grid NTS shall determine a six figure grid reference for each Specified Entry Point and each Specified Exit Point (which may be revised in accordance with paragraph 3.12.13(c) or Section G2.4.12).
- 3.12.12 An application for the NTS Optional Commodity Rate for a Supply Point shall be made in accordance with the provisions of Section G2.3.2 or G2.3.9 (as the case may be) and, for a CSEP, shall be made in accordance with the provisions of paragraph 3.12.13.
- 3.12.13 A CSEP User, or a proposing CSEP User, may apply for the NTS Optional Commodity Rate in the following manner:
- (a) by Conventional Notice to National Grid NTS stating the CSEP User, the Specified Exit Point and the Specified Entry Point; and
 - (b) National Grid NTS shall offer the NTS Optional Commodity Rate and shall provide the distance between the Specified Exit Point and the Specified Entry Point, the capacity of the CSEP determined in accordance with paragraph 3.12.10 and the six figure grid references used; and
 - (c) where the CSEP User disputes the distance specified by National Grid NTS under paragraph (b), the CSEP User may resubmit an application in accordance with paragraph (a) stating an alternative six figure grid reference for the Specified Exit Point with supporting evidence of calculation; and
 - (d) the CSEP User shall confirm acceptance of the offer made in accordance with paragraph (b) not earlier than fifteen (15) days after the submission of the confirmation (or such lesser period as National Grid NTS may specify) and not later than six months from the date of the offer.
- 3.12.14 Where National Grid NTS accepts a daily capacity offer made by a User pursuant to paragraph 3.11, National Grid NTS will pay to the User a charge ("**NTS Exit Capacity (Flat) Surrender Charge**") determined as the amount of the NTS Exit (Flat) Capacity for which the offer was accepted multiplied by the offer price.
- 3.12.15 Where National Grid NTS accepts an offtake reduction offer made by a User pursuant to Annex B-2, National Grid NTS will pay to the User a charge ("**NTS Offtake Reduction Charge**") determined as the quantity for which the offtake reduction offer was accepted multiplied by the offer price.
- 3.12.16 NTS Exit (Flat) Capacity Charges, NTS Exit (Flat) Commodity Charges, NTS Exit (Flat) Capacity Surrender Charges and NTS Offtake Reduction Charges will be invoiced and payable in accordance with Section S.

3.13 NTS Exit Capacity: overruns and overrun charges

3.13.1 If for any reason, in relation to an NTS Exit Point and a Day:

- (a) the quantity of gas offtaken by a User at the NTS Exit Point on the Day exceeds

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the User's Fully Adjusted Available NTS Exit (Flat) Capacity (an "**individual flat overrun**"); and

- (b) the aggregate quantity of gas offtaken by all Users at the NTS Exit Point on the Day exceeds the sum of the Users' Fully Adjusted Available NTS Exit (Flat) Capacity (an "**aggregate flat overrun**")

there is a "**Chargeable NTS Exit (Flat) Overrun**", and the User shall pay a charge ("**NTS Exit (Flat) Overrun Charge**") in respect of NTS Exit Capacity at that NTS Exit Point on that Day in accordance with this paragraph 3.13.

3.13.2 The amount of the Chargeable NTS Exit (Flat) Overrun shall be determined as:

$$AO * IO / \Sigma IO$$

where:

AO is the aggregate flat overrun for the Day;

IO is the amount of a User's individual flat overrun for the Day

and where Σ is the sum over all Users with individual flat overruns at that NTS Exit Point on the Day.

3.13.3 The NTS Exit (Flat) Overrun Charge payable by a relevant User shall be calculated as the User's individual flat overrun multiplied by whichever is the greatest of:

- (a) $(8 * A)$, where 'A' is:
- (i) the highest bid price paid to National Grid NTS in relation to any capacity bid accepted in respect of the Day; or
 - (ii) the Applicable Daily Rate in relation to a capacity application in respect of the Gas Year in which the Day falls, at the NTS Exit Point;
- (b) $(1.1 * B)$, where 'B' is the highest offer price, forward price or option exercise price paid by National Grid NTS in respect of any Exit Constraint Management Action taken in respect of the Day at the NTS Exit Point; and
- (c) $(8 * C)$, where 'C' is the highest reserve price under any invitation for the Day or the Gas Year in which the Day falls for NTS Exit (Flat) Capacity at the NTS Exit Point.

3.13.4 If for any reason a DNO User's Exit Flexibility Quantity at an NTS/LDZ Offtake on any Day exceeds the DNO User's NTS Exit (Flexibility) Capacity, there is an overrun ("**NTS Exit (Flexibility) Overrun**").

3.13.5 The amount of the NTS Exit (Flexibility) Overrun ('NEFO') at an NTS/LDZ Offtake on any Day is the quantity determined as follows:

$$NEFO = \max \{ (EFQ - NEFC), 0 \}$$

where:

EFQ is the DNO User's Exit Flexibility Quantity determined in accordance with paragraph 3.13.6;

NEFC is the DNO User's NTS Exit (Flexibility) Capacity (which may be positive or negative).

3.13.6 A DNO User's Exit Flexibility Quantity ('EFQ') for a Day at an NTS/LDZ Offtake is the quantity determined as follows:

$$EFQ = (Q2200 * (1 - FT)) - (QD * 16/24)$$

where:

Q2200 is the quantity of gas offtaken by the DNO User at the NTS/LDZ Offtake between 06:00 hours and 22:00 hours on the Day;

FT is 0.015 (a 1.5% flexibility tolerance);

QD is the quantity of gas offtaken by the DNO User at the NTS/LDZ Offtake in the whole of the Day.

3.13.7 No charge is payable by a DNO User in respect of an NTS Exit (Flexibility) Overrun.

3.13.8 For the purposes of this paragraph 3.13:

- (a) a relevant User will be appointed as "**Overrun User**" in relation to any NTS Exit Point and a Day if:
 - (i) all relevant Users jointly have given a notice of such appointment to National Grid NTS; and
 - (ii) where following a notice of appointment, a User proposes to become a relevant User, the User and each relevant User give a new notice of appointment to National Grid NTS;
 - (iii) no relevant User has given notice (effective for such Day) of revocation of such appointment; and
 - (iv) National Grid NTS has not rejected such notice or cancelled such appointment pursuant to Section V3;
- (b) the notice of the appointment shall state:
 - (i) the agreement of the Overrun User to be appointed;
 - (ii) the agreement of each other relevant User (or prospective relevant User) to such appointment; and
 - (iii) the date with effect from which the appointment is to take effect;
- (c) any notice of the appointment or revocation of the appointment of an Overrun User shall be effective in relation to a Day only if given at least five (5) Business Days before that Day;
- (d) in relation to a Day, a relevant User is any User which (on such Day) is a Registered User in respect of such NTS Exit Point;
- (e) an Overrun User will cease to be appointed with effect from the Day on which a User becomes a relevant User where no new notice of appointment has been given and is effective in respect of such Day.

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- 3.13.9 Where, in relation to any NTS Exit Point an Overrun User is appointed in respect of any Day, for the purposes of this paragraph 3.13 all amounts payable (by any relevant User) by way of NTS Exit (Flat) Overrun Charges in respect of such NTS Exit Point and such Day shall be payable by the Overrun User (and no relevant User other than the Overrun User shall be liable to pay such amounts).
- 3.13.10 For the purposes of this paragraph 3.13, the calculation of a Chargeable NTS Exit (Flat) Overrun shall take into account any additional quantity of gas offtaken at an NTS/LDZ Offtake consistent with any revision to the rate of offtake of gas for the Day at the NTS/LDZ Offtake following the application of OAD Section I2.4 and 2.5.
- 3.13.11 In relation to each NTS Exit Zone and each Day (D), National Grid NTS will publish by not later than 12:00 on D+1 and D+6:
- (a) the aggregate quantity of gas offtaken by all Users between 06.00 and 22.00;
 - (b) the aggregate quantity of gas offtaken by all Users; and
 - (c) the sum of the NTS Exit Flexibility Quantity utilised by all Users;
- (and for the purposes of this paragraph 3.13.11(c) National Grid NTS shall calculate a notional Exit Flexibility Quantity for each NTS Supply Point and NTS Connected System Exit Point in each NTS Exit Zone in a manner consistent with the formula in paragraph 3.13.6).
- 3.13.12 In relation to each Linepack Zone and each Day (D), National Grid NTS will publish by not later than 12:00 on D+1 and D+6:
- (a) the opening linepack; and
 - (b) the closing linepack for each hour of the Day (D).
- 3.13.13 National Grid NTS may publish revised information previously published pursuant to paragraphs 3.13.11 and 3.13.12 in respect of a Day (D) where following D+6 more accurate information becomes available.

4 SUPPLY POINT AND LDZ CAPACITY

4.1 Introduction

4.1.1 Subject to the provisions of the Code, a User may:

- (a) offtake gas from the Total System at any LDZ Supply Point-Component;
- (b) by offtaking gas from the Total System at an LDZ System Exit Point, require a gas flow in the relevant LDZ; and
- (c) offtake gas from the Total System at an LDZ Connected System Exit Point.

4.1.2 Nothing in this paragraph 4 shall apply in respect of an NTS Exit Point or an NTS CSEP.

4.2 Supply Point Capacity Registration: DM Supply Points ~~Components~~

4.2.1 A User who submits a Supply Point Confirmation in respect of a Proposed Supply Point which ~~is~~ includes a DM Supply Point ~~Component~~ shall thereby apply for Supply Point Capacity ("**DM Supply Point Capacity**") in accordance with Section G5.

4.2.2 The User will if its Supply Point Confirmation becomes effective be registered as holding Supply Point Capacity at the DM Supply Point ~~Component~~ with effect from the Supply Point Registration Date, subject to paragraph 4.2.3 and until the User ceases in accordance with Section G to be the Registered User in respect of the relevant Supply Point.

4.2.3 A User's Registered Supply Point Capacity in respect of a ~~Registered~~ the DM Supply Point ~~Component of a Registered Supply Point~~:

- (a) may be increased or reduced subject to and in accordance with the conditions and requirements in Section G5;
- (b) shall not be reduced nor (subject to paragraph 4.7) increased other than as provided in paragraph (a), nor (subject to Section V4.3) shall the registration be terminated, except as provided in paragraph 4.2.4.

4.2.4 The User will cease to be registered as holding DM Supply Point Capacity at the DM Supply Point ~~Component~~ when the User submits a Supply Point Withdrawal which becomes effective in respect of the relevant Supply Point in accordance with Section G3.2.

4.3 Supply Point Capacity Registration: NDM Supply Points ~~Components~~

4.3.1 A User will be registered as holding Supply Point Capacity ("**NDM Supply Point Capacity**") in accordance with paragraph 4.3.3 at each Registered NDM Supply Point ~~Component~~ with effect from the Supply Point Registration Date.

4.3.2 The User shall be deemed to have applied for NDM Supply Point Capacity when submitting a Supply Point Confirmation for a Proposed Supply Point which ~~is~~ includes an NDM Supply Point ~~Component~~, and shall not make a separate application for such capacity.

4.3.3 The NDM Supply Point Capacity which the User is from time to time registered as holding will be determined in accordance with Section H4.1.

4.3.4 The User will cease to be registered as holding NDM Supply Point Capacity at the NDM Supply Point ~~Component~~ when the User submits a Supply Point Withdrawal which becomes effective in respect of the relevant Supply Point in accordance with Section G3.2.

4.4 LDZ Capacity Registration: LDZ Supply Points ~~Components~~

4.4.1 A User will at all times be registered as holding LDZ Capacity at each LDZ Supply Point ~~Component~~ in an amount equal to the amount of the Supply Point Capacity which the User is for the time being registered as holding (pursuant to any provision of the Code) at that Supply Point ~~Component~~; and Users will not make separate applications for such capacity.

4.4.2 In accordance with paragraph 4.4.1, a User will cease to be registered as holding LDZ

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Capacity at an LDZ Supply Point ~~Component~~ where it ceases to hold Supply Point
Capacity at such Supply Point ~~Component~~.

4.5 LDZ Capacity Registration: LDZ Connected System Exit Points

- 4.5.1 A CSEP User may hold LDZ Capacity at an LDZ Connected System Exit Point.
- 4.5.2 The basis on which a User may apply for or may be treated as having applied for and may be registered as holding LDZ Capacity at an LDZ Connected System Exit Point will be in accordance with the CSEP Network Exit Provisions.
- 4.5.3 The CSEP Network Exit Provisions may provide (subject to Section V3) for:
- (a) a minimum amount and a maximum amount of LDZ Capacity to be held by CSEP Users in aggregate at an LDZ Connected System Exit Point, and for such amounts to vary from time to time;
 - (b) the LDZ Capacity held by each CSEP User at an LDZ Connected System Exit Point to vary from Day to Day.

4.6 LDZ, Supply Point Charges and CSEP Charges

- 4.6.1 A User shall pay:
- (a) Capacity Charges ("**LDZ Capacity Charges**") in respect of its Registered LDZ Capacity at LDZ System Exit Points;
 - (b) Commodity Charges ("**LDZ Commodity Charges**") in respect of its use of each LDZ;
 - (c) Customer Charges in respect of its Registered LDZ Supply Points; and
 - (d) CSEP Charges in respect of each relevant Connected System Exit Point in relation to which it is a CSEP User.
- 4.6.2 The LDZ Capacity Charge payable by a User in respect of each Day will be determined (for each LDZ System Exit Point) as the amount of its Registered LDZ Capacity multiplied by the Applicable Daily Rate.
- 4.6.3 The LDZ Commodity Charge payable (for any Day) by a User will be determined (for each LDZ System Exit Point) as the amount of its User Daily Quantity Output multiplied by the Applicable Commodity Rate.
- 4.6.4 The Customer Charge payable by a User in respect of each Day will be determined (for each Supply Point):
- (a) as to the Capacity Variable Component (if any) thereof, as the amount of its Registered Supply Point Capacity multiplied by the Applicable Daily Rate;
 - (b) as to the Commodity Variable Component (if any) thereof for a Day, as the amount of its UDQO multiplied by the Applicable Commodity Rate;
 - (c) as to the Fixed Component (if any) thereof, as the applicable fixed charge.
- 4.6.5 Not Used.

- 4.6.6 For the avoidance of doubt no Capacity Charge is payable in respect of Supply Point Capacity.
- 4.6.7 The CSEP Charge payable by a User in respect of each Day will be determined for each relevant Connected System Exit Point in accordance with the relevant provisions of the Transportation Statement.
- 4.6.8 LDZ Capacity Charges, LDZ Commodity Charges, Customer Charges and CSEP Charges will be invoiced and payable in accordance with Section S.
- 4.6.9 Pursuant to the prevailing Transportation Statement, a User may elect that, for the purpose of paragraph 4.6.2, the Applicable Daily Rate of the LDZ Capacity Charge in respect of an LDZ Specified Exit Point shall be the LDZ Optional Capacity Rate, determined in accordance with the following provisions:
- (a) for the purpose of Code:
 - (i) a "**Notional NTS Connection Point**" is the point on the NTS which is derived by the Transporter in accordance with paragraph 4.6.10 and in the case of a Supply Point, identified by the Transporter in its Supply Point Offer in accordance with Section G2.4.2(I) or, in the case of a CSEP, the point identified by the Transporter in accordance with paragraph (f);
 - (ii) an "**LDZ Specified Exit Point**" is, in the case of a Supply Point, the System Exit Point notified to the Transporter as the Proposed Supply Point in the User's Supply Point Nomination in accordance with paragraph G2.3.2(j) or, in the case of a CSEP, the LDZ System Exit Point identified as the CSEP in the Conventional Notice in accordance with paragraph (f);
 - (b) the LDZ Capacity Charge payable (for any Day) by a Registered User or CSEP User will be determined (for each Specified Exit Point) as the Registered LDZ Capacity multiplied by the LDZ Optional Capacity Rate applicable for the capacity (calculated in accordance with paragraph (c)) and the distance (calculated in accordance with paragraph (d)) and shall be invoiced and are payable in accordance with Section S;
 - (c) for the purposes of this paragraph 4.6.9 the capacity of the LDZ Specified Exit Point shall be the Supply Point Capacity, determined in accordance with Section G5.4.1 except:
 - (i) for an LDZ Supply Point the capacity shall be the sum of the DM Supply Point Capacity and the NDM Supply Point Capacity that the User is registered as holding from time to time in accordance with paragraphs 4.2 and 4.3 respectively;
 - (ii) for a Shared Supply Meter Point the capacity shall be determined in accordance with Section G1.7.14;
 - (iii) for an LDZ CSEP the capacity shall be determined in accordance with paragraph 4.5.2;
 - (d) the distance (to the nearest 0.1 km) from the Notional NTS Connection Point to the curtilage of the LDZ Specified Exit Point or the offtake from the Total

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System at the LDZ Specified Exit Point (whichever is the lesser) shall be calculated on a straight line basis using eight figure grid references and the Transporter shall determine an eight figure grid reference for each Notional NTS Connection Point and each LDZ Specified Exit Point (which may be revised in accordance with paragraph (f) or Section G2.4.12);

- (e) an application for the LDZ Optional Capacity Rate for a Supply Point shall be made in accordance with the provisions of Section G2.3.2(j) and, for a CSEP, shall be made in accordance with the provisions of paragraph (f);
- (f) a CSEP User, or a proposing CSEP User, may apply for the LDZ Optional Capacity Rate in the following manner:
 - (i) by Conventional Notice to the Transporter stating the CSEP User, the LDZ Specified Exit Point; and
 - (ii) the Transporter shall identify the Notional NTS Connection Point and offer the LDZ Optional Capacity Rate and shall provide the distance between the LDZ Specified Exit Point and the Notional NTS Connection Point, the capacity of the CSEP determined in accordance with paragraph 4.5.2 and the eight figure grid references used; and
 - (iii) where the CSEP User disputes the distance specified by the Transporter under paragraph (ii), the CSEP user may resubmit an application in accordance with paragraph (i) stating an alternative eight figure grid reference for the LDZ Specified Exit Point with supporting evidence of calculation;
 - (iv) the CSEP User shall confirm acceptance of the offer made in accordance with paragraph (ii) not earlier than 15 days after the submission of the confirmation (or such lesser period as the Transporter may specify) and not later than six months from the date of the offer;
- (g) where the User elects to pay the LDZ Optional Capacity Rate the LDZ Commodity Charge shall not be payable.

4.6.10 The Notional NTS Connection Point shall be derived by the Transporter as:

- (a) in the case of a Supply Point, the point on the NTS at which the NTS is nearest to either:
 - (i) the curtilage of the LDZ Specified Exit Point; or
 - (ii) the offtake from the Total System at the LDZ Specified Exit Pointwhichever gives the lesser distance.
- (b) in the case of a CSEP the point on the NTS at which the NTS is nearest to the LDZ Specified Exit Point.

4.7 Supply Point Ratchet

4.7.1 Subject to paragraph 1.3.2, and paragraphs 4.7.8, 4.7.9 and 4.7.10 and 4.7.12 if for any reason on any Day, other than a Day in the months of June to September inclusive, the

quantity of gas offtaken by a User from the Total System at a DM Supply Point ~~Component~~ exceeds the User's Registered DM Supply Point Capacity (such occurrence being a "**Supply Point Ratchet**"):

- (a) the User's Registered DM Supply Point Capacity at that Supply Point ~~Component~~ shall automatically be increased with effect from the following Day in accordance with paragraph 4.7.3; and
- (b) subject to paragraph 4.7.11, the User shall pay a charge ("**Supply Point Ratchet Charge**") in respect of the Capacity Ratchet Amount in accordance with paragraph 4.7.6.

4.7.2 For the purposes of this Section B, subject to paragraph 4.7.8, the "**Capacity Ratchet Amount**" shall be the amount by which the User's UDQO on the Day of the Supply Point Ratchet in respect of the DM Supply Point ~~Component~~ exceeds the User's Registered DM Supply Point Capacity.

4.7.3 Subject to Section G5.5.5, the increased amount (the "**Ratcheted Supply Point Capacity**") of the User's DM Registered Supply Point Capacity shall be the sum of the User's Registered DM Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount.

4.7.4 Notwithstanding paragraph 4.7.3, and unless the User's Registered Supply Point Capacity is increased other than pursuant to the Supply Point Ratchet, until the last Day of the calendar month in which the Supply Point Ratchet occurred the LDZ Capacity Charge and the Capacity Variable Component of the Customer Charge payable in respect of the Supply Point ~~Component~~ shall be determined on the basis of the User's Registered DM Supply Point Capacity on the Day of the Supply Point Ratchet (and not on the basis of the Ratcheted Supply Point Capacity).

4.7.5 For the avoidance of doubt the User's Registered LDZ Capacity will be increased so as to be equal to the Ratcheted Supply Point Capacity in accordance with paragraph 4.4.

4.7.6 The Supply Point Ratchet Charge shall be calculated as the Capacity Ratchet Amount multiplied by the sum of:

- (a) 2 times the Applicable Annual Rate (including where determined in accordance with paragraph 1.8.5(a)) of the LDZ Capacity Charge; and
- (b) where applicable, 2 times the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge

the rate in each case being determined (where such rate is a function of LDZ Capacity or Supply Point Capacity) by reference to the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity at the DM and any NDM Supply Point ~~Component~~ on the Day of the Supply Point Ratchet.

4.7.7 Subject to paragraph 4.7.11, the Supply Point Ratchet Charge shall be invoiced and payable in accordance with Section S.

4.7.8 Where a DM Supply Point ~~Component~~ comprises a Shared Supply Meter Point(s):

- (a) paragraph 4.7.1 shall apply only if and to the extent that the aggregate quantity offtaken from the Total System by all Sharing Registered Users at the DM Supply Points ~~Components~~ which ~~comprise~~ include such Shared Supply Meter

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Point(s) exceeds the aggregate of such Users' Registered Supply Point Capacity, other than capacity which is excluded pursuant to Section G1.7.20(d)(i), at such Supply Point Components the amount of such excess (the "aggregate ratchet excess");

- (b) for each such Sharing Registered User, the Capacity Ratchet Amount shall be determined as the amount (the "**individual ratchet excess**") by which that User's UDQO exceeds its Registered Supply Point Capacity, divided by the sum of the individual ratchet excesses for all such Sharing Registered Users, multiplied by the aggregate ratchet excess.
- 4.7.9 Without prejudice to Section G 2.7.3 to 2.7.6 (inclusive), where in accordance with Section G2.3.1 the Proposing User has submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point First Nomination ("**Supply Point First Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point First Registration**") and subsequent to the date of such Supply Point First Registration such User incurs and pays a Supply Point Ratchet Charge in respect of such Supply Point then, where such Proposing User has also submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point Second Nomination ("**Supply Point Second Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point Second Registration**") then, subject to paragraph 4.7.10, the Transporter will reimburse the User the amount of such Supply Point Ratchet Charge which has been paid by the User for the period of 18 Days commencing from the Supply Point First Registration Date.
- 4.7.10 The amount of such reimbursement in accordance with paragraph 4.7.9 shall not exceed the amount of the Supply Point Ratchet Charge which applies in respect of the Confirmed Supply Point Capacity for the Supply Point Second Registration. For the purpose only of calculating the amount of such reimbursement, such Confirmed Supply Point Capacity shall not be treated as increased in accordance with Section G 2.7.4 (a) as a result of the occurrence of a Supply Point Ratchet.
- 4.7.11 Where on any Day(s) in any relevant Billing Period, on the occurrence of a Supply Point Ratchet the User's Registered DM Supply Point Capacity is greater than or equal to the Provisional Maximum Supply Point Capacity (the "**Relevant Day(s)**"), only the highest Supply Point Ratchet Charge incurred on the Relevant Day(s) in such relevant Billing Period shall be invoiced and payable in accordance with paragraph 4.7.7.
- 4.7.12 Following Supply Point Registration in relation to a DM Supply Meter-Point with User Daily Read Equipment installed:
- (a) during the first 12 months following such Supply Point Registration, Users shall not be liable for a Supply Point Ratchet Charge where the Nominated Daily Metered Supply Point Capacity is equal or greater than the previous NDM Supply Point Capacity; and
- (b) from such Supply Point Registration, Users shall be liable for a Supply Point Ratchet Charge where the Nominated Daily Metered Supply Point Capacity is less than the previous NDM Supply Point Capacity
- save that where a DM Supply Meter-Point with User Daily Read Equipment installed was previously a DM Supply Meter-Point with Transporter Daily Read Equipment installed, a Supply Point Ratchet Charge shall be levied.

4.8 LDZ CSEP Overrun Charge

4.8.1 If for any reason in any calendar month (an "**overrun month**"), other than a month from June to September inclusive:

- (a) the quantity of gas offtaken by a CSEP User from the Total System at a relevant LDZ Connected System Exit Point on any Day exceeds the User's Registered LDZ Capacity; and
- (b) (where pursuant to the CSEP Network Exit Provisions this paragraph (b) applies) the aggregate quantity of gas offtaken by all CSEP Users at the relevant Connected System Exit Point on such Day exceeds the sum of such CSEP Users' Registered LDZ Capacities

(such Day being an "**overrun day**") the User shall pay a charge ("**LDZ CSEP Overrun Charge**") in respect of LDZ Capacity at that Connected System Exit Point in that month.

4.8.2 For the purposes of this paragraph 4.8, in respect of a CSEP User:

- (a) the "**overrun quantity**" in respect of an overrun day is the amount by which the UDQO in respect of the relevant LDZ Connected System Exit Point exceeds the User's Registered LDZ Capacity;
- (b) the "**chargeable overrun quantity**" in respect of an overrun month is the largest overrun quantity in respect of any overrun day in that month.

4.8.3 The LDZ CSEP Overrun Charge shall be calculated as the amount of the chargeable overrun quantity multiplied by two (2) times the Applicable Annual Rate (including where determined in accordance with paragraph 1.8.5(a)) of the LDZ Capacity Charge.

4.8.4 The LDZ CSEP Overrun Charge shall be invoiced and payable in accordance with Section S.

5 CAPACITY TRANSFER

5.1 Basis of transfer

5.1.1 A User (the "**Transferor User**") may transfer all or part of:

- (a) its Available NTS Entry Capacity, as Adjusted for the time being pursuant to paragraphs 2.9 and 2.10, in respect of an Aggregate System Entry Point; and/ or
- (b) its Available Firm NTS Exit (Flat) Capacity, as Adjusted for the time being pursuant to paragraphs 3.9 and 3.11, in respect of an NTS Exit Point;

to another User (the "**Transferee User**"), subject to and in accordance with this paragraph 5.

5.1.2 For the purposes of the Code a "**System Capacity Transfer**" is a transfer of System Capacity in accordance with paragraph 5.1.1.

5.1.3 A System Capacity Transfer may be for any Day or consecutive Days within the period for which the Transferor User holds (by virtue of registration or any System Capacity Transfer) such capacity.

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5.1.4 National Grid NTS may but shall not be required to reject a System Capacity Transfer where the Transferred System Capacity exceeds the Transferor User's Available System Capacity, in the case of:

- (a) Firm NTS Entry Capacity, as Adjusted for the time being pursuant to paragraphs 2.9 and 2.10, as applicable
- (b) Firm NTS Exit (Flat) Capacity, as Adjusted for the time being pursuant to paragraphs 3.9 and 3.11, as applicable

at the Transfer System Point on any Day in the Transfer Period.

5.1.5 In respect of a System Capacity Transfer or proposed System Capacity Transfer:

- (a) the "**Transferred System Capacity**" is the System Capacity which is (or is to be) transferred;
- (b) the "**Transfer Period**" is the Day or Days (in accordance with paragraph 5.1.3) for which the Transferred System Capacity is (or is to be) transferred;
- (c) the "**Transfer System Point**" is the Aggregate System Entry Point or NTS Exit Point at which System Capacity is (or is to be) transferred.

5.2 Procedure

5.2.1 Where a User proposes to make a System Capacity Transfer, each of the Transferor User and the Transferee User must notify the System Capacity Transfer to National Grid NTS specifying:

- (a) the identity of the Transferor User and Transferee User;
- (b) whether the System Capacity to be transferred is NTS Entry Capacity or NTS Exit (Flat) Capacity;
- (c) the Transfer System Point;
- (d) the amount of the Transferred System Capacity;
- (e) the Transfer Period; and
- (f) in the case of NTS Entry Capacity, whether the Transferred System Capacity is Firm or Interruptible.

5.2.2 A proposed System Capacity Transfer may not be notified later than 04:00 hours on the Day or first Day of the Transfer Period.

5.2.3 National Grid NTS may reject a System Capacity Transfer:

- (a) in accordance with paragraph 5.1.4;
- (b) where either the Transferor User or the Transferee User does not notify the System Capacity Transfer in accordance with paragraph 5.2.1 or 5.2.2; or
- (c) in accordance with Section V3.

5.2.4 A System Capacity Transfer shall be effective if it is approved by National Grid NTS or is not rejected by National Grid NTS within 60 minutes after it was notified by the Transferor User or (if later) the Transferee User under paragraph 5.2.1.

5.2.5 A System Capacity Transfer in respect of NTS Exit (Flat) Capacity for which the Transfer Period is a Day may not be withdrawn by a User following notification to National Grid NTS.

5.3 Effect of Transfer

5.3.1 Except for the purposes of paragraph 5.3.3, and subject to paragraph 5.4, the Transferee User will be treated during the Transfer Period as the holder of the Transferred System Capacity.

5.3.2 A User's Available System Capacity at a System Point on a Day is its Registered System Capacity, adjusted in respect of any System Capacity Transfer(s) (for which that point is the Transfer System Point and the Transfer Period includes that Day) by adding the Transferred System Capacity where the User was the Transferee User, and deducting the Transferred System Capacity where the User was the Transferor User, subject to paragraph 5.4.

5.3.3 A User will remain liable for Capacity Charges in respect of its Registered System Capacity irrespective of any System Capacity Transfer.

5.4 Effect of Termination

5.4.1 Where during the Transfer Period in respect of a System Capacity Transfer the Transferor User ceases to be a User of the NTS in accordance with Section V4.3:

(a) National Grid NTS will:

- (i) so notify the Transferee User as soon as reasonably practicable and in any event not more than five (5) Business Days after giving Termination Notice to the Transferor User;
- (ii) at the same time notify the Transferee User of the Capacity Charges payable to National Grid NTS in respect of the Transferred System Capacity;

(b) with effect from the User Discontinuance Date the System Capacity Transfer will lapse and the Transferee User will cease to be treated as holding the Transferred System Capacity;

(c) the Transferee User may elect to be registered in accordance with paragraph 5.4.2 as holding System Capacity (in addition to any such capacity held other than by virtue of the System Capacity Transfer) at the Transfer System Point:

- (i) in an amount not exceeding the Transferred System Capacity; and
- (ii) for any Day or consecutive Days (before or after the date of such election, but not before the User Discontinuance Date) within the Transfer Period.

5.4.2 Where under paragraph 5.4.1 the Transferee User elects to be registered as holding System Capacity:

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- (a) the Transferee User shall notify National Grid NTS, as soon as reasonably practicable and in any event not more than 5 Business Days after National Grid NTS's notice under paragraph 5.4.1(a), of such election, specifying the System Capacity and the date or period in accordance with paragraphs 5.4.1(c)(i) and (ii);
- (b) the Transferee User will be registered as holding System Capacity in the amount and for the period elected (notwithstanding any other requirement of the Code as to the prior notice required for the period of registration);
- (c) the Transferee User will accordingly be liable for Capacity Charges in respect of the elected amount of System Capacity at the Transfer System Point for the elected period;
- (d) for the purposes of paragraph (c), where the System Capacity comprises NTS Exit (Flat) Capacity the Capacity Charges shall be the greater of:
 - (i) the volume weighted average price payable by the Transferor User for the NTS Exit Capacity at the NTS Exit Point in respect of the amount and for the period elected;
 - (ii) the applicable reserve price.

5.4.3 Where during the Transfer Period in respect of a System Capacity Transfer the Transferee User ceases to be a User in accordance with Section V4.3:

- (a) National Grid NTS will so notify the Transferor User as soon as reasonably practicable and in any event not more than five (5) Business Days after giving Termination Notice to the Transferee User;
- (b) with effect from the User Discontinuance Date, the Capacity Transfer will lapse and the Transferee User will cease to be treated as holding the Transferred System Capacity which will revert to (and be treated as held by) the Transferor User.

5.5 Negative Capacity

5.5.1 A User's Available System Capacity (determined in accordance with paragraph 5.3.2) may become negative where:

- (a) the User is a Transferor User in respect of a System Capacity Transfer under which the Transferred System Capacity exceeds the Transferor User's Available System Capacity (on a Fully Adjusted basis) at the Transfer System Point; or
- (b) the Transferor User submits:
 - (i) a daily capacity offer (pursuant to paragraph 2.9) for an amount of NTS Entry Capacity which exceeds its Available Firm NTS Entry Capacity;
 - (ii) a daily capacity offer (pursuant to paragraph 3.11) for an amount of NTS Exit (Flat) Capacity which exceeds its Available Firm NTS Exit (Flat) Capacity; or
- (c) the User is a Transferee User in respect of a System Capacity Transfer, and

(subject to any election under paragraph 5.4.2):

- (i) the Transferee User has pursuant to a further System Capacity Transfer transferred System Capacity at the same Transfer System Point to another User; and
- (ii) the first System Capacity Transfer lapses pursuant to paragraph 5.4.1.

5.5.2 Where and for so long as a User's Available System Capacity is negative the User will be liable to pay Overrun Charge(s) in accordance with paragraph 2.8 or (as the case may be) 3.13 on the basis of an overrun quantity on each Day calculated as the sum of:

- (a) the magnitude of the User's negative Available System Capacity; and
- (b) the amount (if any) determined to be the overrun quantity in accordance with paragraph 2.12.2 or (as the case may be) 3.13.1(a) if the User's Available System Capacity at the Transfer System Point were zero.

5.6 Daily NTS Entry Capacity Transfer

5.6.1 Where a User wishes to transfer all or part of its Available Daily NTS Entry Capacity the provisions of paragraph 5.6.2 shall apply.

5.6.2 For the purpose of paragraph 5.6.1, the provisions of paragraphs 5.1 to 5.5 (inclusive) shall apply, provided that:

- (a) the amount of Transferred System Capacity may not exceed the User's Registered Daily NTS Entry Capacity;
- (b) references therein to Available NTS Entry Capacity shall be treated as if they were references to Available Daily NTS Entry Capacity;
- (c) for the purposes of paragraph 5.2.1 the Transferee User need not notify (and shall not be entitled to notify) National Grid NTS of a System Capacity Transfer and paragraphs 5.2.3(b), and 5.2.4 shall be construed accordingly;
- (d) a proposed System Capacity Transfer may not be notified earlier than 16:00 hours on the Preceding Day or later than 04:00 during the Transfer Period;
- (e) the Transferor User may not withdraw a proposed System Capacity Transfer following notification to National Grid NTS;
- (f) for the purpose of paragraph 5.3.3 the reference to Capacity Charges shall be treated as if it were a reference to Daily NTS Entry Charges; and
- (g) the provisions of paragraph 5.6.3 shall apply.

5.6.3 Any Code Communication in connection with any application by a User for Daily NTS Entry Capacity or the transfer of Available Daily NTS Entry Capacity shall be made in accordance with the procedures published by National Grid NTS from time to time, which shall include the form and format of any such Code Communication and any Code Communication not given in accordance with such procedures shall be deemed not to have been given and shall be of no effect.

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6 CAPACITY ASSIGNMENT²

6.1 Basis of assignment

- 6.1.1 A User (the "**Assignor User**") may assign all of its Registered NTS Exit (Flat) Capacity in respect of an NTS Exit Point to another User ("**Assignee User**").
- 6.1.2 For the purposes of the Code a "**System Capacity Assignment**" is an assignment of System Capacity in accordance with paragraph 6.1.1.
- 6.1.3 A User may not make a System Capacity Assignment where the Assigned System Capacity exceeds the Assignor User's Registered Capacity at the Assignment System Point (after taking account of any prior System Capacity Assignment under this paragraph 6) on any Day in the Assignment Period.
- 6.1.4 In respect of a System Capacity Assignment or proposed System Capacity Assignment:
- (a) the "**Assigned System Capacity**" is the NTS Exit (Flat) Capacity which is (or is to be) assigned;
 - (b) the "**Assignment Period**" is the Day or Days commencing on the Day on which the System Capacity Assignment is to be effective and ending on the last Day on which the Assignor User is registered as holding the Assigned System Capacity;
 - (c) the "**Assignment System Point**" is the NTS Exit Point at which the NTS Exit (Flat) Capacity is to be assigned.

6.2 Procedure

- 6.2.1 Where a User proposes to make a System Capacity Assignment, each of the Assignor User and the Assignee User must notify the System Capacity Assignment to National Grid NTS specifying:
- (a) the identity of the Assignor User and Assignee User;
 - (b) the Assignment System Point;
 - (c) the amount of the Assigned System Capacity; and
 - (d) the Assignment Period.
- 6.2.2 A proposed System Capacity Assignment must be notified to National Grid NTS by not later than the fifth Business Day prior to the first Day of the Assignment Period.
- 6.2.3 National Grid NTS may reject a System Capacity Assignment:
- (a) where either the Assignor User or the Assignee User does not notify the System Capacity Assignment in accordance with paragraph 6.2.1 or 6.2.2;
 - (b) in accordance with Section V3.

² Implementation of modification 0276, effective 06:00hrs on a date to be determined, will amend paragraph 6, in part or in whole.

6.2.4 A System Capacity Assignment shall be effective if it is approved by National Grid NTS or is not rejected by National Grid NTS by the start of the fourth Business Day after it was notified by the Assignor User or (if later) the Assignee User under paragraph 6.2.1.

6.3 Effect of Assignment

6.3.1 The Assignee User will be treated for each Day throughout the Assignment Period as the registered holder of the Assigned System Capacity.

6.3.2 A User's Registered NTS Exit (Flat) Capacity at an NTS Exit Point on a Day is its Registered NTS Exit (Flat) Capacity, adjusted in respect of any System Capacity Assignment(s) (for which that point is an Assignment System Point and the Assignment Period includes that Day) by adding the Assigned System Capacity where the User was the Assignee User, and deducting the Assigned System Capacity where the User was the Assignor User.

6.3.3 With effect from the first Day of the Assignment Period (and in respect of each subsequent Day in such period):

- (a) the Assignor User shall cease to be liable for Capacity Charges in respect of the Assigned System Capacity;
- (b) the Assignee User shall be liable for Capacity Charges in respect of the Assigned System Capacity;
- (c) the Capacity Charges payable by the Assignee User shall be the same Capacity Charges that were payable by the Assignor User for the Assigned System Capacity.

6.3.4 Where a System Capacity Assignment is made which comprises Enduring Annual NTS Exit (Flat) Capacity the Assignee User shall be deemed to have been allocated the Enduring Annual NTS Exit (Flat) Capacity (comprising the Assigned System Capacity) with effect from the time from which, in accordance with paragraphs 3.2.8(c) and 3.2.12, a User was first registered as holding the Enduring Annual NTS Exit (Flat) Capacity.

6.3.5 A System Capacity Assignment shall be without prejudice to the operation of paragraphs 3.2.14 to 3.2.24 (inclusive) in respect of any reduction in the amount of Enduring Annual NTS Exit (Flat) Capacity held by the Assignor User and the Assignee User following a System Capacity Assignment.

6.3.6 No consequences other than those described in this paragraph 6 are intended by the use of the term 'assignment' in this paragraph 6.

7 DN Pensions Deficit Charge

7.1.1 DNO Users shall pay National Grid NTS a transportation charge (the “**DN Pensions Deficit Charge**”) in respect of pensions deficits. The amount of such DN Pensions Deficit Charge shall be determined in accordance with the Transportation Statement of National Grid NTS. Such DN Pensions Deficit Charges shall be invoiced and payable in accordance with Section S.

ANNEX B-1
NTS EXIT CAPACITY
INVITATION, APPLICATION AND ALLOCATION

1 Introduction

- 1.1 This Annex B-1 contains provisions, applying in respect of different classes of NTS Exit Capacity (other than Enduring Annual NTS Exit Capacity), in respect of:
- (a) annual capacity notifications;
 - (b) invitations to Users to make capacity bids or capacity offers;
 - (c) information to be specified by a User when submitting capacity bids, capacity offers, or capacity applications; and
 - (d) allocation by National Grid NTS of NTS Exit (Flat) Capacity following the submission of capacity bids, capacity offers or capacity application by Users.
- 1.2 This Annex B-1 also contains provisions in respect of the information to be published by National Grid NTS following an allocation of NTS Exit (Flat) Capacity pursuant to a capacity application or invitation in accordance with Section B3.
- 1.3 The provisions of this Annex B-1 apply, subject to and in accordance with the relevant provisions of Section B3, in relation to each case in which (and each occasion on which) National Grid NTS:
- (a) notifies Users they are entitled to make capacity applications;
 - (b) invites Users, or Users are entitled (without specific invitation), to make capacity bids or capacity offers;
- 1.4 References in this Annex B-1 to the allocation of NTS Exit (Flat) Capacity include (where applicable) the acceptance of the surrender of NTS Exit (Flat) Capacity following submission of capacity offers.
- 1.5 For the purposes of this Annex B-1 and Section B3:
- (a) a **"capacity bid"** or **"bid"** is a bid for NTS Exit (Flat) Capacity;
 - (b) a **"capacity application"** is an application (and not a bid) for NTS Exit (Flat) Capacity made in response to an annual capacity notification;
 - (c) a **"capacity offer"** or **"offer"** is an offer to surrender NTS Exit (Flat) Capacity;
 - (d) references to a **"capacity invitation"** is where (pursuant to Section B3.5, 3.6 and 3.11) Users are entitled to submit bids or offers without the issue of such a specific invitation;
 - (e) an **"annual capacity notification"** is the notification made each Gas Year pursuant to Section B3.4 by National Grid NTS informing Users they may make capacity applications for Annual NTS (Flat) Exit Capacity;
 - (f) a **"daily"** invitation, bid or offer is an invitation, bid or offer in respect of Daily

NTS Exit (Flat) Capacity;

- (g) an **"invitation date"** is a day (determined by National Grid NTS subject to and in accordance with Section B3.5, 3.6 and 3.11 and this Annex B-1) on which Users may make capacity bids or capacity offers pursuant to a capacity invitation;
- (h) a **"capacity period"** is the period (a Gas Year or Gas Years or a Day) in respect of which a capacity invitation or annual capacity notification is made.

1.6 References to:

- (a) a capacity invitation are to a capacity invitation pursuant to a particular provision of Section B3, for capacity bids or capacity offers in respect of a particular class of Daily NTS Exit (Flat) Capacity in relation to a particular capacity period and a particular capacity allocation or selection period);
- (b) an annual capacity notification is to a notification for capacity applications pursuant to Section B3.4 in relation to a particular capacity period;

and for a particular NTS Exit Point.

1.7 A User agrees, by submitting:

- (a) a capacity bid, to pay (by way of NTS Exit (Flat) Capacity Charges) the bid price for the capacity period in respect of the NTS Exit (Flat) Capacity allocated in respect of such bid in accordance with this Annex B-1;
- (b) a capacity offer, to surrender in exchange for payment of the offer price the NTS Exit (Flat) Capacity selected in respect of such offer in accordance with this Annex B-1;
- (c) a capacity application to pay the price set out in National Grid NTS's Transportation Statement prevailing in the Gas Year preceding the capacity period in respect of which the Annual NTS Exit (Flat) Capacity is to be held.

2 Invitations and notifications

2.1 In accordance with Section B3:

- (a) National Grid NTS will each Gas Year issue an annual capacity notification to Users not later than twenty eight (28) days before the commencement of the Annual Application Window;
- (b) in relation to any daily capacity invitation in respect of NTS Exit (Flat) Capacity, Users are entitled to submit bids or offers without the issue of a specific invitation by National Grid NTS (but the relevant provision of Section B3 determines whether or not there is any capacity allocation period or capacity selection period);

2.2 Where in accordance with paragraph 2.1(a) National Grid NTS is required to issue an annual capacity notification, the notification shall specify:

- (a) the Gas Years in respect of which the annual capacity notification relates;

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(b) for each Gas Year, the Remaining Available NTS Exit (Flat) Capacity
for each NTS Exit Point to which the capacity notification relates.

2.3 In relation to any daily capacity invitation, National Grid NTS will carry out the allocation process provided for in paragraph 4 on one or more occasions, on the Day and/or the Preceding Day, subject to and as provided in the relevant provision of Section B3, on each such occasion within a period not exceeding sixty (60) minutes; and each such period is:

(a) in relation to capacity bids, a "**capacity allocation period**";

(b) in relation to capacity offers, a "**capacity selection period**".

2.4 In relation to any capacity invitation the reserve price for any Day in a Gas Year will be set out in, or otherwise established in accordance with, National Grid NTS's Transportation Statement.

3 Capacity bids, capacity offers and capacity applications

3.1 When submitting a capacity bid, a capacity offer or a capacity application a User shall specify:

(a) the identity of the User;

(b) whether the User is making a capacity bid, capacity offer or a capacity application;

(c) the class of NTS Exit Capacity subject to the bid, offer or a capacity application;

(d) the NTS Exit Point in respect of which the bid or offer is made;

(e) in the case of:

(i) an annual capacity application, the Gas Year or Gas Years,

(ii) a daily capacity bid or capacity offer, the Day in respect of which the bid, offer or capacity application is made;

(f) the amount (being not less than the minimum eligible amount) of NTS Exit (Flat) Capacity subject to the capacity bid, capacity offer or capacity application;

(g) the minimum amount (being not less than the minimum eligible amount) of NTS Exit (Flat) Capacity the User is willing to be allocated;

(h) in the case of a capacity bid, the amount ("**bid price**") in pence/kWh/Day, which shall not be less than the applicable reserve price, which the User is willing to pay by way of NTS Exit (Flat) Capacity Charges in respect of the NTS Exit (Flat) Capacity applied for;

(i) in the case of a capacity offer, the amount ("**offer price**") in pence/kWh/Day, which the User wishes to be paid in respect of the surrender of Daily NTS Exit (Flat) Capacity (which amount may be negative);

- (j) in the case of a capacity bid or capacity offer for Daily NTS Exit (Flat) Capacity, whether it is a fixed or reducing bid or offer.

3.2 A User may submit:

- (a) a capacity application in relation to an annual capacity notification during the Annual Application Window;
- (b) a capacity bid or capacity offer in relation to a daily capacity invitation (in relation to Day D):
 - (i) for NTS Exit (Flat) Capacity at any time from 06:00 hours on Day D-7 until:
 - (1) 00:00 hours on Day D for capacity bids;
 - (2) 02:00 hours on Day D for capacity offers;
 - (ii) for Off-peak Daily NTS Exit (Flat) Capacity at any time from 06:00 hours on Day D-7 until 14:00 hours on D-1

(provided that bids or offers submitted after the commencement of a capacity allocation period or capacity selection period will not participate in the relevant allocation).

3.3 In relation to:

- (a) an annual capacity notification, the capacity period and NTS Exit Point, a User may have, at any one time, no more than one (1) capacity application capable of acceptance by National Grid NTS;
- (b) a capacity invitation, the capacity period and NTS Exit Point, a User may have, at any one time, up to but no more than ten (10) capacity bids or capacity offers capable of acceptance by National Grid NTS.

3.4 A User may withdraw or modify:

- (a) a capacity application, at any time before the expiry of the Annual Application Window;
- (b) a daily capacity bid or capacity offer for Firm Daily NTS Exit (Flat) Capacity, at any time (at which such bid or offer has not been accepted) other than during a capacity allocation period or (as the case may be) capacity selection period; and where a User seeks to withdraw or modify a bid or offer during such a period, National Grid NTS will notify the User that a capacity allocation period or capacity selection period is current and National Grid NTS may, subject to paragraph 3.5, accept such capacity bid or capacity offer;
- (c) a daily capacity bid for Off-peak Daily NTS Exit (Flat) Capacity at any time up to but not after 14:00 hours on the Day preceding the relevant date.

3.5 In the case of a daily capacity bid or capacity offer which is a reducing bid or offer, a User may withdraw (but may not modify) such bid or offer after the hour bar next

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following the earliest effective time of the bid or offer.

- 3.6 National Grid NTS may reject any capacity bid, capacity offer or capacity application:
- (a) in the case of a capacity bid where the bid price is less than the relevant reserve price;
 - (b) where any of the applicable requirements of paragraphs 3.1, 3.2 and 3.3 is not complied with;
 - (c) where any of the applicable requirements of Section B3 is not complied with;
 - (d) in accordance with Section V3; or
 - (e) in the case of a daily capacity offer, in accordance with paragraph 3.10.
- 3.7 Not Used.
- 3.8 Not Used.
- 3.9 For the purposes of this Annex B-1, in relation to a daily capacity bid or daily capacity offer in relation to Daily NTS Exit (Flat) Capacity:
- (a) where such daily capacity bid or offer is specified to be:
 - (i) a **"fixed"** bid or offer, the amount of Daily NTS Exit (Flat) Capacity bid for or offered does not depend on the time (within the Day) with effect from which capacity is to be allocated in respect of the bid or offer;
 - (ii) a **"reducing"** bid or offer, the amount of Daily NTS Exit (Flat) Capacity bid for or offered, in relation to any allocation period or selection period, shall be determined as:
$$\text{DNEC} * \text{AH} / \text{EH}$$
 - (b) such daily capacity bid or offer is **"available"** in relation to a capacity allocation or selection period where:
 - (i) such bid or offer was submitted and not withdrawn prior to the start of such capacity allocation or selection period;
 - (ii) if the allocation effective time is later than 06:00 hours on the Gas Flow Day, the implied capacity rate is less than or equal to the available capacity rate; and
 - (iii) such bid or offer was not allocated or selected in any earlier capacity allocation or selection period;
 - (c) the **"earliest effective time"** is the later of:
 - (i) 06:00 hours on the Day; and
 - (ii) the first hour bar which falls more than sixty (60) minutes after the

capacity bid or offer was submitted;

(d) in relation to a capacity allocation or selection period:

(i) the "**allocation effective time**" is the time with effect from which Daily NTS Exit (Flat) Capacity is to be allocated pursuant to the acceptance of bids or offers during such capacity allocation or selection period, being the first hour bar which falls more than sixty (60) minutes after the start of the capacity allocation or selection period;

(ii) the "**available capacity rate**" is the rate (in kWh/hour) calculated as:

$$RA / AH$$

(iii) the "**implied capacity rate**" is the rate (in kWh/hour) calculated:

(1) in relation to a fixed bid or offer, as:

$$DNEC / AH$$

(2) in relation to a reducing bid or offer, as:

$$DNEC / EH$$

(e) for the purposes of this paragraph 3.9:

DNEC is the amount of Daily NTS Exit (Flat) Capacity specified in the bid or offer as submitted;

EH is the number of hours from the earliest effective time of such bid or offer until the end of the Day if the bid or offer were to be accepted;

AH is the number of hours from the allocation effective time until the end of the Day if the bid or offer were to be accepted;

RA is the relevant amount (as defined in paragraph 4.1(b)) of Daily NTS Exit (Flat) Capacity if the bid or offer were to be accepted;

(f) a daily capacity bid or daily capacity offer which is accepted in a capacity allocation or selection period shall be extinguished and no longer be available for the purposes of subsequent acceptance pursuant to paragraph 4.

3.10 Where the offer price in respect of a daily capacity offer is greater than 0.52pence/kWh/day National Grid NTS shall (in accordance with Special Condition C8E.1(g) of its Transporter's Licence) reject the offer where it is made in response to a requirement (in accordance with Section B3.3.8 and 3.3.9) that National Grid NTS take an Exit Constraint Management Action.

4 Allocation

4.1 For the purposes of this paragraph 4:

(a) references to NTS Exit (Flat) Capacity or the relevant NTS Exit (Flat) Capacity shall be construed in accordance with paragraph 1.6;

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- (b) in relation to a capacity invitation or annual capacity notification, the **"relevant"** amount of NTS Exit (Flat) Capacity is the amount of NTS Exit (Flat) Capacity subject to such capacity invitation or annual capacity notification (that is, available for allocation or required for selection), determined in accordance with the applicable provision of Section B3;
- (c) references to the allocation of NTS Exit (Flat) Capacity are references:
 - (i) in relation to capacity bids or capacity applications, to the allocation of amounts of NTS Exit (Flat) Capacity to Users pursuant to requests for capacity comprised in such capacity bids or capacity applications;
 - (ii) in relation to capacity offers, to the selection of amounts of NTS Exit (Flat) Capacity for surrender by Users pursuant to the offers of surrender comprised in such capacity offers;
- (d) **"eligible"** capacity bids, capacity offers or capacity applications are bids, offers or applications which were not rejected pursuant to paragraph 3.6 and (in the case of daily bids or offers) are available pursuant to paragraph 3.9(b).

4.2 In relation to each capacity invitation, NTS Exit (Flat) Capacity will be allocated pursuant to the capacity bids or capacity offers submitted as follows:

- (a) all eligible capacity bids or capacity offers submitted will be ranked in order of bid price (the highest priced ranking first) or as the case may be offer price (the lowest priced ranking first);
- (b) NTS Exit (Flat) Capacity will be allocated:
 - (i) to capacity bids in descending order, allocating NTS Exit (Flat) Capacity to the capacity bid with the highest bid price first; or
 - (ii) to capacity offers in ascending order, allocating NTS Exit (Flat) Capacity to the capacity offer with the lowest offer price first;

until such time as the amount of NTS Exit (Flat) Capacity allocated in aggregate is equal to the relevant amount of NTS Exit (Flat) Capacity or there are no further bids or offers to satisfy;

- (c) subject to paragraphs (d), (e) and (f), where the amount of relevant NTS Exit (Flat) Capacity applied for or offered under a capacity bid or offer exceeds the amount (the **"remaining unallocated amount"**) of the amount of NTS Exit (Flat) Capacity remaining unallocated after allocation to higher priced bids or lower priced offers, the User will be allocated an amount equal to the remaining unallocated amount;
- (d) subject to paragraphs (e) and (f), where each of two or more bids or offers (**"equal priced"** bids or offers) specifies the same bid price or offer price, and the amount of NTS Exit (Flat) Capacity bid or offered in aggregate under such bids or offers exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the amounts applied for or offered in each such bid or offer;
- (e) where the amount to be allocated in respect of a bid or offer pursuant to

paragraph (c) or (d) would be less than the minimum amount specified in the capacity bid or capacity offer, the bid or offer will be disregarded (and of no effect), and an allocation made in respect of the next priced bid(s) or offer(s) or (as the case may be) a revised allocation will be made to or between remaining equal priced bid(s) or offer(s) under paragraph (d); and

- (f) where the amount to be allocated in respect of any capacity bid or capacity offer would be less than the minimum eligible amount, no allocation shall be made to that bid or offer (and no further allocation shall be made).

4.3 In relation to an annual capacity notification, NTS Exit (Flat) Capacity will be allocated pursuant to eligible capacity applications submitted as follows:

- (a) subject to paragraph (b), where the aggregate amount of NTS Exit (Flat) Capacity applied for exceeds the Remaining Available NTS Exit (Flat) Capacity, the Remaining Available NTS Exit (Flat) Capacity plus such additional Annual NTS Exit (Flat) Capacity released by National Grid NTS in accordance with Section B3.4.2(c), shall be allocated to capacity pro rata the amounts applied for;
- (b) where the amount to be allocated in respect of a capacity application pursuant to paragraph (a) would be less than:
 - (i) the minimum amount specified in the capacity application; or
 - (ii) the minimum eligible amount

the capacity allocation will be disregarded (and of no effect) and an allocation made in respect of the remaining capacity applications.

4.4 Capacity bids and capacity offers will be accepted as to the amounts of NTS Exit (Flat) Capacity allocated to such bids and offers in accordance with paragraph 4.2 and capacity applications will be accepted as to the amounts of NTS Exit (Flat) Capacity allocated to such capacity applications in accordance with paragraph 4.3.

4.5 In relation to each capacity invitation or annual capacity notification, National Grid NTS will inform each User which of its capacity bids, capacity offers or capacity applications were accepted, and for what amounts of NTS Exit (Flat) Capacity:

- (a) in the case of an annual capacity notification, not later than ten (10) Business Days after the end of the Annual Application Window;
- (b) in the case of a daily capacity invitation, not later than one (1) hour after the capacity allocation or selection period in which such bids and offers were accepted.

5 Post allocation information

5.1 Following each:

- (a) capacity invitation, National Grid NTS will publish information, by the time specified (in respect of such invitation) in Table B-1 below, as follows:
 - (i) the class of NTS Exit Capacity and capacity period(s) to which the invitation related;

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- (ii) the invitation date (in the case of an annual invitation);
 - (iii) the start time or times of the capacity allocation or selection period(s), in the case of a daily invitation; and
 - (iv) in respect of each NTS Exit Point, each capacity period subject to such invitation, each invitation date and each capacity allocation or selection period (in the case of a daily invitation), the information specified (in respect of such capacity invitation) in Table B-1 below;
- (b) annual capacity notification, National Grid NTS will publish information, by the time specified (in respect of such notification) in Table B-1 below, as follows:
- (i) the capacity period(s) to which the annual capacity notification related;
 - (ii) in respect of each NTS Exit Point, each capacity period and each capacity allocation, the information specified (in respect of such annual capacity notification) in Table B-1 below;

5.2 The categories of information referred to in Table B-1 are as follows:

- (a) total bid/offer volume: the aggregate amount of NTS Exit (Flat) Capacity subject to bids, offers or applications received pursuant to the invitation or annual capacity notification;
- (b) total successful bid/offer volume: the aggregate amount of NTS Exit (Flat) Capacity allocated to bids, offers or applications which were accepted pursuant to the invitation or annual capacity notification;
- (c) highest successful bid/offer: the highest bid price or offer price of any accepted bid or offer, and the amount of NTS Exit (Flat) Capacity for which such bid or offer was accepted;
- (d) lowest successful bid/offer: the lowest bid price or offer price of any accepted bid or offer, and the amount of NTS Exit (Flat) Capacity for which such bid or offer was accepted;
- (e) total number of Users: the number of Users who submitted capacity bids, capacity offers or capacity applications;
- (f) total number of successful Users: the number of Users whose submitted capacity bids, capacity offers or capacity applications which were accepted;
- (g) unsold capacity: the amount of Remaining Available NTS Exit (Flat) Capacity (of the relevant class) following the allocation of NTS Exit (Flat) Capacity pursuant to the invitation or notification;
- (h) weighted average bid/offer price: the weighted average price of accepted bids or offers accepted, calculated in accordance with the formula in paragraph 5.3;
- (i) incremental quantity allocated: the amount of NTS Exit (Flat) Capacity allocated above the Baseline NTS Exit (Flat) Capacity; and

- (j) reductions: the aggregate amount of Enduring Annual NTS Exit (Flat) Capacity in respect of which Users gave notices of reduction in accordance with Section B3.2.15 and the aggregate amount of Enduring Annual NTS Exit (Flat) Capacity which Users ceased to be registered as holding in accordance with Section B3.2.20.

5.3 For the purposes of paragraph 5.2(h) the "**weighted average price**" in relation to any capacity invitation is calculated as:

$$\frac{\sum_{i=1}^n Q_i * P_i}{\sum_{i=1}^n Q_i}$$

where:

i represents each capacity bid or capacity offer accepted;

n represents the number of capacity bids or capacity offers accepted;

and where in relation to each accepted capacity bid or capacity offer (i):

Q_i is the amount of NTS Exit (Flat) Capacity allocated to each successful capacity bid or capacity offer; and

P is the bid price or offer price.

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TABLE B-1: INFORMATION TO BE PUBLISHED IN RESPECT OF CAPACITY INVITATIONS AND APPLICATIONS

Type of capacity invitation/ invitation date/notification	Time information to be published following allocation	Total bid/offer/application volume	Total successful bid/offer/application volume	Highest successful bid/offer (price and volume)	Lowest successful bid/offer (price and volume)	Total number of Users who submitted bid/offer or application	Total number of successful Users who submitted bid/offer or application	Unsold capacity	Weighted average bid/offer price	Incremental quantity allocated	Reductions
Enduring Annual NTS Exit (Flat) Capacity - July	Within 24 hours	Y	Y	N	N	Y	Y	N	N	Y	Y
Enduring Annual NTS Exit (Flat) Capacity – October to June	Within 10 days	N	N	N	N	N	N	N	N	Y	N
Annual NTS Exit (Flat) Capacity - July	Within 24 hours	Y	Y	N	N	Y	Y	Y	N	N	N
Daily NTS Exit (Flat) Capacity	Within 1 hour	N	Y	Y	Y	Y	Y	Y	Y	N	N
Daily Off-peak NTS Exit (Flat) Capacity	Within 1 Hour	Y	Y	Y	Y	Y	Y	N	Y	N	N
Capacity Surrender and Offtake Reduction Invitations	Within 1 hour	N	Y	Y	N	N	N	N	N	N	N

ANNEX B-2

OFFTAKE REDUCTION

1 Offtake Reduction Invitations

- 1.1 Where, in relation to an NTS Exit Constraint, National Grid NTS wishes to reduce the quantities of gas offtaken by Users at an NTS Exit Point in any period during a Day, National Grid NTS may invite offers (“**offtake reduction offers**”) from Users to reduce the offtake of gas at such NTS Exit Point, by issuing notice (“**offtake reduction invitation**”) of such invitation in accordance with paragraph 1.2.
- 1.2 An offtake reduction invitation shall specify:
- (a) the Day to which the invitation applies;
 - (b) the NTS Exit Point to which the invitation applies;
 - (c) the quantity (“**required reduction quantity**”, in kWh) for which offtake reduction offers are invited;
 - (d) the period (“**offtake reduction period**”) within which Users will be required to reduce the offtake of gas, defined by the times (each an exact hour) at which such period starts (which will not be earlier than two hours after the issue of the offtake reduction invitation) and ends;
 - (e) the time (“**offer submission deadline**”), being not less than fifteen (15) minutes after the issue of the offtake reduction invitation or sixty (60) minutes before the start of the offtake reduction period, by which offtake reduction offers may be submitted.
- 1.3 An offtake reduction invitation may be issued earlier than the start of the Day to which it relates.

2 Offtake reduction offers

- 2.1 Where National Grid NTS has issued an offtake reduction invitation for any Day in relation to a NTS Exit Point, Users may submit offtake reduction offers in accordance with paragraph 2.2.
- 2.2 An offtake reduction offer:
- (a) shall be submitted no later than the offer submission deadline;
 - (b) shall specify:
 - (i) the identity of the User;
 - (ii) the offtake reduction invitation and the NTS Exit Point in respect of which the offer is made;
 - (iii) the quantity of gas (“**offered reduction quantity**”), not being less than the minimum eligible amount, subject to the offer;

- (iv) the minimum quantity for which the User is willing to have the offer accepted;
 - (v) the amount (“**offer price**”) in pence/kWh which the User wishes to be paid in respect of the offered reduction in offtake.
- 2.3 In relation to any offtake reduction invitation, a User may submit up to but no more than ten (10) offtake reduction offers.
- 2.4 An offtake reduction offer may be withdrawn or modified up to, but not after, the offer submission deadline.
- 2.5 National Grid NTS may reject any offtake reduction offer where any of the requirements of paragraph 2.2 and 2.3 is not met, in accordance with the System Management Principles or where in National Grid NTS's opinion the NTS Exit Constraint will not be relieved (in whole or in part) by acceptance of the offtake reduction offer.

3 Selection

- 3.1 In relation to any offtake reduction invitation, National Grid NTS will select offtake reduction offers for acceptance (and allocate the required reduction quantity to such offers) as follows:
 - (a) all offtake reduction offers submitted will be ranked in order of offer price (the lowest priced ranking first);
 - (b) offtake reduction offers will be selected for acceptance in ascending order, selecting the offer with the lowest offer price first, until such time as the offered reduction quantities for which offers have been selected in aggregate is equal to the required reduction quantity or there are no further offers to satisfy;
 - (c) subject to paragraphs (d), (e) and (f), where the offered reduction quantity under an offtake reduction offer exceeds the amount (the "**remaining unallocated amount**") of the required reduction quantity remaining unallocated after the selection of lower priced offers, the offer will be selected as to a quantity equal to the remaining unallocated amount;
 - (d) subject to paragraphs (e) and (f), where each of two or more offers ("**equal priced**" offers) specifies the same offer price, and the offered reduction quantities in aggregate under such offers exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the offered reduction quantities in each such offer; and
 - (e) where the amount to be allocated in respect of an offtake reduction offer pursuant to paragraph (c) or (d) would be less than the minimum amount specified in the offer, the offer will be disregarded (and of no effect), and next priced offer(s) selected, or (as the case may be) a revised allocation will be made to or between remaining equal priced offer(s) under paragraph (d);
 - (f) where the amount to be allocated in respect of any offtake reduction offer would be less than the minimum eligible amount, no allocation shall be made to that offer (and no further allocation shall be made).
- 3.2 Offtake reduction offers selected in accordance with paragraph 3.1 will be accepted by

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- 3.3 Offtake reduction offers shall lapse to the extent not accepted pursuant to paragraph 3.2.
- 3.4 National Grid NTS will, not less than sixty (60) minutes before the start of the offtake reduction period, inform each User which of its offtake reduction offers were accepted, and for what quantities.

4 Submission of Revised OPNs

- 4.1 Where an offtake reduction offer in relation to an NTS Exit Point in respect of a Day is accepted the User shall, not less than thirty (30) minutes before the start of the offtake reduction period, submit revised OPN(s) in respect of the NTS Exit Point such that the requirement in paragraph 4.2 is satisfied.
- 4.2 The requirement in paragraph 4.1 is that the Offtake Reduction Period Quantity under the OPN(s) prevailing at the time of issue of the offtake reduction invitation exceeds the Offtake Reduction Period Quantity under the revised OPN(s) submitted in respect of the offtake reduction period by not less than the quantity for which the offtake reduction offer was accepted.
- 4.3 For the purposes of paragraph 4.2 the “**Offtake Reduction Period Quantity**” means the quantity of gas notified in the User's OPN(s) as being offtaken by the User from the NTS Exit Point during the offtake reduction period.
- 4.4 If a User fails to submit revised OPNs in compliance with paragraph 4.1 the offer price under the offtake reduction offer shall be deemed to be zero (and accordingly National Grid NTS shall not be required to make payment to the User in respect of the accepted offer).

5 Information

Following each offtake reduction invitation in relation to a Day, National Grid NTS will publish information as follows not later than sixty (60) minutes after acceptance of any offtake reduction offer:

- (a) the NTS Exit Point and the Day to which the invitation related;
- (b) the aggregate quantity for which offtake reduction offers were accepted; and
- (c) the highest offer price for which any offtake reduction offer was accepted.

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UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION C – NOMINATIONS

1 INTRODUCTION

1.1 Nominations

1.1.1 Users will nominate quantities of gas for delivery to and offtake from the Total System each Day in accordance with this Section C for the purposes of enabling National Grid NTS to plan and (subject to and in accordance with Section D) carry out the operation of the NTS and Operational Balancing.

1.1.2 For the purposes of the Code:

- (a) a "**Nomination**" is a nomination by a User in respect of a quantity of gas to be delivered to or offtaken from the Total System on a Day;
- (b) a "**Renomination**" is a Nomination which revises an earlier Nomination (including a Renomination) under paragraph 4, and includes a New Renomination (in accordance with paragraph 4.1.9(a)) and a Step Change Renomination (in accordance with paragraph 4.1.9(e));
- (c) an "**Output**" Nomination is a Nomination in respect of a quantity to be offtaken from the Total System;
- (d) an "**Input**" Nomination is a Nomination in respect of a quantity to be delivered to the Total System;
- (e) a "**Nomination Quantity**" is the quantity nominated for delivery or offtake in a User's prevailing Nomination;
- (f) the "**Nominated Quantity**" is the Nomination Quantity in a User's Nomination prevailing as at the end of the Gas Flow Day;
- (g) an "**Initial**" Nomination is the initial Nomination made or to be made before the Gas Flow Day (but does not include a New Renomination).

1.1.3 References in the Code to a Nomination prevailing at any time before or during the Gas Flow Day are to a Nomination as revised (in accordance with this Section C but not otherwise) up to that time.

1.1.4 For the purposes of the Code a Nomination is made by a User where the User has submitted a Nomination which has been approved or deemed to be approved by National Grid NTS in accordance with this Section C.

1.1.5 Each User shall use all reasonable endeavours to secure that (without prejudice to paragraphs 2.3.2 and 3.3.2) it makes Initial Nominations and (subject to the provisions of this Section C) Renominations in accordance with this Section C for the quantities in which and rates and times at which it intends or expects to deliver gas to or offtake gas from the Total System each Day.

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1.1.6 A User may make a Nomination for a quantity of zero (but paragraph 1.1.5 does not require such a Nomination to be made in any case).

1.1.7 For the avoidance of doubt, Users are not required to submit nominations to National Grid NTS (or any other Transporter) in respect of gas flows on a Day at a NTS/LDZ Offtake.

1.2 Nomination Timetable

The "**DM Output Nomination Time**", "**NDM Output Nomination Time**", "**Input Nomination Time**" and "**Renomination Start Time**" in relation to the Gas Flow Day shall be the following respective times on the Preceding Day:

DM Output Nomination Time:	13:00
NDM Output Nomination Time:	14:00
Input Nomination Time:	14:30
Renomination Start Time:	15:00

1.3 Nomination balancing

Without prejudice to Section F2, the aggregate quantities of gas nominated by a User's Input Nominations and Output Nominations for a Day need not be equal.

1.4 Supply Point Groups

1.4.1 For the purposes of the Code, for each User in relation to each Exit Zone:

(a) the "**DMA(F) Supply Point Group**" is all of its Registered Firm DMA Supply Points ~~Components~~ in aggregate in that Exit Zone;

(b) the "**DMA(I) Supply Point Group**" is all of its Registered Interruptible DMA Supply Points ~~Components~~ in aggregate in that Exit Zone;

(c) the "**NDM Supply Point Group**" is all of its Registered NDM Supply Points ~~Components~~ in aggregate in that Exit Zone.

1.4.2 "**DMA Supply Point Group**" means a DMA(F) Supply Point Group or a DMA(I) Supply Point Group, and "**Supply Point Group**" means an NDM Supply Point Group or a DMA Supply Point Group.

1.5 NDM Output Nominations

1.5.1 In respect of each Day National Grid NTS will, subject to paragraph 4.2.2, on the basis of the daily demand forecasts under Section H5:

(a) for each User determine in accordance with Section H2 the aggregate of the NDM Supply Point Demands for all Registered NDM Supply Points in each Exit Zone; and

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- (b) not later than each Demand Forecast Time (in accordance with Section H5):
 - (i) make or revise on behalf of each User an Output Nomination ("**NDM Output Nomination**") in respect of each NDM Supply Point Group; and
 - (ii) notify to each User the Nomination Quantity under each of its NDM Output Nominations or Renominations so made.

1.5.2 The Nomination Quantity under an NDM Output Nomination (including a Renomination thereof) for a User in respect of an NDM Supply Point Group will be the aggregate of the NDM Supply Meter-Point Demands for all Registered NDM Supply Points-Components in that Exit Zone, determined in accordance with paragraph 1.5.1(a).

1.5.3 The CSEP Network Exit Provisions may provide for Output Nominations in respect of a relevant Unmetered Connected System Exit Point to be treated (for such purposes of the Code as are specified in the CSEP Network Exit Agreement) as NDM Output Nominations (and references in the Code to NDM Output Nominations shall be construed accordingly).

1.6 Calorific value information

1.6.1 Not later than 11:00 hours on the Gas Flow Day the Transporter will make available to Users:

- (a) the calorific value applicable (in accordance with GT Section C3.3.1) in respect of each relevant LDZ for the Preceding Day;
- (b) the Transporter's prevailing estimate of the calorific value applicable (in accordance with GT Section C3.3.1) in respect of each relevant LDZ for the Gas Flow Day.

1.6.2 If having failed to comply with paragraph 1.6.1(a) and (b) on any Day, the Transporter does not make available to Users the information in that paragraph by 16:00 on the Gas Flow Day, the Transporter will pay to each User with an associated UDQO in respect of Supply Point(s) in the relevant LDZ on the Preceding Day the amount of £50.

1.6.3 Where within 12 calendar months of making information available to Users pursuant to paragraph 1.6.1(a) the Transporter becomes aware that such information is incorrect, the Transporter will recalculate such information for each day during the affected period and make it available to Users within 5 Business Days of the recalculation being complete.

1.6.4 Where the Transporter fails to comply with the provisions of paragraph 1.6.3 above, the Transporter will make a payment to each User with an associated UDQO in respect of Supply Point(s) in the relevant LDZ during the relevant period of the amount of £250.

1.6.5 For the purposes of Section V10, the rules in paragraphs 1.6.2 and 1.6.4 are Compensation Rules within Compensation Group B; and in relation thereto the "**payment month**" is the second month following the month in which the relevant information is made available to the User pursuant to paragraph 1.6.3.

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1.7 UK Link set-up

Before first submitting a Nomination in respect of any System Point a User must comply with the requirements set out in the UK Link Manual for establishing (for the purposes of UK Link) the User as a user of the relevant System at that System Point.

1.8 Implied Nomination Flow Rate

In respect of any Nomination the "**Implied Nomination Flow Rate**" is the rate (in kWh/ hour) determined as:

- (a) in the case of a Nomination which is not a Renomination, the Nomination Quantity divided by 24;
- (b) in the case of a New Renomination, the Nomination Quantity divided by the period (in hours) from the Renomination Effective Time to the end of the Gas Flow Day;
- (c) in the case of any other Renomination, the Implied Nomination Flow Rate in respect of the Nomination prevailing immediately prior to such Renomination plus (where the Renomination increased the Nomination Quantity) or minus (where the Renomination decreased the Nomination Quantity) an incremental hourly rate determined as the Renomination Quantity divided by the period (in hours) from the Renomination Effective Time to the end of the Gas Flow Day.

1.9 Hour-bar assumption

1.9.1 For the purposes of the Code it shall be assumed that any change in the rate of delivery of gas to or offtake of gas from the Total System by a User will occur on the hour.

1.9.2 The Renomination Effective Time of any Renomination shall be in accordance with paragraph 1.9.1.

1.10 Nomination Approval

Where under this Section C a Nomination (other than an NDM Output Nomination) is approved or deemed to be approved by National Grid NTS:

- (a) the Nomination Quantity under such Nomination shall not subsequently be revised (other than by the User in accordance with this Section C);
- (b) subject to paragraph (a), such approval or deemed approval shall not amount to a waiver by National Grid NTS of any failure of the Nomination to comply with any requirement of this Section C.

1.11 DNO Users

In this Section C references to Users exclude DNO Users other than a DNO User in its capacity as an LDZ Shrinkage Provider.¹

2 OUTPUT NOMINATIONS

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.12.

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2.1 Basis of nominations

A User nominating quantities of gas for offtake on the Gas Flow Day from the Total System shall make Output Nominations subject to and in accordance with this paragraph 2.

2.2 Procedure and restrictions

2.2.1 The User shall submit a separate Output Nomination ("**DM Output Nomination**") in respect of:

- (a) each Connected System Exit Point;
- (b) each Registered DMC Supply Point-~~Component~~;
- (c) each DMA(F) Supply Point Group;
- (d) each DMA(I) Supply Point Group.

2.2.2 Each DM Output Nomination shall specify:

- (a) the Gas Flow Day;
- (b) the identity of the User;
- (c) the System Exit Point, or (in the case of a DMA Supply Point Group) the Exit Zone; and
- (d) the quantity of gas nominated for offtake.

2.2.3 A User shall not submit a DM Output Nomination:

- (a) in respect of an NTS System Exit Point at which, under the prevailing Maintenance Programme, gas is not to be available for offtake from the relevant System on the Gas Flow Day; or
- (b) in respect of a relevant Connected System Exit Point or (subject to paragraph 2.2.5) DMC Supply Point-~~Component~~, if the Implied Nomination Flow Rate exceeds:
 - (i) in the case of a DMC Supply Point-~~Component~~, the Supply Point Offtake Rate pursuant to Section G;
 - (ii) in the case of a relevant Connected System Exit Point, any limit specified in the CSEP Network Exit Provisions for the purposes of this paragraph 2.2.3.

2.2.4 The relevant provisions of the CSEP Network Exit Provisions shall apply in addition to and (where in conflict with) instead of the provisions of this Section C as respects Output Nominations in respect of a Connected System Exit Point.

2.2.5 In relation to a DMC Supply Point-~~Component~~ which comprises a Shared Supply Meter Point(s), paragraph 2.2.3(b)(i) shall apply only if the aggregate of the Implied

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Nomination Flow Rates exceeds the aggregate of the Supply Point Offtake Rates in respect of all of the DMC Supply Points ~~Components~~ which comprise the same Shared Supply Meter Point(s).

2.2.6 If in respect of a System Exit Point, a User has not made a DM Output Nomination in respect of the Gas Flow Day, the User shall be deemed to have made a DM Output Nomination of zero at the Relevant Output Nomination Time.

2.3 Timing

2.3.1 Initial DM Output Nominations may be submitted no earlier than 30 Days before the Gas Flow Day and no later than the Relevant Output Nomination Time.

2.3.2 Initial DM Output Nominations will not be treated as made before the Relevant Output Nomination Time; and Users may, up to but (subject to paragraph 4) not after the Relevant Output Nomination Time, amend or replace Initial DM Output Nominations already submitted.

2.3.3 The "**Relevant Output Nomination Time**" is:

- (a) in respect of a Storage Connection Point the Input Nomination Time;
- (b) except as provided in paragraph (a), the DM Output Nomination Time.

2.4 Nomination approval or rejection

2.4.1 National Grid NTS may reject or (in its discretion) approve a DM Output Nomination which is not submitted in accordance with, or does not comply with:

- (a) the requirements in paragraph 2.2; or
- (b) the requirements in paragraph 2.3.1.

2.4.2 National Grid NTS will not approve or reject Initial DM Output Nominations before the Relevant Output Nomination Time.

2.4.3 If in respect of any System Exit Point:

- (a) a User has not submitted an Initial DM Output Nomination by the Relevant Output Nomination Time; or
- (b) National Grid NTS has rejected an Initial DM Output Nomination submitted by a User,

the User shall have failed to make a Nomination (but without prejudice to any New Renomination) and (where relevant) the provisions of Section E4 as to Unauthorised Gas Flows shall apply.

2.4.4 An Initial DM Output Nomination submitted to National Grid NTS which has not been rejected (in accordance with paragraph 2.4.1) within 60 minutes after the Relevant Output Nomination Time shall be deemed to have been approved.

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2.5 NDM Output Nominations

- 2.5.1 Output Nominations in relation to NDM Supply Point Groups will be made in accordance with paragraph 1.5, and deemed for the purposes of paragraph 1.1.4 to be made by the User; and the User shall not submit such Nominations.
- 2.5.2 In accordance with paragraph 1.5, National Grid NTS will notify to each User its Initial NDM Output Nominations no later than the NDM Output Nomination Time.

3 INPUT NOMINATIONS

3.1 Basis of nominations

- 3.1.1 A User nominating quantities of gas for delivery to the Total System on the Gas Flow Day shall make Input Nominations subject to and in accordance with this paragraph 3.

3.2 Procedure and restrictions

- 3.2.1 The User shall submit a separate Input Nomination in respect of each System Entry Point.
- 3.2.2 Each Input Nomination shall specify:
 - (a) the Gas Flow Day;
 - (b) the identity of the User;
 - (c) the System Entry Point;
 - (d) the quantity of gas nominated for delivery; and
 - (e) either the volume or the calorific value of the gas to be delivered.
- 3.2.3 A User shall not submit an Input Nomination in respect of a NTS System Entry Point at which, under the prevailing Maintenance Programme, gas is not to be delivered to the Total System on the Gas Flow Day.
- 3.2.4 If in respect of a System Entry Point located on the NTS, a User has not made an Input Nomination in respect of the Gas Flow Day, the User shall be deemed to have made an Input Nomination of zero at the relevant Input Nomination Time.

3.3 Timing

- 3.3.1 Initial Input Nominations may be submitted no earlier than 30 Days before the Gas Flow Day and no later than the Input Nomination Time.
- 3.3.2 Initial Input Nominations will not be treated as made before the Input Nomination Time; and Users may, up to but (subject to paragraphs 4 and 5) not after the Input Nomination Time, amend or replace Initial Input Nominations already submitted.

3.4 Approval and rejection

- 3.4.1 National Grid NTS may reject or (in its discretion) approve an Input Nomination:

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- (a) which is not submitted in accordance with, or does not comply with, the requirements in paragraph 3.2, or which specifies a calorific value, or a volume which implies a calorific value, which is not in compliance with the applicable Gas Entry Conditions in accordance with Section I2.4;
 - (b) which is not submitted in accordance with, or does not comply with, the requirements in paragraph 3.3.1.
- 3.4.2 National Grid NTS will not approve or reject Initial Input Nominations before the Input Nomination Time.
- 3.4.3 If in respect of any System Entry Point:
- (a) a User has not submitted an Initial Input Nomination by the Input Nomination Time; or
 - (b) National Grid NTS has rejected an Initial Input Nomination submitted by a User,
- the User shall have failed to make a Nomination (but without prejudice to any New Renomination) and (where relevant) the provisions of Section E4 as to Unauthorised Gas Flows shall apply.
- 3.4.4 An Initial Input Nomination submitted to National Grid NTS which has not been rejected (in accordance with paragraph 3.4.1) within 60 minutes after the Input Nomination Time shall be deemed to have been approved.

4 RENOMINATION

4.1 General

- 4.1.1 A User may not withdraw or, except as provided in paragraph 4.1.2, revise or replace an Output Nomination after the Relevant Output Nomination Time or an Input Nomination after the Input Nomination Time.
- 4.1.2 Subject to paragraph 4.1.3, a Nomination may be revised by a Renomination.
- 4.1.3 A User shall not be entitled to make a Renomination:
- (a) (except in the case of a New Renomination) in respect of a System Point in respect of which the User has not made an earlier Nomination;
 - (b) earlier than the Renomination Start Time, or later than 04:00 hours on the Gas Flow Day;
 - (c) in the circumstances in Section D2.3.4;
 - (d) if the Implied Nomination Flow Rate (in the case of a Step Change Renomination in respect of any hour of the Day) is less than zero.
- 4.1.4 Without prejudice to Section I3.10.3, a User shall secure that it has not made a Renomination in respect of a System Entry Point under which the Implied Nomination Flow Rate exceeds 1/24 of the User's Available NTS Entry Capacity.

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- 4.1.5 A Renomination shall be submitted in accordance with paragraph 2.2 or 3.2 (as appropriate), and shall in addition specify:
- (a) (except in the case of a New Renomination) the previous Nomination in respect of which it is made; and
 - (b) the Renomination Effective Time (in compliance with paragraph 4.1.9).
- 4.1.6 National Grid NTS may reject or approve a Renomination in accordance with paragraph 2.4.1(a) or 3.4.1(a); and where National Grid NTS rejects a Renomination the prevailing Nomination (if any) shall remain in place.
- 4.1.7 A Renomination submitted to National Grid NTS which has not been rejected (in accordance with paragraph 4.1.6):
- (a) within 60 minutes after it was submitted; or
 - (b) in the case of a VLDMC Supply Point ~~Component~~ or a relevant Connected System Exit Point only, by the Renomination Effective Time, if earlier
- shall be deemed to have been approved as respects paragraph 2.4.1(a) or 3.4.1(a).
- 4.1.8 An approved Renomination (other than a New Renomination) shall replace the previous Nomination (but without prejudice to the application of this Section C in respect of the previous Nomination until the Renomination Effective Time).
- 4.1.9 For the purposes of the Code:
- (a) a "**New Renomination**" is an original Nomination in accordance with paragraph 4.1.11;
 - (b) the "**Renomination Quantity**" in respect of a Renomination is the amount by which the Nomination Quantity under an earlier Nomination was revised by such Renomination or, in the case of a New Renomination, the Nomination Quantity;
 - (c) the "**Renomination Effective Time**" in respect of a Renomination (other than an NDM Output Nomination) is the time (within the Gas Flow Day) with effect from which the change in gas flow rate (at the relevant System Point) in respect of which the Renomination is made is to occur.
 - (d) a "**Step Change Renomination**" is a Renomination which specifies the Nomination Quantity for each remaining hour of the Day.
- 4.1.10 The Renomination Effective Time of a Renomination shall:
- (a) in the case of a System Point other than a VLDMC Supply Point ~~Component~~
 - (b) or a relevant Connected System Exit Point, be not less than 60 minutes;
 - (c) in the case of a VLDMC Supply Point ~~Component~~ or a relevant Connected System Exit Point, be not less than 15 minutes

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after the time at which the Renomination is submitted (and shall in addition comply with paragraph 1.9.2).

4.1.11 Where a User has not made an earlier:

(a) Input Nomination for the Gas Flow Day in respect of a System Entry Point the User may make an original Input Nomination; or

(b) Output Nomination for the Gas Flow Day in respect of a DMC Supply Point Component, an eligible Connected System Exit Point or DMA Supply Point Component, the User may make an original Output Renomination (in respect thereof)

for a Nomination Quantity determined by the User.

4.2 Renominations: Output Nominations

4.2.1 With effect from each Demand Forecast Time (after the NDM Output Nomination Time):

(a) National Grid NTS will by making a Renomination revise on behalf of each User its NDM Output Nomination for each NDM Supply Point Group in accordance with paragraph 1.5;

(b) each User's NDM Output Nomination in respect of each relevant Unmetered Connected System Exit Point shall be revised in accordance with the applicable CSEP Network Exit Provisions.

4.2.2 A User may (subject to paragraph 4.1.3) make a Step Change Renomination.

4.2.3 Users are required to make Renominations in respect of Supply Points in respect of which the Transporter requires or ceases to require Interruption under Section G6.8.

4.3 Renomination review

4.3.1 National Grid NTS shall not be required to determine whether a Renomination when made complies with the requirements of this paragraph 4 or Section I3.10, and may accept a non-compliant Renomination, but National Grid NTS may reject a Renomination which does not so comply.

4.3.2 National Grid NTS will, after the Gas Flow Day, keep under review (on a sample basis) Renominations made by Users; and (without prejudice to any other entitlement of National Grid NTS under the Code) where it appears to National Grid NTS that a User may have made one or more Renominations which materially or persistently failed to comply with the requirements of this paragraph 4 or Section I3.10:

(a) National Grid NTS will invite the User to provide to National Grid NTS reasonable evidence that the Renomination(s) were compliant, and/or to provide to National Grid NTS such information as the User may (in the light of paragraph (b)) wish;

(b) if National Grid NTS is not thereby reasonably satisfied that the User did not materially or persistently fail to comply with the requirements of this paragraph

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4 or Section I3.10, National Grid NTS will submit to the Authority a report identifying the User and containing details of the possible failure to comply together with any information provided by the User under paragraph (a); and

- (c) National Grid NTS will not be required to take any further action in respect of the possible failure to comply.

5 TRADE NOMINATIONS

5.1 Basis of Trade Nominations

5.1.1 Where two Users, or (in accordance with paragraph 5.3) National Grid NTS and a User, agree to do so, they may make in respect of any Day corresponding nominations (respectively a "**Disposing Trade Nomination**" and an "**Acquiring Trade Nomination**") for the purposes of paragraph 5.1.3, subject to and in accordance with this paragraph 5.

5.1.2 The quantities subject to a Disposing Trade Nomination and an Acquiring Trade Nomination (each a "**Trade Nomination**") must be equal.

5.1.3 The quantity ("**Trade Nomination Quantity**") subject to corresponding Trade Nominations will (in accordance with Section E5) be:

- (a) deducted in determining the Daily Imbalance of the User making the Disposing Trade Nomination; and
- (b) added in determining the Daily Imbalance of the User making the Acquiring Trade Nomination.

5.1.4 For the purposes of the Code (and without prejudice to any terms as between Users, with which National Grid NTS shall not be concerned) a Trade Nomination shall have no other effect than under paragraph 5.1.3.

5.1.5 A User may make a Trade Nomination irrespective of whether the User makes any Input Nomination or Output Nomination for the Day in respect of which the Trade Nomination is made.

5.1.6 For the purposes of the Code a Trade Nomination is made by a User where the User has submitted a Trade Nomination which has not been rejected by National Grid NTS in accordance with this Section C.

5.2 Content, timing and procedure

5.2.1 A Trade Nomination shall specify:

- (a) the Gas Flow Day;
- (b) the identity of the User;
- (c) whether it is a Disposing Trade Nomination or an Acquiring Trade Nomination;
- (d) the identity of the User making the corresponding Trade Nomination; and

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- (e) the Trade Nomination Quantity.
- 5.2.2 A Trade Nomination may not be made:
- (a) earlier than 30 Days before the Gas Flow Day;
 - (b) later than 04:00 hours on the Gas Flow Day.
- 5.2.3 A Trade Nomination shall not be effective and shall be rejected by National Grid NTS:
- (a) if it does not comply with paragraph 5.2.1;
 - (b) if the corresponding Trade Nomination is not submitted, in compliance with paragraph 5.2.1:
 - (i) where the first Trade Nomination was submitted before the Gas Flow Day, by 07:00 hours on the Gas Flow Day;
 - (ii) otherwise, within 60 minutes before or after the first Trade Nomination was made;
 - (c) if the Trade Nomination Quantity and the quantity subject to the corresponding Trade Nomination are not equal;
 - (d) in accordance with Section V3.
- 5.2.4 A Trade Nomination may be withdrawn by the User who submitted it at any time before the Gas Flow Day, but may not be amended or withdrawn within the Gas Flow Day (but without prejudice to any subsequent Trade Nomination).

5.3 System Trade Nominations

- 5.3.1 Where National Grid NTS and a User (a "**System Trade User**") so agree, they may make corresponding Trade Nominations ("**System Trade Nominations**").
- 5.3.2 The Trade Nomination Quantity pursuant to a System Trade Nomination shall be deemed to be sold and purchased pursuant to a System Clearing Contract:
- (a) which shall arise upon the System Trade Nominations becoming effective and which shall be deemed fully performed;
 - (b) for the purposes of which:
 - (i) where the System Trade User made the Disposing Trade Nomination, National Grid NTS is buyer and the System Trade User is seller;
 - (ii) where the System Trade User made the Acquiring Trade Nomination, National Grid NTS is seller and the System Trade User is buyer;
 - (c) in relation to which there shall be no Clearing Price (as the System Trade Contract is effective pursuant to the agreement between National Grid NTS and the User to make the System Trade Nominations).

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- 5.3.3 In relation to the System Trade User, the Trade Nomination Quantity pursuant to a System Trade Nomination shall be treated in accordance with paragraph 5.1.3.
- 5.3.4 National Grid NTS may agree with the System Trade User that the Trade Nomination to be made by National Grid NTS shall (for the purposes of paragraph 5.2) be deemed to be submitted at the same time as that to be submitted by the System Trade User.

6 CLASS A CONTINGENCIES

6.1 Class A Contingencies

- 6.1.1 During the period of a Class A Contingency, Nominations, Renominations and Trade Nominations will be made in respect of each relevant day as an aggregate figure, and will be processed in accordance with the relevant Contingency Procedures.

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UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

**SECTION D – OPERATIONAL BALANCING AND TRADING
ARRANGEMENTS**

1 INTRODUCTION

1.1 Operational Balancing

1.1.1 For the purposes of the Code, "**Operational Balancing**" means maintaining:

- (a) both during and at the end of each Gas Flow Day; and
- (b) within such operational tolerance as National Grid NTS may determine; and
- (c) after taking account of estimated shrinkage and intended changes in NTS Linepack and LDZ stock; and
- (d) having regard to all Transportation Constraints and other factors relevant to the operation of the Total System

the balance between the quantities of gas respectively delivered to and offtaken from the Total System; and references to an "**Operational Balance**" shall be construed accordingly.

1.1.2 For the purposes of Operational Balancing (and without prejudice to Section Q) National Grid NTS may:

- (a) utilise Operating Margins in accordance with Section K; and/or
- (b) take Eligible Balancing Actions in accordance with this Section D.

1.1.3 For the purposes of the Code an "**Operational Balancing Requirement**" is any requirement for Operational Balancing Steps to be taken; and "**Operational Balancing Steps**" are steps taken by National Grid NTS pursuant to the Code for the purposes of Operational Balancing.

1.1.4 It is acknowledged that the measures referred to in paragraph 1.1.2 are among the measures which are specified in the statement prepared by National Grid NTS pursuant to Special Condition C5(5) of National Grid NTS's Transporter's Licence, and that such statement does not form a part of and is not incorporated into, and is not binding upon National Grid NTS pursuant to, the Code.

1.2 Operational Balancing Requirements

1.2.1 Without prejudice to the generality of paragraph 1.1.1, an Operational Balancing Requirement may arise:

- (a) where the quantities of gas expected to be delivered to the NTS over the whole of the Gas Flow Day are more or less (after taking account of NTS shrinkage and any intended changes in NTS Linepack) than those expected to be offtaken from the NTS over the whole of that Day;
- (b) irrespective of whether the circumstances in paragraph (a) apply, where at any

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time within the Gas Flow Day (by reason of differences in the times and/or rates at which gas is delivered to and offtaken from the NTS) pressures in the NTS and/or NTS Linepack are or are expected to be more or less than the operationally acceptable limit determined by National Grid NTS.

- 1.2.2 Operational Balancing Steps taken for any Day in the circumstances in paragraph 1.2.1(b) may of themselves give rise to an Operational Balancing Requirement (for the same Day) under paragraph 1.2.1(a).
- 1.2.3 Subject to the provisions of Section C, National Grid NTS will accept a Renomination for any Renomination Effective Time, irrespective of whether an Operational Balancing Requirement under paragraph 1.2.1(b) may arise as a result.

1.3 Operational Balancing decisions

- 1.3.1 In making decisions as to the taking of Operational Balancing Steps, National Grid NTS will and shall be entitled to take into account such information as it shall judge appropriate, including:

- (a) its own estimates of demand and profiles of demand within the Day;
- (b) Nomination Information under Output Nominations (including Renominations pursuant to Interruption of Interruptible Supply Points ~~Components~~ and Constrained Storage Renominations); and, in respect of NExA Supply Meter Points and Connected System Exit Points, information provided pursuant to Section J4, J5 or J6 and the applicable Network Exit Provisions; and similar information provided to National Grid NTS pursuant to any other transportation arrangement;
- (c) Nomination Information under Input Nominations; and
- (d) Local Operating Information.

- 1.3.2 "**Nomination Information**" means information, concerning the rates at and quantities in which gas is to be delivered to or offtaken from the Total System, which is provided under or can be inferred from Users' Nominations (including Renominations), System Trade Nominations and Transaction Details.

- 1.3.3 Without prejudice to National Grid NTS's entitlement (under paragraph 1.3.1) to take account of such information as it judges appropriate, where after any Renomination is made there is any inconsistency (outside such tolerance as National Grid NTS may reasonably determine to be appropriate) between Nomination Information and Local Operating Information in respect of any System Entry Point:
 - (a) National Grid NTS may view Nomination Information as decreasingly reliable, and Local Operating Information as increasingly reliable, with the passage of time (during the Gas Flow Day) after the relevant Renomination;
 - (b) to the extent that Nomination Information proves to have been more accurate than any Local Operating Information on which National Grid NTS may have relied, an additional Operational Balancing Requirement may arise.

1.4 Eligible Balancing Actions

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1.4.1 For the purposes of the Code.

- (a) **"Eligible Balancing Actions"** are:
 - (i) Market Balancing Actions;
 - (ii) other actions provided for in the Code to be 'Eligible Balancing Actions';
- (b) the **"Market Balancing Action Charge"** is the amount payable by or to National Grid NTS in respect of a Market Balancing Action;
- (c) a **"Market Balancing Action"** is a Market Balancing Buy Action or a Market Balancing Sell Action.
- (d) a **"Market Balancing Buy Action"** is the effecting of a Balancing Transaction between National Grid NTS and a User, pursuant to which the User agrees to make a Disposing Trade Nomination;
- (e) a **"Market Balancing Sell Action"** is the effecting of a Balancing Transaction between National Grid NTS and a User, pursuant to which the User agrees to make an Acquiring Trade Nomination;
- (f) **"Market Balancing Action Quantity"** is the Trade Nomination Quantity in respect of a Market Balancing Action;
- (g) **"NTS Linepack"** is, for a Day, the volume of gas within the National Transmission System (ascertained in accordance with the principles set out in the statement prepared by National Grid NTS pursuant to Special Condition C5(5) of National Grid NTS's Transporter's Licence);
- (h) **"Balancing Transaction"** is a Market Transaction or a Non-Trading System Transaction;
- (i) **"Balancing Transaction Charge"** is a Market Transaction Charge or a Non-Trading System Transaction Charge; and
- (j) **"Balancing Action Offer Price"** is the Market Offer Price or Non-Trading System Offer Price (as the case may be) in respect of a Balancing Transaction.

1.4.2 National Grid NTS will maintain a record (which, without prejudice to any other provision of the Code, will not be available to Users) of each Eligible Balancing Action taken.

1.4.3 For the purposes of the Code:

- (a) the **"highest Market Offer Price"** is either the highest Market Offer Price or highest Non-Trading System Offer Price for the Gas Flow Day in question; and
- (b) the **"lowest Market Offer Price"** is either the lowest Market Offer Price or lowest Non-Trading System Offer Price for the Gas Flow Day in question.

1.5 Localised Transportation Deficit

1.5.1 Where after 24:00 hours on the Preceding Day it appears to National Grid NTS that a

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Localised Transportation Deficit, Transportation Constraint, Entry Capability Shortfall or Firm Capacity Shortfall is likely to arise or has arisen, National Grid NTS may take (at such times as it judges operationally appropriate) Market Balancing Buy Action(s) and/or Market Balancing Sell Action(s) as required at relevant System Point(s) with a view to gas flow rates at such System Points being increased or (as the case may be) decreased so as to avoid or remedy the Localised Transportation Deficit, Transportation Constraint, Entry Capability Shortfall or Firm Capacity Shortfall.

1.5.2 In paragraph 1.3 references to Operational Balancing shall be construed as including the taking of Market Balancing Buy Actions or Market Balancing Sell Actions by National Grid NTS under paragraph 1.5.1 and Market Balancing Sell Actions or Market Balancing Buy Actions taken as a consequence with a view to maintaining an Operational Balance and references to Operational Balancing Steps and Operational Balancing Requirements will be construed accordingly.

1.5.3 For the purposes of the Code a "**Localised Transportation Deficit**" is a condition affecting a part of the NTS resulting in a deficiency in the quantities of gas which National Grid NTS is able to make available for offtake from that part of the NTS whether such condition results from the size of any part of the NTS, the operation or failure to operate any part of the NTS or the extent or distribution of supply or demand in any part of the NTS but which does not result from a Transportation Constraint affecting a particular System Entry Point or System Entry Points.

1.6 Emergencies

In a Network Gas Supply Emergency the provisions of this Section D, shall apply to the extent provided by Section Q.

1.7 Scottish Independent Networks

1.7.1 References in this Section D to the NTS do not include references to the Scottish Independent Networks.

1.7.2 Injection of gas to LNG Facilities for the purposes described in Section B1.9.2 will take place only at certain times of the year and not at a uniform rate through the year; and accordingly quantities delivered by Users to the Total System with a view to balancing the quantities offtaken from the Scottish Independent Networks will at certain times of the year exceed, and at others be less than, the quantities offtaken from the Total System for injection into LNG Facilities for such purposes.

1.7.3 National Grid NTS will manage and account for the differences in quantities referred to in paragraph 1.7.2 as changes in NTS Linepack (potentially giving rise to or contributing to Operational Balancing Requirements) each Day; and will not be treated as a User of the NTS in so doing.

1.7.4 In accordance with paragraph 1.7.3, Storage Injection Nominations made by the Transporter for the purposes referred to in paragraph 1.7.2 will not take effect as Output Nominations.

1.8 DNO Users

In this Section D references to Users exclude DNO Users other than a DNO User in its

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capacity as an LDZ Shrinkage Provider.¹

2 TRADING ARRANGEMENTS

2.1 On the Day Market

2.1.1 Where National Grid NTS appoints a person who has established a market for the purposes referred to in Standard Special Condition A11(22A and 22B), inserted by Special Condition C6 of National Grid NTS's Transporter's Licence, National Grid NTS will make arrangements with such person pursuant to which such person will provide and operate an electronic trading system by means of which Users and National Grid NTS may (if they have been admitted by such person as participants in such system) post and accept (and revise and withdraw) offers to effect Market Transactions.

2.1.2 Without prejudice to the provisions of Section V4, provided such person has complied with the relevant requirements of Section V2, National Grid NTS will admit the Trading System Clearer as a User pursuant to Section V2.5.1 for the purposes only of making Trade Nominations (including System Trade Nominations) pursuant to Section C5.

2.1.3 For the purposes of the Code:

- (a) **"Trading System"** is an electronic trading system provided and operated by the Trading System Operator for the purposes described in paragraph 2.1.1; provided that references to the Trading System shall not include any part of such system by means of which transactions other than Market Transactions may be effected, or by means of which Market Transactions (other than Multi-Day Balancing Transactions) may be effected earlier than the 12:00 hours on the Day before the Gas Flow Day;
- (b) **"Trading System Operator"** is the person providing and operating the system referred to in paragraph (a);
- (c) **"Trading System Clearer"** is the Trading System Operator, or a person designated by the Trading System Operator to provide clearing services for the purposes of the Trading System;
- (d) **"Trading System Arrangements"** are the arrangements including the rules for use of the Trading System made by the Trading System Operator in respect of the provision and operation of the Trading System;
- (e) **"Trading System Contract"** is the contract between National Grid NTS and the Trading System Operator setting out the arrangements made by National Grid NTS for the purposes of paragraph 2.1.1.

2.1.4 The requirement to make arrangements in paragraph 2.1.1 is without prejudice to National Grid NTS's rights of termination pursuant to the Trading System Contract and National Grid NTS shall not be in breach of the obligation in paragraph 2.1.1 were the Trading System Contract to terminate as a consequence of:

- (a) National Grid NTS exercising its rights of termination thereunder;
- (b) the Trading System Operator ceasing to, or otherwise being unable to, carry on

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.9.

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its business in providing and operating the Trading System;

- (c) the giving of a Termination Notice by National Grid NTS pursuant to paragraph 2.9.3 of the Network Code Supplement.

2.1.5 National Grid NTS shall not be liable to any User for any act, omission or failure of the Trading System Operator under or relating to the terms of the Trading System Contract or the Trading System Arrangements and National Grid NTS shall not be required to incur any liability or be required to take any steps, including the commencement of proceedings in connection with the enforcement against the Trading System Operator of its rights pursuant to the Trading System Contract.

2.2 Market Transactions and Trading Arrangements

2.2.1 For the purposes of the Code:

- (a) a "**Market Transaction**" is a transaction effected (by means of the Trading System) between two Trading Participants, pursuant to which the Trading System Clearer agrees with each of the Trading Participants separately to make equivalent Trade Nominations (so that the Trading System Clearer agrees with one such participant to make an Acquiring Trade Nomination, and with the other such participant to make a Disposing Trade Nomination);
- (b) the "**Originating Participant**" in relation to a Market Transaction is the Trading Participant which posted (using the Trading System) the offer, acceptance of which by National Grid NTS or another User (the "**Accepting Participant**") effected such transaction; and where the Originating Participant is a User it is an "**Originating User**";
- (c) a "**Physical Market Transaction**" is a Market Transaction pursuant to which the Originating User agrees:
 - (i) to modify the quantity of gas to be delivered to and/or offtaken from the System by the User in aggregate on the Gas Flow Day by an amount equal to the Trade Nomination Quantity (and to modify the rate of such delivery and/or offtake accordingly); and
 - (ii) accordingly to make a Nomination(s) or Renomination(s) in accordance with paragraph 2.3;
- (d) a "**Locational Market Transaction**" is a Physical Market Transaction pursuant to which the Originating User agrees to make a Nomination or Renomination in respect of a specified System Point in accordance with paragraph 2.3;
- (e) a "**Non-physical Market Transaction**" is a Market Transaction which is not a Physical Market Transaction;
- (f) in respect of an Originating User and in relation to a Physical Market Transaction an "**Eligible Trading System Point**" is a System Point in respect of which the following conditions are satisfied:
 - (i) the System Point is:
 - (1) a System Entry Point in respect of which the User has complied

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with the requirement in Section B1.5; or

- (2) a Supply Point in respect of which the User is the Registered User and in relation to which the User may submit a separate Output Nomination; or
 - (3) an eligible Connected System Exit Point in relation to which the User is a CSEP User; and
- (ii) in the case of a Physical Market Transaction under which the Originating User has agreed to reduce:
- (1) the quantity of gas to be delivered to the Total System at a System Entry Point, the User has made an Input Nomination for the Gas Flow Day at such System Entry Point; or
 - (2) the quantity of gas to be offtaken from the Total System at a System Exit Point, the User has made an Output Nomination for the Gas Flow Day at such System Exit Point

in either case for which the Implied Nomination Flow Rate is not less than the Market Transaction Flow Rate Change;

- (g) "**Contract Renomination**" is a Renomination made or to be made by a User (pursuant to a Physical Market Transaction) in accordance with paragraph 2.3;
- (h) in relation to a Physical Market Transaction the "**Contract Renomination Time**" is the later of 19:00 hours on the Day preceding the Market Offer Date and that time falling 60 minutes after notification by the Trading System Operator to National Grid NTS of the Transaction Details, but not later than 04:00 hours on the Market Offer Date;
- (i) in respect of a Market Transaction the "**Contract Renomination Time**" are those details to be provided to National Grid NTS by the Trading System Operator (in accordance with the Trading System Arrangements) when the Trading System Operator notifies National Grid NTS that the Market Transaction has been effected;
- (j) "**Trading Participant**" means a User (other than one admitted pursuant to Section V2.5.1) or National Grid NTS, which is for the time being admitted by the Trading System Operator as a participant under the Trading System in relation to Market Transactions;
- (k) references to '**acceptance**' of an offer include acceptance by 'order matching', that is where the posting of the later posted of two matching orders acts as the acceptance of the earlier posted of such orders.

2.2.2 The Trading System Contract will provide for the Trading System Arrangements to be consistent with Annex D-1 and will in addition contain provision whereby the Trading System Operator shall covenant with National Grid NTS not to make any modification, change or other alteration to the Trading System Arrangements in respect of a matter within the scope of Annex D-1 other than with the prior written agreement of National Grid NTS.

2.2.3 National Grid NTS shall not agree with the Trading System Operator pursuant to the

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terms of the Trading System Contract to any amendment, change or other alteration to the Trading System Arrangements in respect of a matter within the scope of Annex D-1 unless pursuant to a Code Modification Annex D-1 has been amended in a manner such that following such modification Annex D-1 is consistent with the Trading System Arrangements following the amendment, change or alteration thereto.

- 2.2.4 In the event that pursuant to a Code Modification the terms of Annex D-1 are modified, changed or otherwise altered, National Grid NTS shall not be required to secure that the Trading System Operator modify the Trading System Arrangements such that they are made consistent with Annex D-1 following such Code Modification.
- 2.2.5 The Trading System Arrangements will provide that, following the effecting of a Market Transaction, the Trading System Operator will submit, on its own account (or where the Trading System Operator and the Trading System Clearer are different persons, on the Trading System Clearer's behalf) and as User Agent on behalf of the Originating and Accepting Participants, the Trade Nominations agreed to be made pursuant to such Market Transaction.
- 2.2.6 The Trading System Operator shall be deemed to have submitted Trade Nominations pursuant to paragraph 2.2.5 (and complying with Section C6.2) by notifying to National Grid NTS details of the Market Transaction pursuant to those provisions of the Trading System Arrangements which comply with paragraph 5.4(c) of Annex D-1.
- 2.2.7 A Trading Participant may not post a Market Offer to effect a Physical Market Transaction in relation to which the Market Transaction Lead Time is less than one (1) hour.
- 2.2.8 Where National Grid NTS takes a Market Balancing Action:
- (a) in the case of a Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) the Trading System Clearer shall pay to National Grid NTS the Market Balancing Action Charge;
 - (b) in the case of a Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) National Grid NTS shall pay the Trading System Clearer the Market Balancing Action Charge.
- 2.2.9 The Market Balancing Action Charges payable pursuant to paragraph 2.2.8 shall:
- (a) in the case of Multi-Day Balancing Transactions, be calculated on the basis of the original Market Offer Price; and
 - (b) in the case of any other Market Transaction, be calculated on the basis of the Market Offer Price;

and such Market Balancing Action Charges shall be invoiced and are payable in accordance Section S.

2.3 Contract Renominations

- 2.3.1 Subject to paragraph 2.3.6, where a Physical Market Transaction is effected, the Originating User shall make Contract Renomination(s) which are in compliance with the requirements in paragraphs 2.3.2 and 2.3.3.

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2.3.2 The requirements referred to in paragraph 2.3.1 are that:

- (a) without prejudice to Section C4.1.3(b), the Contract Renomination(s) are submitted not earlier than the time the Trading System Operator notifies National Grid NTS of the Transaction Details and not later than the Contract Renomination Time;
- (b) the Contract Renomination(s) shall be submitted in accordance with Section C4.1.5 and shall in addition specify:
 - (i) that the Renomination is a Contract Renomination;
 - (ii) the Physical Market Transaction in respect of which it is made;
- (c) a Contract Renomination may not for the purposes of paragraph (b) specify more than one Physical Market Transaction;
- (d) where the User is required to make Contract Renomination(s):
 - (i) other than pursuant to a Locational Market Transaction, the Contract Renomination(s) submitted by the User shall:
 - (1) be in respect of an Eligible System Trading Point(s); and
 - (2) be for Renomination Quantity(ies) in aggregate equal to the Trade Nomination Quantity in respect of which the relevant Physical Market Transaction was effected;
 - (ii) pursuant to a Locational Market Transaction, the Contract Renomination submitted by the User shall:
 - (1) be in respect of the Eligible System Trading Point in respect of which the Locational Market Transaction was effected; and
 - (2) be for a Renomination Quantity equal to the Trade Nomination Quantity in respect of which the relevant Locational Market Transaction was effected.

2.3.3 Without prejudice to the requirements of paragraph 2.3.2, where pursuant to the Physical Market Transaction:

- (a) the User has agreed to make a Disposing Trade Nomination, the User must make a Contract Renomination(s) which:
 - (i) revises the User's Input Nomination for a System Entry Point by increasing the Nomination Quantity; and/or
 - (ii) is an original Input Nomination for a System Entry Point in respect of which the User has made no earlier Nomination; and/or
 - (iii) is a Renomination which revises the User's Output Nomination for a System Exit Point by reducing the Nomination Quantity;
- (b) the User has agreed to make an Acquiring Trade Nomination, the User must make a Contract Renomination(s) which:

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- (i) revises the User's Input Nomination for a System Entry Point by reducing the Nomination Quantity; and/or
- (ii) is an original Output Nomination for a System Exit Point in respect of which the User has made no earlier Nomination; and/or
- (iii) is a Renomination which revises the User's Output Nomination for a System Exit Point by increasing the Nomination Quantity.

2.3.4 Where pursuant to a Physical Market Transaction in respect of which the Originating User agrees to make:

- (a) a Disposing Trade Nomination in relation to a System Entry Point, the Originating User shall not make a Renomination (other than a Contract Renomination) in respect of such System Entry Point as a result of which the Implied Nomination Flow Rate would be less than the aggregate of the Market Transaction Flow Rate Changes in relation to all earlier Contract Renominations made by the Originating User in respect of such System Entry Point;
- (b) an Acquiring Trade Nomination in relation to a System Exit Point, the Originating User shall not make a Renomination (other than a Contract Renomination) in respect of such System Exit Point as a result of which the Implied Nomination Flow Rate would be less than the aggregate of the Market Transaction Flow Rate Changes in relation to all earlier Contract Renominations made by the Originating User in respect of such System Exit Point.

2.3.5 The Renomination Effective Time of a Contract Renomination shall be the Transaction Effective Time of the Physical Market Transaction pursuant to which the Contract Renomination is to be made.

2.3.6 In relation to a Locational Market Transaction in the event the System Point in respect of which the User has agreed to submit Contract Renomination(s) is not an Eligible System Trading Point:

- (a) the User shall not be entitled, notwithstanding paragraph 2.3.1, to make a Contract Renomination; and
- (b) paragraph 2.3.7 shall nonetheless apply.

2.3.7 Where a Physical Market Transaction is effected, in the event the Originating User:

- (a) does not submit a Contract Renomination in accordance with this paragraph 2.3;
- (b) submits a Contract Renomination(s) which does not comply with the provisions of this paragraph 2.3

the Originating User shall pay a charge ("**Physical Renomination Incentive Charge**") calculated in accordance with paragraph 2.3.8.

2.3.8 The Physical Renomination Incentive Charge shall be the greater of:

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- (a) an amount calculated in accordance with the following formula:

$$\text{TNQ} * 0.005 \text{ pence}$$

where TNQ is the Trade Nomination Quantity in respect of which the relevant Physical Market Transaction was effected; and

- (b) £200.

- 2.3.9 The Physical Renomination Incentive Charge will be invoiced and payable in accordance with Section S.

2.4 Trading System Contingencies

- 2.4.1 Where National Grid NTS is of the opinion that its ability to carry out Operational Balancing is prejudiced by an event or circumstance affecting the Trading System such that no Trading Participant is able to post or accept a Market Offer National Grid NTS shall notify Users and with effect from the time specified in such notice National Grid NTS shall cease to make use of the Trading System for the purposes of Operational Balancing and National Grid NTS may make use of Contingency Balancing Arrangements.

- 2.4.2 Following the use of Contingency Balancing Arrangements pursuant to paragraph 2.4.1 where National Grid NTS is of the opinion that the Trading System may be used by National Grid NTS for the purposes of Operational Balancing, National Grid NTS shall notify all Users of the Day with effect from the start of which National Grid NTS shall recommence use of the Trading System (and cease to make use of Contingency Balancing Arrangements) by not later than 10:00 on the Preceding Day.

- 2.4.3 In the event that:

- (a) National Grid NTS exercises its rights of termination pursuant to the Trading System Contract;
- (b) the Trading System Operator ceases to, or is unable to, carry on its business as the provider and operator of the Trading System;
- (c) National Grid NTS gives the Trading System Operator a Termination Notice pursuant to paragraph 2.9.3 of the Network Code Supplement

National Grid NTS shall promptly notify Users, and with effect from the time specified in such notice National Grid NTS shall cease to make use of the Trading System for the purposes of Operational Balancing and National Grid NTS may make use of Contingency Balancing Arrangements.

- 2.4.4 Where National Grid NTS is of the opinion that by reference to the aggregate quantities of gas for which Users have posted Market Offers and Nomination Information its ability to carry out Operational Balancing is or may be prejudiced National Grid NTS shall notify Users of its opinion and request that Trading Participants post further Market Offers provided that the giving of such notice(s) shall be without prejudice to the provisions of Section Q and any actions National Grid NTS may take in its capacity as NEC where so appointed.

- 2.4.5 National Grid NTS may, with Condition A11(18) Approval of the Authority, following the use of Contingency Balancing Arrangements pursuant to paragraph 2.4.1,

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recommence use of the Trading System for Operational Balancing Purposes and in such circumstances National Grid NTS shall notify all Users of the Day with effect from the start of which National Grid NTS shall recommence use of the Trading System (and cease to make use of Contingency Balancing Arrangements) by not later than 10:00 on the Preceding Day.

2.4.6 In relation to each Day in respect of which National Grid NTS uses Contingency Balancing Arrangements the provisions of paragraph 2.3 as to Physical Renomination Incentive Charges will not apply.

2.4.7 For the purposes of the Code "**Contingency Balancing Arrangements**" are other arrangements provided for in the Code to be 'Contingency Balancing Arrangements'.

3 Non-Trading System Transactions

3.1.1 For the purposes of the Code:

- (a) A "**Non-Trading System Transaction**" is a transaction effected (other than by means of the Trading System) between National Grid NTS and a User who is not a Trading Participant, pursuant to which each of National Grid NTS and the User agrees to make equivalent Trade Nominations (so that the one such participant agrees to make an Acquiring Trade Nomination, and the other such participant agrees to make a Disposing Trade Nomination);
- (b) "**Non-Trading System Offer Price**" is (subject to paragraph 4) the price (in pence/kWh) specified in relation to a Non-Trading System Offer by the party making the Non-Trading System Offer, and the "**original**" Non-Trading System Offer Price is the price (in pence/kWh) specified by the party making the Non-Trading System Offer when posting the Non-Trading System Offer without applying the provisions of Section D4 to such price;
- (c) "**Non-Trading System Offer**" is an offer made by a User who is not a Trading Participant or National Grid (other than by way of the Trading System), acceptance of which will effect a Non-Trading System Transaction;
- (d) the "**Non-Trading System Transaction Charge**" is the Non-Trading System Transaction Quantity multiplied by the Non-Trading System Offer Price;
- (e) the "**Non-Trading System Transaction Quantity**" is the quantity which is the Trade Nomination Quantity in respect of the Trade Nominations to be made pursuant to acceptance of the Non-Trading System Offer.

3.1.2 Subject to paragraph 4.1.1, National Grid NTS may only enter into Non-Trading System Transactions only in relation to a Gas Flow Day in respect of which a Gas Deficit Warning is in place.

3.1.3 Where National Grid NTS takes a Market Balancing Action that is a Non-Trading System Transaction:

- (a) in the case of a Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) the User shall pay to National Grid NTS the Market Balancing Action Charge;
- (b) in the case of a Market Balancing Buy Action (or negatively priced Market

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Balancing Sell Action) National Grid NTS shall pay the User the Market Balancing Action Charge.

3.1.4 The Market Balancing Action Charges payable pursuant to paragraph 3.1.3 shall:

- (a) in the case of Multi-Day Balancing Transactions, be calculated on the basis of the original Non-Trading System Offer Price; and
- (b) in the case of any other Non-Trading System Transaction, be calculated on the basis of the Non-Trading System Offer Price;

and such Market Balancing Action Charges shall be invoiced and are payable in accordance Section S.

4 Multi-Day Balancing Actions

4.1.1 Where a User makes a Market Offer or a Non-Trading System Offer to National Grid NTS in relation to a Gas Flow Day in respect of which a Gas Deficit Warning is in place and up to six (6) subsequent consecutive Gas Flow Days, and it is a condition of accepting such Market Offer or Non-Trading System Offer that National Grid NTS and the User makes (or, in the case of a Market Offer, the Trading System Operator makes on their behalf) the appropriate Trade Nominations for each such Gas Flow Day, National Grid NTS shall be entitled to accept such a Market Offer or Non-Trading System Offer and accordingly enter into a Market Transaction or Non-Trading System Transaction (any such Market Transactions or Non-Trading System Transactions shall be known as “**Multi-Day Balancing Transactions**”).

4.1.2 For the purposes of the Code, Multi-Day Balancing Transactions entered into by way of the Trading System will be entered into as Locational Market Transactions.

4.1.3 A Market Offer or a Non-Trading System Offer which would result in a Multi-Day Balancing Transaction must specify the same price in respect of each Day to which the Multi-Day Balancing Transaction would relate.

4.1.4 For the purposes of the Code, in relation to Multi-Day Balancing Transactions:

- (a) the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction on each Gas Flow Day to which the Multi-Day Balancing Transaction relates shall be calculated as follows:

$$(N)MOP = AP * (\text{Offered Price} * ND)$$

Where:

(N)MOP is the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction for the Gas Flow Day in question;

AP is a factor determined as:

$$AP = PR / APR$$

PR is the probability (expressed as a percentage and estimated by National Grid NTS) of National Grid NTS requiring to take Market Balancing Buy Actions (where the Multi-Day Balancing Transaction is a Market Balancing Buy Action) or Market Balancing Sell Actions (where the Multi-Day Balancing

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Transaction is a Market Balancing Sell Action) on the Gas Flow Day in question;

APR is the sum of the PRs for each Gas Flow Day to which the Multi-Day Balancing Transaction relates;

Offered Price is the price (in pence/kWh) offered by the User when making a Market Offer or a Non-Trading System Offer that resulted in the Multi-Day Balancing Transaction;

ND is the number of Gas Flow Days to which the Multi-Day Balancing Transaction relates;

- (b) references to Market Balancing Action Charges in the Code (other than in Section S or in the definition of “Energy Balancing Charges” in GTC Section C1) relating to Multi-Day Balancing Transactions shall (unless the context expressly requires otherwise) be calculated using the Market Offer Price or Non-Trading System Offer Price (as the case may be) as adjusted pursuant to paragraph 4.1.4(a); and
- (c) references to Market Balancing Action Charges relating to Multi-Day Balancing Transactions in Section S and in the definition of “Energy Balancing Charges” in GTC Section C1 shall (unless the context expressly requires otherwise) be calculated using the original Market Offer Price or original Non-Trading System Offer Price (as the case may be).

4.1.5 For the purposes of Section F:

- (a) the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction will only be used in the determination of the System Marginal Buy Price pursuant to Section F1.2.1(a) where the Multi-Day Balancing Transaction is a Market Balancing Buy Action; and
- (b) the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction will only be used in the determination of the System Marginal Sell Price pursuant to Section F1.2.1(b) where the Multi-Day Balancing Transaction is a Market Balancing Sell Action.

4.1.6 For the purposes of calculating the System Average Price pursuant to Section F1.2.1(c), where the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction (as determined pursuant to paragraph 4.1.4) equals zero in relation to a Gas Flow Day, then the Trade Nomination Quantity of such Multi-Day Balancing Transaction for that Gas Flow Day shall be deemed to be zero.

4.1.7 For the purposes of calculating the System Marginal Sell Price pursuant to Section F1.2.1(b), where the Market Offer Price or Non-Trading System Offer Price (as the case may be) of a Multi-Day Balancing Transaction (as determined pursuant to paragraph 4.1.4) equals zero in relation to a Gas Flow Day, then such Market Offer Price or Non-Trading System Offer Price shall be excluded from the calculation of the System Marginal Sell Price pursuant to Section F1.2.1(b).

4.1.8 For the purposes of the Code, each Multi-Day Balancing Transaction entered into by National Grid NTS by way of the Trading System shall be deemed to be separate Market Transactions for each Gas Flow Day to which the Multi-Day Balancing

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Transaction relates.

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ANNEX D-1

TRADING SYSTEM ARRANGEMENTS

1 Introduction

1.1 This Annex D-1 sets out those terms and conditions relating to the Trading System to be incorporated into the Trading System Arrangements.

1.2 For the purposes of the Code:

- (a) "**Market Offer**" is an offer posted by a Trading Participant by way of the Trading System acceptance of which will effect a Market Transaction;
- (b) "**Market Offer Date**" is the Day which is to be the Gas Flow Day in respect of the Trade Nominations to be made pursuant to acceptance of the Market Offer;
- (c) "**Market Offer Price**" is (subject to Section D4) the price (in pence/kWh) specified by the Originating Participant when posting a Market Offer, and the "**original**" Market Offer Price is the price (in pence/kWh) specified by the Originating Participant when posting a Market Offer without applying the provisions of Section D4 to such price;
- (d) the "**Market Transaction Quantity**" is the quantity which is the Trade Nomination Quantity in respect of the Trade Nominations to be made pursuant to acceptance of the Market Offer;
- (e) the "**Market Transaction Charge**" is the Market Transaction Quantity multiplied by the Market Offer Price;
- (f) the "**Market Transaction System Point**", in respect of a Locational Market Transaction, is the Eligible System Trading Point at which the Originating User offers to modify the gas flow rate;
- (g) the "**Market Transaction Lead Time**", in respect of a Market Offer to enter into a Physical Market Transaction, is the period in time (expressed in whole hours) required by the Originating User after the Contract Nomination Time before the Originating User will modify the gas flow rate at a System Point;
- (h) in relation to a Market Offer:
 - (i) to effect a Physical Market Transaction:
 - (1) the "**Market Offer Specified Quantity**" is the quantity which would be the Trade Nomination Quantity in respect of the Trade Nominations to be made where the Market Offer to effect such Physical Market Transaction is accepted in full;
 - (2) the "**Market Offer Derived Rate**" is the rate in kWh/Day calculated as the Market Offer Specified Quantity multiplied by 24 and divided by the period in hours from the Transaction Effective Time to the end of the Gas Flow Day;
 - (3) the "**Market Offer Specified Rate**" is the rate in kWh/Day which would be equivalent to the Trade Nomination Quantity

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in respect of the Trade Nominations to be made where the Market Offer to effect such Physical Market Transaction is accepted in full and in relation to which the Transaction Effective Time is on or before 06:00 hours on the Market Offer Date;

- (4) the "**Market Offer Derived Quantity**" is the quantity equivalent to the Market Offer Specified Rate divided by 24 and multiplied by the period in hours from the Transaction Effective Time to the end of the Gas Flow Day;
- (ii) to enter into a Non-Physical Market Transaction, the "**Market Transaction Absolute Quantity**" is the maximum quantity which irrespective of the Transaction Effective Time would be the Trade Nomination Quantity in relation to the Trade Nominations to be submitted on acceptance of the Market Offer;
- (i) the three "Market Transaction Types" are:
 - (i) Non-physical Market Transactions;
 - (ii) Physical Market Transactions not being Locational Market Transactions;
 - (iii) Locational Market Transactions;
- (j) the "**Transaction Effective Time**" is, in respect of a Physical Market Transaction, the hour at which, after the Contract Nomination Time, the Market Transaction Lead Time elapses;
- (k) the "**Contract Nomination Time**" is, in relation to a Market Transaction, the hour next falling after the time at which the Market Offer giving rise to the Market Transaction was accepted as ascertained in accordance with the rules of the Trading System;
- (l) a "**Market Transaction ID**" is a unique reference number given to each individual Market Transaction by the Trading System Operator and the "**National Grid NTS Batch Code**" is a unique reference number which identifies those Market Balancing Actions taken by National Grid NTS for the purposes of a particular Operational Balancing Requirement;
- (m) the "**National Grid NTS Reason Code**" is a code which identifies the nature of the Market Balancing Action which National Grid NTS has taken or is seeking to take;
- (n) the "Market Transaction Flow Rate Change" is
 - (i) where no earlier Nomination was made in respect of the Eligible System Trading Point, the rate in kWh/hour at which gas the subject of a Market Offer for a Physical Market Transaction is to be delivered or offtaken from the System;
 - (ii) where an earlier Nomination was made in respect of the Eligible System Trading Point the amount in kWh/hour by which the gas flow

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rate is to be increased or (as the case may be) decreased in respect of the gas the subject of a Market Offer for a Physical Market Transaction.

- 1.3 For the purposes of the Code, 'Market Offer' (as defined in paragraph 1.2) includes both an 'offer' to make a Disposing Trade Nomination and an "offer" to make an Acquiring Trade Nomination.

2 Participation and Trading System

- 2.1 Each Trading Participant shall appoint the Trading System Operator as its User Agent, (and the Trading System Operator shall be required to act as each Trading Participant's User Agent) for the purposes of making Trade Nominations on behalf of Trading Participants pursuant to the acceptance of a Market Offer.

- 2.2 The identity of a Trading Participant making a Market Offer will not be disclosed to any other Trading Participant at any time prior to or after acceptance of the Market Offer except where a Market Offer in respect of a Physical Market Transaction is accepted where following such acceptance the identity of the Originating User will be disclosed to National Grid NTS.

3 Market Transactions

- 3.1 A Market Offer to effect a Non-physical Market Transaction must indicate:

- (a) that it is such a Market Offer;
- (b) the Market Offer Date;
- (c) whether the Market Offer is a Market Offer to make a Disposing Trade Nomination or an Acquiring Trade Nomination;
- (d) the Market Transaction Absolute Quantity; and
- (e) the Market Offer Price.

- 3.2 A Market Offer to effect a Physical Market Transaction must indicate:

- (a) that it is such a Market Offer;
- (b) the Market Offer Date;
- (c) whether the Market Offer is a Market Offer to make a Disposing Trade Nomination or an Acquiring Trade Nomination;
- (d) in the case of:
 - (i) a Market Offer which, if accepted, would result in a Multi-Day Balancing Transaction, the Market Offer Specified Quantity;
 - (ii) any other Market Offer, the Market Offer Specified Quantity or the Market Offer Specified Rate;
- (e) the original Market Offer Price;
- (f) the Market Transaction Lead Time; and

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- (g) whether the Market Offer may only be accepted in full.
- 3.3 In addition to the requirements of paragraph 3.1 (other than pursuant to paragraph (a) thereof) a Market Offer to effect a Locational Market Transaction must specify:
- (a) that it is such a Market Offer; and
 - (b) the Market Transaction System Point.
- 3.4 Where National Grid NTS posts a Market Offer National Grid NTS shall in addition to the requirements of paragraphs 3.1, 3.2 and 3.3 indicate the National Grid NTS Reason Code.
- 3.5 The information to be indicated (other than pursuant to paragraph 3.4) in a Market Offer will be capable of being displayed (by means of differing screens) on the Trading System.

4 Market Offer Restrictions and Options

- 4.1 Trading Participants may not post:
- (a) a Market Offer which, if accepted, would result in a Multi-Day Balancing Transaction specifying a Market Offer Date for the final Day of such Multi-Day Balancing Transaction falling more than 7 days after the day on which the Market Offer was posted; and
 - (b) any other Market Offer specifying a Market Offer Date falling more than 7 days after the day on which the Market Offer was posted.
- 4.2 There is no limit on the number of Market Offers a Trading Participant may make in respect of a Day.
- 4.3 A Market Offer may only specify:
- (a) a Market Offer Specified Quantity which is expressed as a minimum of not less than 100,000 kWh; or
 - (b) a Market Offer Specified Rate (provided that for the purposes of calculating the Market Offer Derived Quantity such quantity shall be a minimum of not less than 100,000 kWh).
- 4.4 When posting a Market Offer (other than a Market Offer which, if accepted, would result in a Multi-Day Balancing Transaction) an Originating Participant may specify that the Market Offer (an "**Option Market Offer**") is linked to other Market Offers (a "**Related Market Offer**") made by the Originating Participant; and on acceptance of an Option Market Offer each other Related Market Offer shall no longer be capable of being accepted by any Trading Participant.
- 4.5 For the purposes of paragraph 4.4 an Option Market Offer may specify no more than one other Market Offer of each other Market Transaction Type as being a Related Market Offer.
- 4.6 Trading Participants may revise or withdraw a Market Offer at any time prior to acceptance of the Market Offer.

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- 4.7 A Trading Participant may when posting a Market Offer to enter into a Physical Market Transaction specify that the Market Offer is only capable of acceptance in full.
- 4.8 The Trading System Operator will reject any Market Offer which does not comply with the relevant requirements of paragraphs 3, 4.1, 4.3 and 4.5 and where a Market Offer does not so comply it will not be displayed on the Trading System.²

5 Acceptance

- 5.1 Except in the case of Multi-Day Balancing Transactions, Market Offers in respect of a Market Offer Date will be capable of acceptance by Trading Participants between 12:00 hours on the Day preceding the Market Offer Date and 03:35 hours on the Market Offer Date. Market Offers in respect of Multi-Day Balancing Transactions will only be capable of acceptance by Trading Participants between 12:00 hours on the Day preceding the first Day to which the Multi-Day Balancing Transaction relates and 03:35 hours on the first Day to which the Multi-Day Balancing Transaction relates.
- 5.2 Where a Trading Participant accepts a Market Offer in full the Trade Nomination Quantity in respect of the Trade Nominations to be made pursuant to the Market Transaction shall be equivalent to:
- (a) in the case of a Market Offer to effect a Physical Market Transaction:
 - (i) where the Market Offer specified a Market Offer Specified Quantity, the Market Offer Specified Quantity;
 - (ii) where the Market Offer specified a Market Offer Specified Rate, the Market Offer Derived Quantity;
 - (b) in the case of a Market Offer to effect a Non-physical Market Transaction, the Market Transaction Absolute Quantity.
- 5.3 Where a Trading Participant partially accepts a Market Offer the Trade Nomination Quantity in respect of the Trade Nominations to be made pursuant to the Market Transaction shall be, where the Market Offer:
- (a) was to effect a Physical Market Transaction; and
 - (i) specified a Market Offer Specified Quantity, that quantity in respect of which the Accepting Participant accepted the Market Offer;
 - (ii) specified a Market Offer Specified Rate, that quantity equivalent to the hourly rate in respect of which the Accepting Participant accepted the Market Offer multiplied by the period in hours from the Transaction Effective Time to the end of the Gas Flow Day;
 - (b) was to effect a Non-physical Market Transaction, the quantity in respect of which the Accepting Participant accepted the Market Offer.
- 5.4 Subject to paragraph 5.5, following acceptance of a Market Offer the Trading System Operator will:

² Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph Annex D-1 4.9.

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- (a) immediately inform both Trading Participants that a Market Transaction has been effected (and whether it is the Originating Participant in relation thereto) and which Market Offer has been accepted;
- (b) where the Market Offer was to effect a Physical Market Transaction not later than:
 - (i) 5 minutes after acceptance of the Market Offer (which would not result in a Multi-Day Balancing Transaction) submit the details listed in this paragraph (b) to National Grid NTS; or
 - (ii) 5 minutes after acceptance of the Market Offer (which would result in a Multi-Day Balancing Transaction) submit in respect of the first Day to which the Multi-Day Balancing Transaction relates the details listed in this paragraph (b) to National Grid NTS;
 - (iii) 5 minutes after acceptance of the Market Offer (which would result in a Multi-Day Balancing Transaction) submit in respect of the second Day to which the Multi-Day Balancing Transaction relates the details listed in this paragraph (b) to National Grid NTS where the acceptance of the Market Offer occurs after 12:00 hours on the first Day to which the Multi-Day Balancing Transaction relates;
 - (iv) 12:05 hours on each Day to which a Multi-Day Balancing Transaction relates the details listed in this paragraph (b) to National Grid NTS in respect of such Day (except to the extent such details have already been provided pursuant to paragraph (ii) or (iii));
 - (v) The details listed in this paragraph (b) are:
 - (1) the Market Transaction ID;
 - (2) the Market Offer Date;
 - (3) the identity of the Originating Participant;
 - (4) whether the Originating Participant has agreed to make an Acquiring Trade Nomination or a Disposing Trade Nomination;
 - (5) the quantity in respect of which the Trading Participants effected the Market Transaction;
 - (6) the relevant Market Transaction Type and, where acceptance has given rise to a Locational Market Transaction, the Market Transaction System Point;
 - (7) the time at which the Market Offer was accepted and the Transaction Effective Time;
 - (8) where National Grid NTS is a party to the Market Transaction, the original Market Offer Price (expressed to four decimal places and as either a positive or negative), the National Grid NTS Reason Code and the National Grid NTS Batch Code;

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- (c) not later than 5 minutes after the effecting of a Market Transaction, submit the following details to National Grid NTS for the purpose of Section D2.2.5:
 - (i) the Gas Flow Day in respect of which the Market Transaction is effected;
 - (ii) the identity of the Market Participant;
 - (iii) whether the Market Participant had agreed to make an Acquiring Trade Nomination or a Disposing Trade Nomination;
 - (iv) the Market Transaction Quantity (calculated in accordance with paragraph 5.2 or 5.3).
- 5.5 For the purpose of paragraph 5.4(c)(iv), the Trading System Operator will be deemed to have provided such details by providing, for each Trading Participant, the cumulative quantities for which the Trading Participant has made Disposing Trade Nominations and/or Acquiring Trade Nominations in respect of the Market Offer Date up to the time at which the Trading System Operator submits such details.
- 5.6 Where a Market Transaction is effected on the Day preceding the Market Offer Date, the Trading System Operator may not submit the Trade Nominations for the purposes of Section D2.2.5 prior to 13:45 hours on the Day preceding the Market Offer Date.
- 5.7 A Market Offer will not be capable of acceptance by the Trading Participant posting the Market Offer.
- 5.8 Where National Grid NTS accepts a Market Offer it shall indicate by means of the Trading System the relevant National Grid NTS Reason Code.
- 6 Partial Acceptance**
- 6.1 A Market Offer to effect a Non-physical Market Transaction, or a Physical Market Transaction which does not specify that it is only capable of acceptance in full, may be accepted by a Trading Participant for a quantity other than the Market Transaction Absolute Quantity, Market Offer Specified Quantity or Market Offer Derived Quantity and the Trading System will incorporate functionality that permits the partial acceptance of Market Offers by Trading Participants.
- 6.2 Where a Trading Participant partially accepts a Market Offer (including an Option Market Offer) where the Market Transaction Quantity is less than the Market Offer Specified Quantity or, as the case may be, the Market Offer Derived Quantity (such amount the "**Residual Offer Quantity**") where the Residual Offer Quantity is greater than or equal to 100,000 kWh, the Originating Participant shall be deemed to have posted with effect from the time of such partial acceptance, a further Market Offer with the same specifications for the purposes of paragraph 3 as the original Market Offer but in respect of which the Market Offer Specified Quantity is equal to the Residual Offer Quantity.
- 6.3 A Trading Participant may only partially accept a Market Offer such that the Market Transaction Quantity in relation to such partial acceptance is a quantity equivalent to not less than a minimum quantity of 100,000 kWh.
- 7 Market Quantities and Charges**
- In respect of each Day the Trading System Operator shall notify National Grid NTS (by

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not later than 07:00 hours on the following Day) of:

- (a) the aggregate of the Market Transaction Quantities and the aggregate of the Market Transaction Charges in respect of Market Transactions effected in respect of such Day;
- (b) in respect of each Market Transaction effected in respect of such Day to which National Grid NTS was a party, the Market Offer Date, the Market Transaction ID the National Grid NTS Batch Code, the Market Transaction Quantity, the original Market Offer Price, the National Grid NTS Reason Code, the Market Transaction Type, the time at which the Market Transaction was effected and whether National Grid NTS made a Disposing Trade Nomination or an Acquiring Trade Nomination.

8 Additional Functionality

In addition to the functionality required to meet the requirements of paragraphs 1 to 7 (inclusive), the Trading System will have such additional functionality as the Trading Participants and the Market Operator shall in consultation agree.

9 Class A Contingencies

- 9.1 During the period of a Class A Contingency the relevant Contingency Procedures will apply.

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION E – DAILY QUANTITIES, IMBALANCES AND RECONCILIATION

1 INTRODUCTION

1.1 User Daily Quantities

1.1.1 For the purposes required by the Code, including determining:

- (a) NTS and LDZ Commodity Charges, and the Commodity Variable Component (if any) of Customer Charges;
- (b) Overrun Charges, CSEP Overrun Charges and Supply Point Ratchet Charges;
- (c) Daily Imbalances; and
- (d) Scheduling Charges

the quantities of gas treated as delivered to and offtaken from the Total System by each User each Day shall be determined in accordance with paragraphs 2 and 3.

1.1.2 For the purposes of the Code, in respect of any Day:

- (a) the "**User Daily Quantity Input**" or "**UDQI**" is the quantity of gas treated as delivered by a User to the Total System on that Day at a System Entry Point;
- (b) the "**User Daily Quantity Output**" or "**UDQO**" is the quantity of gas treated as offtaken by a User from the Total System on that Day at:
 - (i) a Supply Point-Component; or
 - (ii) a Connected System Exit Point;
- (c) in relation to a System Entry Point, a "**Delivering User**" is a User treated as delivering gas to the Total System at that point on that Day;
- (d) in relation to a Connected System Exit Point, an "**Offtaking CSEP User**" is a User treated as offtaking gas from the Total System at that point on that Day.

1.1.3 For the purposes of this Section E a User is a "**nominating**" User for a Day:

- (a) with respect to any Registered NDM Supply Point-Component or relevant Unmetered Connected System Exit Point; and
- (b) with respect to any other System Exit Point and any System Entry Point, if the User made or is deemed (pursuant to any provision of the Code) to have made a Nomination (including a New Renomination) for that Day in respect of that point or the DMA Supply Point Group in which it is comprised,

and otherwise is a "**non-nominating**" User with respect to a System Entry Point or System Exit Point.

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1.1.4 Unless the context otherwise requires, references in the Code to quantities delivered to or offtaken from the Total System by a User are to the quantities treated in accordance with this Section E as being so delivered or offtaken.

1.1.5 For the avoidance of doubt, Section V1.2 shall apply for the purposes of ensuring that quantities of gas delivered to and offtaken from the Total System by Non-Code Shippers are taken into account in determining the quantities of gas delivered to and offtaken from the Total System by Users.

1.2 Daily Imbalance

1.2.1 For the purposes of the Code a Daily Imbalance shall be determined for each User in respect of each Day.

1.2.2 For each User the "**Daily Imbalance**" in respect of a Day is the imbalance between the quantities (adjusted to take account of Trade Nominations including System Trade Nominations) treated as delivered to and offtaken from the Total System by the User on that Day, determined in accordance with paragraph 5.

1.3 Reconciliation

1.3.1 For the purposes of Individual NDM Reconciliation, DM Reconciliation and Individual CSEP Reconciliation (collectively "**Individual Reconciliation**"), Reconciliation Values shall be calculated in accordance with paragraph 6.

1.3.2 "**Individual NDM Reconciliation**" is a reconciliation and adjustment in respect of gas offtaken from the Total System and certain Transportation Charges, in relation to a Larger NDM Supply Meter Point, in respect of differences between:

- (a) where the Supply Meter Point does not have Daily Read Equipment installed:
 - (i) the quantities determined as offtaken by a User in accordance with Section H2;
 - (ii) the quantities subsequently determined to have been offtaken pursuant to Meter Reads (in accordance with Section M); or
- (b) where the Supply Meter Point has Daily Read Equipment installed:
 - (i) the quantities determined to have been offtaken by Meter Reads by such Daily Read Equipment; and
 - (ii) the quantities determined to have been offtaken pursuant to a DM Check Read.

1.3.3 "**DM Reconciliation**" is a reconciliation and adjustment in respect of gas offtaken from the Total System and certain Transportation Charges, in relation to a DM Supply Meter Point, in respect of:

- (a) differences between:
 - (i) the quantities assumed to be offtaken on Failed Daily Read Day(s); and

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- (ii) the quantities subsequently determined to have been offtaken upon the obtaining of a Valid Meter Reading; or
- (b) differences between:
 - (i) the quantities determined to have been offtaken by Meter Reads by Daily Read Equipment; and
 - (ii) the quantities subsequently determined to have been offtaken pursuant to a DM Check Read.

1.3.4 **"Individual CSEP Reconciliation"** is a reconciliation and adjustment in respect of gas offtaken from the Total System and certain Transportation Charges:

- (a) in relation to a relevant Unmetered Connected System Exit Point except the Smaller Unmetered CSEPs comprised therein, in respect of differences between:
 - (i) the quantities initially assumed to be offtaken; and
 - (ii) the quantities subsequently determined (by reference to readings of meters at premises supplied with gas offtaken from the Connected Offtake System) to have been offtakenin accordance with the applicable CSEP Network Exit Provisions; or
- (b) in relation to a relevant Metered Connected System Exit Point, in respect of differences between:
 - (i) the quantities determined to have been offtaken by automated or estimated readings of the meter at the Connected System Exit Point, or by readings of such meter before any testing, verification or calibration thereof; and
 - (ii) the quantities subsequently determined to have been offtaken, by reference to (as the case may be) a periodic check reading, or a reading following such estimation, or a determination or estimation following testing, verification or calibration, of such meter

in accordance with the applicable CSEP Network Exit Provisions.

1.3.5 **"Aggregate NDM Reconciliation"** is a reconciliation and adjustment in respect of gas offtaken from the Total System and certain Transportation Charges, in relation to Smaller NDM Supply Meter Points and Smaller Unmetered CSEPs in aggregate in an LDZ, in respect of quantities determined in accordance with paragraph 7.

1.3.6 For the purposes of an Individual NDM Reconciliation, a DM Reconciliation, an Individual CSEP Reconciliation or an Aggregate NDM Reconciliation:

- (a) the **"Reconciliation Clearing Value"** is the value of the Reconciliation Quantity for the purposes of the System Clearing Contract referred to in paragraph 6.5 or 7.3.1;
- (b) **"Reconciliation Transportation Charge Adjustments"** are the adjustments in

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respect of NTS Commodity Charges, LDZ Commodity Charges and the Commodity Variable Component (if any) of Customer Charges to be made in paragraph 6.6 or 7.3.3;

- (c) **"Reconciliation Values"** means:
- (i) NDM Reconciliation Quantities, DM Reconciliation Quantities or (as the case may be) Individual CSEP Reconciliation Quantities; and
 - (ii) Reconciliation Clearing Values and Reconciliation Transportation Charge Adjustments.

1.3.7 For the purposes of paragraph 7, **"Smaller Unmetered CSEPs"** are those System Exit Points treated as comprised (as contemplated in Section A3.3.5 and provided in the relevant CSEP Network Exit Provisions) in an Unmetered Connected System Exit Point which relate to points of supply (to premises connected to the relevant Connected Offtake System) equivalent to Smaller Supply Points.

1.3.8 **"End of Year AQ Reconciliation"** is a reconciliation and adjustment in respect of gas offtaken from the Total System and certain Transportation Charges, following a revision of the Annual Quantity, in respect of quantities determined in accordance with paragraph 7.4.

1.3.9 No Individual NDM Reconciliation, DM Reconciliation Individual CSEP Reconciliation or Aggregate NDM Reconciliation shall be undertaken in respect of any Day or period prior to the Code Cut Off Date.

1.4 System Daily Quantities: Entry

1.4.1 In respect of each System Entry Point, the **"Entry Point Daily Quantity Delivered"** is the aggregate quantity of gas delivered to the Total System on a Day at that System Entry Point, ascertained as described in Section I2.5 (subject to paragraph 1.7.1).

1.4.2 The amount determined to be the Entry Point Daily Quantity Delivered in respect of any System Entry Point for the Gas Flow Day may be revised at any time up to and including the 5th following Day, but no revision will be made to such quantity after the 5th Day after the Gas Flow Day.

1.4.3 In respect of the Total System the **"Total System Daily Quantity Delivered"** is the aggregate quantity of gas delivered to the Total System on a Day, determined as the aggregate of the Entry Point Daily Quantities Delivered for all System Entry Points.

1.5 System Daily Quantities: Exit from NTS/LDZ

1.5.1 In respect of each LDZ:

- (a) the **"LDZ Daily Input Quantity"** is the aggregate quantity of gas treated as flowing into that LDZ on a Day, less the quantity (if any) treated as flowing out of the LDZ into another LDZ;
- (b) the **"LDZ Daily Quantity Offtaken"** is the aggregate quantity of gas treated as offtaken from the Total System on a Day at all Supply Points ~~Components~~ and Connected System Exit Points on that LDZ, determined by adjusting the LDZ

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Daily Input Quantity to take account of LDZ Shrinkage and changes (between the start and the end of the Day) in LDZ stock.

1.5.2 In respect of each Connected System Exit Point the "**CSEP Daily Quantity Offtaken**" is the aggregate quantity of gas treated as offtaken from the Total System on a Day at that Connected System Exit Point, ascertained in accordance with the CSEP Network Exit Provisions (subject to paragraph 1.7.1).

1.5.3 In respect of each DM Supply Meter-Point, the "**Supply Meter Point Daily Quantity**" is the quantity of gas (being the Metered Quantity) determined as offtaken from the Total System at the Supply Meter-Point on a Day in accordance with Section M.

1.6 Information

1.6.1 On each Day (the "**information Day**"), from the first information Day until the date 6 months thereafter, each User will have access (by means of UK Link) to details (on the basis of information available up to the end of the Day before the information Day) for the Gas Flow Day of:

(a) the Entry Point Daily Quantity Delivered for each System Entry Point and the Total System Daily Quantity Delivered; and

(b) the User's UDQIs for each System Entry Point, UDQOs for System Exit Points (by Exit Zone in the case of LDZ Supply Points-Components) and Daily Imbalance.

1.6.2 The first information Day is:

(a) for the purposes of paragraph 1.6.1(a), the Day following the Gas Flow Day;

(b) for the purposes of paragraph 1.6.1(b), the 2nd Day following the Gas Flow Day.

1.6.3 On information Days from the first information Day until the Day after the Day on which (in accordance with paragraph 2.1.2) initial Entry Allocation Statements are submitted, the details under paragraph 1.6.1(b) will be determined on the basis of UDQIs determined provisionally on the basis in paragraph 2.1.8.

1.6.4 The information available to Users under paragraph 1.6.1 in respect of a Day will be revised each Day until the Entry Close-out Date to take account of revisions notified to National Grid NTS pursuant to paragraph 2 in the information from which it is derived.

1.7 Scottish Independent Networks

For the purposes of this Section E a reference to the Total System includes a reference to the Scottish Independent Networks (and accordingly quantities offtaken by a User from the Total System at System Exit Points on a Scottish Independent Network will be taken into account in determining the User's Daily Imbalance) and a reference to LDZ shall include a reference to each Scottish Independent Network.

1.8 Close-out rules

1.8.1 For the purposes of the Code:

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- (a) the "**Entry Close-out Date**" is 24:00 hours on the 15th Business Day of the calendar month following the month in which the Gas Flow Day occurs;
- (b) the "**Exit Close-out Date**" is the 5th Day after the Gas Flow Day.

1.8.2 Without prejudice to paragraph 6, or Sections M4.8 and G1.1.4, no revision shall be made for any purposes of the Code (including the determination of Users' Daily Imbalances and Energy Balancing Charges):

- (a) after the Entry Close-out Date, to any quantity determined pursuant to the Code as being an UDQI;
- (b) after the Exit Close-out Date, to any quantity determined pursuant to the Code as being an UDQO, Supply Meter-Point Daily Quantity or CSEP Daily Quantity Offtaken.

1.9 Combined entry and exit quantities

1.9.1 In relation to a Connected System Point, the Connected System Agreement may provide for the Connected System Operator to notify the Transporter in relation to each Day:

- (a) a quantity (the "**measured quantity**") which represents the aggregate physical quantity determined as having flowed on the Day at the Connected System Point, which will (if there were physical gas flows in both directions at different times during the Day) reflect the net amount of such flows; and
- (b) where on the Day (irrespective of whether there were physical gas flows in both directions at different times) Users' nominated gas flows both into and out of the Connected System at the Connected System Point:
 - (i) a quantity (the "**gross exit quantity**") which represents the aggregate amount to be treated as having flowed on the Day from the Total System to the Connected System at the CSEP, which will be a gross amount based on quantities which the Connected System Operator determines would have flowed in the absence of any nomination of a gas flow out of the Connected System at the Connected System Point; and
 - (ii) a quantity (the "**gross entry quantity**") which represents the aggregate amount to be treated as having flowed on the Day into the Total System from the Connected System at the System Entry Point, which will be a gross amount based on quantities which the Connected System Operator determines would have flowed in the absence of any nomination of a gas flow into the Connected System at the Connected System Point.

1.9.2 The Transporter shall have no responsibility to investigate or verify any quantity notified under paragraph 1.9.1(b).

1.9.3 Subject to paragraph 1.9.4 the gross exit quantity and the gross entry quantity, as notified by the Connected System Operator pursuant to paragraph 1.9.1(b)(i) and (ii), shall be the CSEP Daily Quantity Offtaken and the Entry Point Daily Quantity Delivered, respectively.

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- 1.9.4 If for any Day the net sum of the gross entry quantity and the gross exit quantity is not equal to the measured quantity, or the Connected System Operator fails to notify to the Transporter the gross entry quantity and gross exit quantity by the time required under the Connected System Agreement, the CSEP Daily Quantity Offtaken (where the measured quantity represents a flow out of the System) or the Entry Point Daily Quantity Delivered (where the measured quantity represents a flow into the System) shall be the measured quantity, and the other shall be zero.
- 1.9.5 If it appears that paragraph 1.9.4 will or may apply in relation to any Day, the Transporter will (before the latest time by which the Connected System Operator is required to provide the details referred to in that paragraph) so notify the Connected System Operator so as to give the Connected System Operator an opportunity to provide or correct such details and avoid the application of that paragraph.
- 1.9.6 In this paragraph 1.9 and paragraph 1.10:
- (a) **"Connected System Point"** means a System Point which (as contemplated in Section J1.4.6) is both a Connected System Exit Point and a System Entry Point;
 - (b) **"Connected System Agreement"** means the combined Network Exit Provisions and Network Entry Provisions in respect of a Connected System Point;
 - (c) **"Connected System"** means a Connected Offtake System which is also a Connected Delivery Facility;
 - (d) references to the Connected System Operator include such operator as Delivery Facility Operator.

1.10 NTS Commingling Facility

- 1.10.1 In relation to a NTS Commingling Facility, the Connected System Agreement shall provide for the Connected System Operator to notify the Transporter in relation to each Day in respect of which gas flows out of the NTS to a NTS Commingling Facility and from the NTS Commingling Facility into the NTS of:
- (a) a quantity (the **"gross commingling exit quantity"**) which represents the quantity of gas offtaken from the NTS at the Connected System Exit Point on the Day; and
 - (b) a quantity (the **"gross commingling entry quantity"**) which represents the quantity of gas delivered to the NTS at the System Entry Point on the Day.
- 1.10.2 In relation to a NTS Commingling Facility in respect of a Day in relation to which the Connected System Operator notifies the Transporter of:
- (a) a gross commingling exit quantity which is greater than the gross commingling entry quantity, the Entry Point Daily Quantity Delivered shall be zero and the CSEP Daily Quantity Offtaken shall be the quantity equal to the gross commingling exit quantity less the gross commingling entry quantity;
 - (b) a gross commingling entry quantity which is the greater than the gross

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commingling exit quantity the CSEP Daily Quantity Offtaken shall be zero and the Entry Point Daily Quantity Delivered shall be the quantity equal to the gross commingling entry quantity less the gross commingling exit quantity.

1.10.3 In respect of any Day in relation to which:

- (a) paragraph 1.10.2(a) applies, each User who made or is deemed (pursuant to any provision of the Code) to have made an Input Nomination in respect of the Connected Exit System Point shall not be, notwithstanding such nomination, a Delivering User at such point on such Day (including for the purposes of Section I);
- (b) paragraph 1.10.2(b) applies, each User who made or is deemed (pursuant to any provision of the Code) to have made an Output Nomination in respect of the System Entry Point shall not be, notwithstanding such nomination, an Offtaking CSEP User at such point on such Day (including for the purposes of Section J).

1.10.4 Where in respect of a Day no allocation can be made in accordance with:

- (a) paragraph 2.1.9 as no User was a Delivering User on the Preceding Day, the Entry Point Daily Quantity Delivered shall be allocated to Delivering Users in the proportion to which the CSEP Daily Quantity Offtaken was allocated to Offtaking CSEP Users on the Preceding Day;
- (b) paragraph 3.2.8 as no User was a Offtaking CSEP User on the Preceding Day, the CSEP Daily Quantity Offtaken shall be allocated to Offtaking CSEP Users in the proportion to which the Entry Point Daily Quantity Delivered was allocated to Delivering Users on the Preceding Day.

1.10.5 In relation to a NTS Commingling Facility the Connected System Agreement shall require the Connected System Operator to install volume and calorimetric measurement equipment at the Connected System Exit Point and the System Entry Point comprised in such facility by means of which the gross commingling exit quantity and the gross commingling entry quantity shall be determined.

1.11 Energy balancing on NTS

For the purposes of the energy balancing provisions of Section F (and the System Clearing Contracts therein provided for), quantities of energy offtaken by Users from the Total System shall be treated as offtaken from the NTS, and accordingly:

- (a) Daily Imbalances shall be treated as imbalances in respect of quantities delivered to and offtaken from the NTS; and
- (b) Reconciliation Quantities shall be treated as quantities relating to (and representing differences between different quantities treated as offtaken from) the NTS.²

1.12 DNO Users

1.12.1 In this Section E references to Users exclude DNO Users other than a DNO User in its

² Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.12.

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capacity as an LDZ Shrinkage Provider.

2 INPUT QUANTITIES

2.1 User Daily Quantity Inputs

2.1.1 For each nominating User the UDQI in respect of each System Entry Point for the Gas Flow Day shall be determined in accordance with this paragraph 2.1, subject to paragraph 2.3.

2.1.2 In respect of each System Entry Point, each nominating User shall and any non-nominating User may submit to National Grid NTS, not later than the 7th Business Day after the Gas Flow Day, a statement ("**Entry Allocation Statement**") specifying:

- (a) the identity of the User;
- (b) the identity of the System Entry Point;
- (c) the Gas Flow Day; and
- (d) the quantity of gas delivered by that User to the Total System on the Gas Flow Day at that System Entry Point.

2.1.3 Where an Entry Allocation Statement submitted by a User in accordance with paragraph 2.1.2 does not correctly reflect the User's entitlement to gas delivered to the Total System on the Gas Flow Day, the User may, not later than the Entry Close-out Date, revise its Entry Allocation Statement so as correctly to reflect its entitlement, provided that, where the conditions in paragraph 2.1.7 were satisfied in respect of the first-submitted Entry Allocation Statements, no revision may be made thereto unless revisions are made in aggregate such that such conditions remain satisfied following such revisions.

2.1.4 A revision under paragraph 2.1.3 of an Entry Allocation Statement shall not be made to reflect any dealing by the User and any other person after the Gas Flow Day in respect of entitlements in respect of gas delivered to the Total System.

2.1.5 For the avoidance of doubt, but without prejudice to paragraphs 2.2 and 2.3 and subject to Section V1.2, no person who is not a User may submit an Entry Allocation Statement or otherwise may claim to have delivered gas to the Total System, and National Grid NTS will disregard any such purported submission or claim.

2.1.6 If for the Gas Flow Day in respect of a System Entry Point both of the conditions in paragraph 2.1.7 are satisfied:

- (a) each User who submitted an Entry Allocation Statement shall be a Delivering User;
- (b) the UDQI for each nominating User shall be the quantity stated in the User's Entry Allocation Statement; and
- (c) paragraph 4 shall apply in respect of any non-nominating User who submitted an Entry Allocation Statement.

2.1.7 The conditions referred to in paragraph 2.1.3 and 2.1.6 are:

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- (a) that by the Entry Close-out Date, Entry Allocation Statements have been submitted by or on behalf of all nominating Users (whether or not also submitted by or on behalf of any non-nominating User); and
 - (b) that the aggregate of the quantities stated in all Entry Allocation Statements (submitted by or on behalf of nominating Users and non-nominating Users) and any Unclaimed Entry Allocation Statement under paragraph 2.3 is equal to the Entry Point Daily Quantity Delivered.
- 2.1.8 If for the Gas Flow Day in respect of a System Entry Point either condition in paragraph 2.1.7 is not satisfied, subject to paragraph 2.1.9:
- (a) each nominating User shall be a Delivering User; and
 - (b) the UDQI for each Delivering User shall be determined by allocating the Entry Point Daily Quantity Delivered between the Delivering Users in proportion to the Nominated Quantities under their respective Input Nominations for the Gas Flow Day in respect of that System Entry Point.
- 2.1.9 If no User made an Input Nomination for the System Entry Point for the Gas Flow Day, and gas was delivered to the Total System at that point:
- (a) each User who was (whether or not by virtue of this paragraph 2.1.9) a Delivering User on the Preceding Day shall be a Delivering User; and
 - (b) the Entry Point Daily Quantity Delivered shall be allocated to the Delivering Users in the proportions in which the equivalent quantity was (whether or not by virtue of this paragraph) allocated on the Preceding Day, and paragraph 4 shall apply in respect of each such User.

2.2 Entry Allocation Agents

- 2.2.1 In accordance with Section V6 a User may appoint a User Agent for the purposes of submitting Entry Allocation Statements in respect of a System Entry Point in accordance with paragraph 2.1.
- 2.2.2 Where the same person has been appointed as User Agent by more than one User for such purposes, the User Agent may make a composite submission containing the Entry Allocation Statements in respect of the System Entry Point for each such User.
- 2.2.3 Where (by virtue of being a Shrinkage Provider or for Operating Margins Purposes or otherwise) the Transporter is party to an agreement pursuant to which a person is appointed as User Agent pursuant to paragraph 2.2.1, no provision of such agreement and nothing done by the Transporter pursuant to such agreement shall modify or take effect as a waiver of any provision of the Code.

2.3 Unclaimed Entry Allocation

- 2.3.1 Subject to the conditions in paragraph 2.3.3, where in respect of any Day all of the Entry Allocation Statements submitted by Users ("**relevant Users**") in relation to a System Entry Point are submitted by the same person as User Agent the Users may arrange with the User Agent that he will also submit an Unclaimed Entry Allocation Statement.

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- 2.3.2 An "**Unclaimed Entry Allocation Statement**" is an Entry Allocation Statement in which the quantity of gas specified as delivered to the Total System is not allocated to any User but is treated as allocated to an unclaimed account maintained by National Grid NTS for the purposes of this paragraph 2.3.
- 2.3.3 The conditions referred to in paragraph 2.3.1 are:
- (a) that the conditions in paragraph 2.1.7 are satisfied (taking into account for such purposes the Unclaimed Entry Allocation Statement and the quantity stated therein);
 - (b) that the quantity specified in the Unclaimed Entry Allocation Statement is less than the Entry Point Daily Quantity Delivered; and
 - (c) that the Unclaimed Entry Allocation Statement does not identify (directly or indirectly) any person as a person to whom the quantity thereunder is allocated.
- 2.3.4 Where in respect of a Day an Unclaimed Entry Allocation Statement is submitted, relevant Users' UDQIs shall be those determined under paragraph 2.1.6 on the basis of their respective Entry Allocation Statements.
- 2.3.5 The User Agent may up to but not later than the Entry Close-out Date revise an Unclaimed Entry Allocation Statement, provided the conditions in paragraph 2.3.3 continue to be satisfied following such revision.
- 2.3.6 Each User undertakes:
- (a) that it will not, and will not authorise the User Agent to, do anything which would or might confer on any person (other than a User) any right or entitlement in respect of any quantity of gas the subject of a Unclaimed Entry Allocation Statement; and
 - (b) that (without prejudice to any revision of the User's Entry Allocation Statement in accordance with paragraph 2.1.4) it will not itself claim any right or entitlement to any such quantity of gas.
- 2.3.7 If any person makes any claim against National Grid NTS in respect of any quantity of gas the subject of an Unclaimed Entry Allocation Statement:
- (a) National Grid NTS will defend such claim in such manner and to such extent as (after consultation in accordance with paragraph (b)) it shall determine to be appropriate;
 - (b) National Grid NTS will consult with and keep informed the Uniform Network Code Committee or any relevant Sub-committee as respects such defence;
 - (c) National Grid NTS will be entitled to recover (in accordance with Section F4.5.3(a)(iii)) the costs and expenses reasonably incurred by it in such defence and any amount paid by it (whether in settlement or satisfaction of any such claim) to such person or other amount for which it may be liable in connection therewith.
- 2.3.8 National Grid NTS shall not for any purposes be treated as a User in respect of the unclaimed account referred to in paragraph 2.3.2 (and any quantity allocated to such

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account will not be taken into account in determining any User's Daily Imbalance nor in calculating Balancing Neutrality Charges under Section F, and is not required to be cleared under Section F).

3 OUTPUT QUANTITIES

3.1 Supply Point UDQO

3.1.1 For a nominating User the UDQO in respect of a Registered Supply Point Component for the Gas Flow Day shall be:

- (a) in the case of a NDM Supply Point Component, the sum of the NDM Supply Meter Point Demands (in accordance with Section H2) for each NDM Supply Meter Point comprised in that NDM Supply Point Component;
- (b) in the case of a DM Supply Point Component, the User SPDQ in accordance with paragraph 3.1.2.

3.1.2 The "User SPDQ" for a User in respect of a Registered DM Supply Point Component shall be the sum for each of the DM Supply Meter Points comprised in the Supply Point Component of:

- (a) subject to paragraph (b), the Supply Meter Point Daily Quantity;
- (b) in the case of a Shared Supply Meter Point, the portion of that Supply Meter Point Daily Quantity determined in respect of that User in accordance with the Shared Supply Meter Notification pursuant to Section G1.7.

3.1.3 The provisions of paragraph 4 shall apply in respect of the User SPDQ in respect of any Supply Point for which the Registered User was a non-nominating User.

3.2 Connected System Exit Points

3.2.1 For each nominating User the UDQO in respect of each Connected System Exit Point shall be determined in accordance with the applicable CSEP Network Exit Provisions and/or (where not inconsistent with the CSEP Network Exit Provisions) this paragraph 3.2.

3.2.2 In respect of each Connected System Exit Point, each nominating User shall and any non-nominating User may submit to the Transporter, not later than the Exit Close-out Date, a statement ("**Exit Allocation Statement**") specifying:

- (a) the identity of the User;
- (b) the identity of the Connected System Exit Point;
- (c) the Gas Flow Day; and
- (d) the quantity of gas offtaken by that User from the Total System on the Gas Flow Day at that Connected System Exit Point.

3.2.3 A User may, not later than the Exit Close-out Date, revise its Exit Allocation Statement, provided that where the conditions in paragraph 3.2.6 were satisfied in respect of the

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first submitted Exit Allocation Statements, no revision may be made thereto unless revisions are made in aggregate such that such conditions remain satisfied following such revisions.

- 3.2.4 For the avoidance of doubt, but without prejudice to paragraph 3.3, no person who is not a User may submit an Exit Allocation Statement or otherwise may claim to have offtaken gas from the Total System and the Transporter will disregard any such purported submission or claim.
- 3.2.5 If for the Gas Flow Day in respect of a Connected System Exit Point both of the conditions in paragraph 3.2.6 are satisfied:
- (a) each User who submitted an Exit Allocation Statement shall be an Offtaking CSEP User;
 - (b) the UDQO for each nominating User shall be the quantity stated in the User's Exit Allocation Statement; and
 - (c) paragraph 4 shall apply in respect of any non-nominating User who submitted an Exit Allocation Statement.
- 3.2.6 The conditions referred to in paragraph 3.2.3 and 3.2.5 are:
- (a) that by the Exit Close-out Date, Exit Allocation Statements have been submitted by or on behalf of all nominating Users (whether or not also submitted by or on behalf of any non-nominating User); and
 - (b) that the aggregate of the quantities stated in all Exit Allocation Statements (submitted by nominating Users and non-nominating Users) is equal to the CSEP Daily Quantity Offtaken.
- 3.2.7 If for the Gas Flow Day in respect of a Connected System Exit Point either condition in paragraph 3.2.6 above is not satisfied, subject to paragraph 3.2.8:
- (a) each nominating User shall be an Offtaking CSEP User; and
 - (b) the UDQO for each Offtaking CSEP User shall be determined by allocating the CSEP Daily Quantity Offtaken between the Offtaking CSEP Users in proportion to the Nominated Quantities under their respective Output Nominations for the Gas Flow Day in respect of that Connected System Exit Point.
- 3.2.8 If no User made an Output Nomination for the Connected System Exit Point for the Gas Flow Day (and accordingly C2.2.6 applies), or where all the Output Nominations for the Connected System Exit Point for the Gas Flow Day are submitted as zero, and gas was offtaken from the System at the point:
- (a) each User who was (whether or not by virtue of this paragraph 3.2.8) an Offtaking CSEP User on the Preceding Day shall be an Offtaking CSEP User; and
 - (b) the CSEP Daily Quantity Offtaken shall be allocated to the Offtaking CSEP Users in the proportions in which the equivalent quantity was (whether or not by virtue of this paragraph 3.2.8) allocated on the Preceding Day.

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3.3 Exit Allocation Agents

- 3.3.1 In accordance with Section V6 a User may appoint a User Agent for the purposes of submitting Exit Allocation Statements in respect of a Connected System Exit Point in accordance with paragraph 3.2.
- 3.3.2 Where the same person has been appointed as User Agent by more than one User for such purposes, the User Agent may make a composite submission containing the Exit Allocation Statements in respect of the Connected System Exit Point for each such User.

3.4 Daily Read Errors

Where pursuant to Section M4.8 an Error Revised Quantity is established in respect of a DM Supply ~~Meter~~ Point for a Daily Read Error Day:

- (a) the Transporter will, as soon as reasonably practicable, determine (as nearly as may be) the amount (the "**Error Revised UDQO**") of the UDQO for the relevant DM Supply Point ~~Component~~ for the Day on the basis of such Metered Quantity;
- (b) adjustments will be made in respect of any Overrun Charges or Supply Point Ratchet Charges in accordance with Section B1.11 and in respect of certain Balancing Charges in accordance with Section F1.4;
- (c) except as provided in paragraph (b), in accordance with paragraph 1.8.2 no revision or recalculation of the quantities treated as offtaken from the System by Users, Users' Daily Imbalances or any Balancing Charges on or for the Daily Read Error Day will be made.

3.5 Gas illegally taken

3.5.1 Where:

- (a) gas offtaken from the Total System has been illegally taken at or at a point downstream of the point of offtake (in accordance with Section J3.7) at a Larger Supply ~~Meter~~ Point, insofar as the quantity of gas so taken has not been properly metered, and except as permitted by the Meter By-Pass Policy; and
- (b) the case is not one in which the Transporter is (pursuant to paragraph 9(2) of the Gas Code) entitled to recover the value of the gas,

subject to paragraph 3.5.2, such adjustments shall be made, in respect of the quantities treated as offtaken from the Total System by the Registered User for the purposes of determining the quantities subject to Individual NDM Reconciliation or (where applicable) DM Reconciliation (but no adjustment will be made in respect of the determination of any UDQO of the User for any other purpose).

3.5.2 Paragraph 3.5.1 shall not apply in a case to which Standard Condition 7(5) of National Grid NTS's Transporter's Licence applies; and further, to give effect to that Condition (insofar as it relates to Energy Balancing Charges payable by Users):

- (a) National Grid NTS may pay to the Registered User, in respect of gas which has

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been or will be treated (pursuant to the Code) as offtaken by the User but is to be treated (pursuant to that Condition) as not having been taken out of the Total System, an amount estimated by National Grid NTS to be the amount which has been or will be payable by way of Reconciliation Clearing Charges in respect of such quantity of gas;

- (b) Users acknowledge that it is not feasible to make any adjustment (beyond what is provided for in paragraph (a)) in respect of any amount by which such gas may have contributed to the User's Daily Imbalance for or Energy Balancing Charges payable in respect of any Day; and
- (c) amounts paid by National Grid NTS pursuant to paragraph (a) will be additional Adjustment Reconciliation Neutrality Costs for the purposes of Section F6.5(a).

4 UNAUTHORISED GAS FLOWS

4.1 Unauthorised Gas Flow

4.1.1 Where a User is a non-nominating User for a Day in respect of a System Point, any delivery (in the circumstances under paragraph 2.1.6 or 2.1.9) or offtake (in accordance with paragraph 3.1.3 or in the circumstances under paragraph 3.2.5 or 3.2.8) of gas to or from the Total System by that User at that point on that Day is an "**Unauthorised Gas Flow**", the amount of which shall be:

- (a) in respect of a System Entry Point, the quantity of gas stated in the User's Entry Allocation Statement or as the case may be allocated under paragraph 2.1.9;
- (b) in respect of a DM Supply Point-Component, the amount of the User SPDQ;
- (c) in respect of a Connected System Exit Point, the quantity of gas stated in the User's Exit Allocation Statement or as the case may be allocated under paragraph 3.2.8.

4.1.2 Subject to paragraph 4.1.3, an Unauthorised Gas Flow shall be an UDQI or (as the case may be) an UDQO for the User for the purposes of the Code.

4.1.3 The Unauthorised Gas Flow shall not be taken into account and shall not be treated as an UDQI or UDQO for the purposes of determining the User's Daily Imbalance under paragraph 5, and shall not be a relevant UDQI or relevant UDQO for the purposes of determining Balancing Neutrality Charges under Section F4 or Reconciliation Neutrality Charges under Section F6 or for the purposes of calculating the UDQI under Section B3.5.5.

4.2 Treatment of Unauthorised Gas Flows

4.2.1 The quantity of gas comprising an Unauthorised Gas Flow shall be deemed to have been sold and purchased pursuant to a System Clearing Contract.

4.2.2 For the purposes of such System Clearing Contract:

- (a) where the Unauthorised Gas Flow occurs at a System Entry Point:
 - (i) the seller is the User and the buyer is National Grid NTS; and

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- (ii) the Clearing Charge is the amount determined as the quantity of gas comprising the Unauthorised Gas Flow multiplied by the System Marginal Sell Price;
 - (b) where the Unauthorised Gas Flow occurs at a System Exit Point:
 - (i) the seller is National Grid NTS and the buyer is the User; and
 - (ii) the Clearing Charge is the amount determined as the quantity of gas comprising the Unauthorised Gas Flow multiplied by the System Marginal Buy Price.
- 4.2.3 The System Clearing Contract shall be deemed to have been performed fully except as to payment.
- 4.2.4 The Unauthorised Gas Flow shall be extinguished by the System Clearing Contract.
- 4.2.5 The buyer shall pay the Clearing Charge in respect of the gas comprising the Unauthorised Gas Flow to the seller in accordance with Section S.

5 IMBALANCE

5.1 Daily Imbalance

- 5.1.1 The Daily Imbalance for each User shall be calculated in respect of each Day as the difference between:
- (a) the sum of:
 - (i) the aggregate of the User's UDQIs;
 - (ii) the aggregate of the Trade Nomination Quantities under any Acquiring Trade Nominations made by the User; and
 - (b) the sum of:
 - (i) the aggregate of the User's UDQOs;
 - (ii) the aggregate of the Trade Nomination Quantities under any Disposing Trade Nominations made by the User.
- 5.1.2 The Daily Imbalance is positive where the quantity under paragraph 5.1.1(a) is greater than the quantity under paragraph 5.1.1(b), and negative where the quantity under paragraph 5.1.1(b) is greater than the quantity under paragraph 5.1.1(a).

5.2 Treatment of Daily Imbalances

A User's Daily Imbalances will be extinguished under System Clearing Contracts in accordance with Section F2.3.

5.3 Incentivised Nomination Charges

- 5.3.1 At each Forecast Daily Imbalance Time (in respect of a Day) if a User's Prevailing

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Forecast Daily Imbalance differs from the User's Daily Imbalance for the Day the User shall pay a charge ("**Incentivised Nomination Charge**") in accordance with this paragraph 5.3.

5.3.2 For the purposes of this paragraph 5.3:

- (a) "**Forecast Daily Imbalance**" is, in respect of a Day and in relation to a User, the User's projection of its Daily Imbalance for that Day;
- (b) "**Forecast Daily Imbalance Time**" is, in respect of a Day, each of 02:00 hours on the Preceding Day and 12:00 hours, 18:00 hours and 22:00 hours on the Day;
- (c) "**Initial**" Forecast Daily Imbalance is, in respect of a Day and in relation to a User, the Forecast Daily Imbalance prevailing at 17:00 hours on the Preceding Day;
- (d) "**Prevailing Forecast Daily Imbalance**" is, in respect of a Day and in relation to a User, the User's current Forecast Daily Imbalance (calculated in accordance with this paragraph 5) at a Forecast Daily Imbalance Time; and
- (e) "**Prevailing Provisional Daily Imbalance**" shall mean the projected Daily Imbalance of a User in respect of a Day (recorded on the UK Link System) at 17:00 hours on the Preceding Day determined by National Grid NTS by reference to Nomination information available to it at such time, excluding the Forecast Daily Imbalance referred to in paragraph (a) above.

5.3.3 Each User may submit a notice ("**Forecast Daily Imbalance Nomination**") specifying its Forecast Daily Imbalance for a Day.

5.3.4 Each Forecast Daily Imbalance Nomination shall specify:

- (a) the identity of the User;
- (b) the Gas Flow Day; and
- (c) the Forecast Daily Imbalance for the Gas Flow Day.

5.3.5 A Forecast Daily Imbalance Nomination may be submitted no earlier than 30 Days before the Gas Flow Day and no later than 04:00 hours on a Gas Flow Day.

5.3.6 A User may revise an Initial Forecast Daily Imbalance Nomination in respect of a Gas Flow Day by submitting a further Forecast Daily Imbalance Nomination and where a User submits a further Forecast Daily Imbalance Nomination it shall replace the Initial Forecast Daily Imbalance Nomination or any subsequent Forecast Daily Imbalance Nomination (but without prejudice to the application of this paragraph 5.3 in respect of the Prevailing Forecast Daily Imbalance in respect of any earlier Forecast Daily Imbalance Time).

5.3.7 Without prejudice to paragraph 5.3.6, where a User does not submit a Forecast Daily Imbalance Nomination in respect of a Day by 17:00 hours on the Preceding day the User will be deemed to have submitted an Initial Forecast Daily Imbalance Nomination equal to the Prevailing Provisional Daily Imbalance.

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5.3.8 For the purposes of the further provisions of this paragraph 5.3:

- (a) a User's "**Forecast Performance Measure**" at a Forecast Daily Imbalance Time in respect of a Day shall be calculated as follows:

$$FPM_t = \text{abs}(N_t - A)$$

where:

FPM_t is the Forecast Performance Measure at Forecast Daily Imbalance Time 't';

N_t is the User's Prevailing Forecast Daily Imbalance at Forecast Daily Imbalance Time 't';

A is the User's Daily Imbalance in respect of the Day; and

- (b) the "**Incentivised Nomination Price**" is, in respect of a relevant Day, the price (in pence/kWh) calculated as follows:

- (i) where the User's Daily Imbalance is positive for the relevant Day:

$$INP = PSFS * (SAP - SMSP)$$

- (ii) where the User's Daily Imbalance is negative for the relevant Day:

$$INP = PSPB * (SMBP - SAP)$$

where:

INP is the Incentivised Nomination Price for the relevant Day;

$PSFS$ is the Sell Price Scaling Factor for the relevant Day;

$PSFB$ is the Buy Price Scaling Factor for the relevant Day;

SAP is the System Average Price for the relevant Day;

$SMBP$ is the System Marginal Buy Price for the relevant Day;

$SMSP$ is the System Marginal Sell Price for the relevant Day; and

- (iii) the Sell Price Scaling Factor for the relevant Day is zero;

- (iv) the Buy Price Scaling Factor for the relevant Day is zero; and

- (c) the "**scaling factor**" in respect of each Forecast Daily Imbalance Time in respect of a Day is 0.25.

5.3.9 The Incentivised Nomination Charge payable by a User in respect of a Daily Imbalance Nomination Time shall be calculated as follows:

$$INS_t = (FPM_t * SF_t * INP)$$

where:

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INS_t is the Incentivised Nomination Charge;

FPM_t is the User's Forecast Performance Measure;

SF_t is the scaling factor; and

INP is the Incentivised Nomination Price

in each case in respect of Forecast Daily Imbalance Time ' t '.

- 5.3.10 In respect of a User and in relation to a Day, the "**Total Incentivised Nomination Charge**" payable by a User is the sum of the Incentivised Nomination Charges payable (if any) by the User in respect of the Day and calculated as follows:

$$TINC = \sum_{t=1}^n INC_t$$

where:

$TINC$ is the Total Incentivised Nomination Charge; and

INC is the Incentivised Nomination Charge payable by the User in respect of each Forecast Daily Nomination Time ' t '

where ' n ' is the number of Forecast Daily Nomination Times in respect of a Day.

- 5.3.11 Total Incentivised Nomination Charges shall be invoiced and are payable in accordance with Section S.
- 5.3.12 In the event that National Grid NTS does not undertake a Market Balancing Action on a Day then the Total Incentivised Nomination Charge payable by a User, in respect of that day, will be zero.

6 RECONCILIATION

6.1 Introduction

- 6.1.1 Individual NDM Reconciliation will be carried out (for all Days in the relevant Meter Reading Period) in respect of a Larger NDM Supply Meter-Point, after each Valid Meter Read pursuant to Section M3.
- 6.1.2 DM Reconciliation will be carried out (for each relevant Day) in respect of a DM Supply Meter-Point after a DM Check Read pursuant to Section M4.7 or (as the case may be) the determination, following a Failed Daily Read Day, of the volume offtaken on such Day pursuant to Section M4.4.4.
- 6.1.3 For each CSEP User, Individual CSEP Reconciliation will be carried out in respect of a relevant Connected System Exit Point (other than Smaller Unmetered CSEPs) in respect of the periods provided in and in accordance with the CSEP Network Exit Provisions.
- 6.1.4 For the purposes of this Section E:
- (a) in respect of a Larger NDM Supply Meter-Point, the "**NDM Reconciliation Quantity**" is the amount (determined in accordance with paragraph 6.2) by

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which on a Valid Meter Read the Metered Quantity differs from the aggregate of the quantities determined (as provided in paragraph 3.1.1(a)) each Day in accordance with Section H2, in respect of the Meter Reading Period;

(b) in respect of any DM Supply Meter-Point, in respect of any Failed Daily Read Day or (as the case may be) Day in the period between DM Check Reads, the "**DM Reconciliation Quantity**" is:

- (i) the amount (the "**DM Check Reconciliation Quantity**") by which the quantity determined pursuant to a Valid Meter Reading or the DM Check Read to have been offtaken from the Total System on the Day differs from the quantity (the "**previously assumed quantity**") previously assumed or determined (as provided in Section M) to have been offtaken since the relevant preceding Meter Reading; or
- (ii) in the case of a Shared Supply Meter Point, for each Existing Sharing Registered User, the quantity determined by allocating the DM Check Reconciliation Quantity between such Users in the same proportions as the previously assumed quantity was allocated in respect of such Day;

(c) in respect of any relevant Connected System Exit Point and CSEP User, the "**Individual CSEP Reconciliation Quantity**" is the amount by which (for the relevant period provided in the CSEP Network Exit Provisions):

- (i) in the case of an Unmetered Connected System Exit Point (other than the Smaller Unmetered CSEPs comprised therein), the quantity determined (upon readings of meters at premises supplied with gas offtaken from the Connected Offtake System) to have been offtaken from the Total System differs from the quantity previously assumed to have been offtaken;
- (ii) in the case of a Metered Connected System Exit Point, the quantity determined (upon a periodic check reading or a reading following estimation of the reading, or a determination or estimation following testing, verification or calibration, of the meter installed at the Connected System Exit Point) to have been offtaken from the Total System differs from the quantity previously determined or estimated to have been offtaken

in accordance with the CSEP Network Exit Provisions;

(d) "**Reconciliation Quantity**" means an Individual NDM Reconciliation Quantity, a User Aggregate Reconciliation Quantity, a DM Reconciliation Quantity or CSEP Reconciliation Quantity.

6.1.5 Where (following a Supply Point Confirmation) a User (or potentially Users in the case of a Shared Supply Meter Point) becomes the Registered User(s) in respect of a Supply Meter Point, and:

(a) in the case of a Supply Meter Point comprised in an NDM Supply Meter-Point, no Opening Meter Read was provided;

(b) in the case of a Supply Meter Point comprised in a DM Supply Meter-Point, or

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a Shared Supply Meter Point, the Supply Point Registration Date was a Failed Daily Read Day, or was not the Day of a DM Check Read,

upon the next following Individual NDM Reconciliation or (as the case may be) DM Reconciliation, the Reconciliation Values will be attributed entirely to such User (or as the case may be Existing Sharing Registered Users in amounts specified in paragraph 6.8), notwithstanding that a part thereof relates to a period before the Supply Point Registration Date; and accordingly such User (or Existing Sharing Registered Users) will obtain the benefit and bear the risk (and the User (or Users) who formerly was/were Registered User(s) of the Supply Meter Point will neither obtain the benefit nor bear the risk) of the Reconciliation Quantity insofar as attributable to the period before the Supply Point Registration Date.

6.1.6 For the purposes of giving effect to paragraph 6.1.5 in the case of an NDM Supply Meter Point where no Opening Meter Reading was provided, an Individual NDM Reconciliation will be carried out, as though a Meter Reading had been obtained on the Supply Point Registration Date, by reference to an assumed Meter Volume derived from the NDM Supply Meter Point Demand (in accordance with H2.2.2).

6.2 Individual NDM Reconciliation: Reconciliation Values

6.2.1 This paragraph 6.2 applies in respect of Individual NDM Reconciliation.

6.2.2 The Individual NDM Reconciliation Quantity shall be established by:

- (a) dividing the NDM Supply Meter Point Demand for each Day in the Meter Reading Period in respect of the NDM Supply Point Component by the relevant calorific value for that Day to determine the 'daily NDM volume';
- (b) aggregating the daily NDM volumes for all Days in the Meter Reading Period to determine the 'aggregate NDM volume';
- (c) dividing the Metered Volume by the aggregate NDM volume to determine the 'NDM reconciliation factor';
- (d) multiplying the NDM Supply Meter Point Demand for each Day in the Meter Reading Period by the NDM reconciliation factor to determine the 'daily metered quantity';
- (e) subtracting the daily metered quantity from the NDM Supply Meter Point Demand for each Day in the Meter Reading Period to establish the 'daily reconciliation quantity'; and
- (f) aggregating the daily reconciliation quantities for all Days in the Meter Reading Period.

6.2.3 The Individual NDM Reconciliation Quantity is negative where the NDM reconciliation factor (under paragraph 6.2.2(c)) is greater than one and positive where the NDM reconciliation factor is less than one.

6.2.4 The Reconciliation Clearing Value shall be established by:

- (a) multiplying the daily reconciliation quantity (under paragraph 6.2.2(e)) for each

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Day in the Meter Reading Period by the System Average Price for such Day to determine the 'daily reconciliation clearing value'; and

- (b) aggregating the daily reconciliation clearing values for all Days in the Meter Reading Period.

6.2.5 Each of the Reconciliation Transportation Charge Adjustments shall be established by:

- (a) multiplying the daily reconciliation quantity (under paragraph 6.2.2(e)) for each Day in the Meter Reading Period by the Applicable Commodity Rate of the NTS Commodity Charge, the LDZ Commodity Charge or (as the case may be) the Commodity Variable Component (if any) of the Customer Charge for such Day to determine the 'daily reconciliation charge adjustment'; and
- (b) aggregating the daily reconciliation charge adjustments for all Days in the Meter Reading Period.

6.3 DM Reconciliation: Reconciliation Values

6.3.1 This paragraph 6.3 applies in respect of DM Reconciliation.

6.3.2 The DM Check Reconciliation Quantity for a Day shall be determined as the Failed Daily Read Reconciliation Volume, or (as the case may be) the DM Check Reconciliation Volume, multiplied by the applicable calorific value for the Day.

6.3.3 The DM Check Reconciliation Quantity is negative where (in accordance with Section M) the Failed Daily Read Reconciliation Volume or (as the case may be) the DM Check Reconciliation Volume is negative, and positive where it is positive.

6.3.4 The Reconciliation Clearing Value for a Day shall be established by multiplying the DM Reconciliation Quantity by the System Average Price for the relevant Day.

6.3.5 Each of the Reconciliation Transportation Charge Adjustments for a Day shall be established by multiplying the DM Reconciliation Quantity by the Applicable Commodity Rate(s) of the NTS Commodity Charge, the LDZ Commodity Charge or (as the case may be) the Commodity Variable Component (if any) of the Customer Charge for such Day.

6.4 CSEP Reconciliation: Reconciliation Values

6.4.1 This paragraph 6.4 applies in respect of Individual CSEP Reconciliation.

6.4.2 For the purposes of Individual CSEP Reconciliation, for each CSEP User for the relevant period:

- (a) the CSEP Reconciliation Quantity will be determined;
- (b) the Reconciliation Clearing Value will be established by reference to the CSEP Reconciliation Quantity (or relevant part thereof) and the System Average Price(s) for Day(s) in the relevant period; and
- (c) each of the Reconciliation Transportation Charge Adjustments will be established on the basis of the CSEP Reconciliation Quantity (or relevant part

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thereof) and the Applicable Commodity Rate of the NTS Commodity Charge or (as the case may be) the LDZ Commodity Charge,

in each case in accordance with the CSEP Network Exit Provisions.

6.5 Reconciliation Clearing

Upon each Individual NDM Reconciliation, DM Reconciliation or Individual CSEP Reconciliation the Reconciliation Quantity shall be extinguished by a System Clearing Contract in accordance with Section F5.

6.6 Transportation Charge Adjustments

6.6.1 Upon each Individual NDM Reconciliation, DM Reconciliation or Individual CSEP Reconciliation the Reconciliation Transportation Charge Adjustments shall be payable by way of adjustment in respect of the NTS Commodity Charges, LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges overpaid or underpaid by the User in respect of gas offtaken during the relevant period.

6.6.2 The Reconciliation Transportation Charge Adjustments shall be payable:

- (a) where the Reconciliation Quantity is negative:
 - (i) in the case of the adjustment to the NTS Commodity Charges, by the User to National Grid NTS;
 - (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the User to the Transporter;
- (b) where the Reconciliation Quantity is positive:
 - (i) in the case of the adjustment to the NTS Commodity Charges, by National Grid NTS to the User;
 - (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the Transporter to the User

and shall be invoiced and are payable in accordance with Section S.

6.7 Individual NDM Reconciliation: Agreed Opening Meter Readings

6.7.1 Where in relation to an NDM Supply Meter Point:

- (a) upon the Individual NDM Reconciliation in respect of an Opening Meter Reading, or (in the absence of such a reading) in accordance with paragraph 6.1.7, Reconciliation Values (the "**original Reconciliation Values**") are determined under this paragraph 6; and
- (b) the Transporter subsequently accepts an Agreed Opening Meter Reading pursuant to that Section M3.8.8;

then paragraph 6.7.2 shall apply.

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6.7.2 In the circumstances in paragraph 6.7.1:

- (a) the Transporter will redetermine (on the basis of the Agreed Opening Meter Reading) the Reconciliation Values;
- (b) the Reconciliation Values determined under paragraph (a) will replace the original Reconciliation Values;
- (c) where the original Reconciliation Values have already been invoiced, the Transporter will determine and invoice (in accordance with Section S) such adjustments in respect thereof as are necessary to give effect to paragraph (b).

6.8 Shared Supply Meter Point Reconciliation: Reconciliation Values

6.8.1 This paragraph 6.8 applies in respect of DM Reconciliation in respect of Shared Supply Meter Points.

6.8.2 For the purposes of DM Reconciliation, at the Shared Supply Meter Point for the relevant period:

- (a) the Transporter will in accordance with M4.7.1 arrange a DM Check Read;
- (b) the DM Check Reconciliation Quantity will be calculated in accordance with paragraph 6.3.

6.8.3 "**Existing Sharing Registered User**" is a Sharing Registered User (who may be the Proposing User) in respect of an Existing Supply Point which is a Shared Supply Meter Point.

6.8.4 "**Allocation Methodology**" is a methodology for the allocation of the Reconciliation Quantity between Existing Sharing Registered Users:

- (a) used by the Transporter; or
- (b) used by a User Agent, where the Shared Supply Meter Point Notification provides for the appointment of a Sharing Registered User Agent;

provided that the proportions allocated to each Existing Sharing Registered User aggregate unity.

6.8.5 Where a Shared Supply Meter Point Notification provides for the appointment of a Sharing Registered User Agent:

- (a) the Transporter will notify the Reconciliation Quantity to the User Agent in such manner as the Transporter may specify in the Shared Supply Meter Point Procedures; and
- (b) where the User Agent does not provide its Allocation Methodology to the Transporter within twenty (20) Business Days of the Transporter's notification to the User Agent under paragraph (a) then the Transporter shall allocate the Reconciliation Quantity in accordance with the Default Allocation Methodology under Section G1.7.11(b)(iv).

7 AGGREGATE NDM RECONCILIATION

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7.1 Introduction

- 7.1.1 Aggregate NDM Reconciliation will be carried out (for each LDZ in accordance with this paragraph 7) in respect of each Reconciliation Billing Period.
- 7.1.2 The quantities subject to Aggregate NDM Reconciliation shall be quantities (ascertained in accordance with this paragraph 7), equal in aggregate and opposite to the net aggregate quantities subject to Individual Reconciliation in an LDZ (in accordance with paragraph 7.2.4) over a specified period; and shall (in aggregate and as attributed to each User in accordance with this paragraph 7, and on a cumulative basis) be treated as representing the difference between the quantities determined (in accordance with Section H2) as offtaken at Smaller Supply Points and Smaller Unmetered CSEPs, and the quantities which were actually so offtaken.
- 7.1.3 Accordingly, Aggregate NDM Reconciliation shall be deemed for all purposes to be a sufficient reconciliation and adjustment (in aggregate and for each User) in respect of any such differences as is referred to in paragraph 7.1.2, and accordingly, subject to paragraph 7.5, no account shall be taken (for any purposes of the Code other than the determination of Annual Quantities in accordance with Section G1.6) of Meter Readings obtained from Supply Meters at Smaller Supply Points.
- 7.1.4 The results of a Significant Measurement Error Report (produced pursuant to OAD Section D) including any adjustments to the LDZ Daily Input Quantity for any LDZ shall be binding on Users and used for the purposes of Aggregate NDM Reconciliation.

7.2 Definition and calculation of relevant terms

- 7.2.1 For the purposes of this paragraph 7:

- (a) **"Monthly Individual Reconciliation"** is Individual NDM Reconciliation in respect of Supply Meter-Points with Monthly Read Meters, DM Reconciliation pursuant to paragraph 1.3.3(a) in respect of Supply Meter-Points with Daily Read Supply Meters and Individual CSEP Reconciliation in respect of any Connected System Exit Point (other than Smaller Unmetered CSEPs comprised therein) and Individual NDM Reconciliation in relation to adjustments pursuant to paragraph 7.7.2(i);
- (b) **"Annual Individual Reconciliation"** is Individual NDM Reconciliation in respect of Supply Meter-Points with Annual Read Meters; Individual NDM Reconciliation and DM Reconciliation for gas illegally taken under paragraph 3.5.1 and Individual NDM Reconciliation in relation to adjustments pursuant to paragraph 7.7.2(ii);
- (c) **"DM Check Individual Reconciliation"** is DM Reconciliation pursuant to paragraph 1.3.3(b) in respect of Supply Meter-Points with Daily Read Supply Meters and Individual NDM reconciliation in relation to adjustments pursuant to paragraph 7.7.2(iii);
- (d) **"Individual Reconciliation Sector"** means, in relation to each LDZ, System Exit Points of the kind in respect of which paragraph (a), (b) or (c) applies and LDZ Reconciliation.

- 7.2.2 Subject to paragraph 7.8, for each Reconciliation Billing Period, for each LDZ and for

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each Individual Reconciliation Sector:

- (a) the "**Aggregate Reconciliation Quantity**" and "**Aggregate Reconciliation Clearing Value**" are the net aggregate respectively of the Reconciliation Quantities and of the Reconciliation Clearing Values for System Exit Points in that LDZ and LDZ Reconciliation and Individual Reconciliation Sector for which Individual Reconciliation or LDZ Reconciliation was carried out in that Reconciliation Billing Period;
- (b) the "**Aggregate Reconciliation Transportation Charge Adjustments**" is the Aggregate Reconciliation Quantity multiplied by the sum of the Applicable Commodity Rate for Smaller Supply Points of the NTS Commodity Charge, the LDZ Commodity Charge and the Commodity Variable Component (if any) of the Customer Charge, each applicable in relation to such Reconciliation Billing Period;
- (c) the "**Aggregate LDZ AQ**" is the sum for all Users of the User SP LDZ Aggregate AQs and the User CSEP LDZ Aggregate AQs: in determining the User LDZ Aggregate AQ, no account shall be taken of Smaller Supply Points to which Section G3.4.3 applies;

(d) in relation to Smaller Supply Points:

- (i) for each User the "**User SP LDZ Aggregate AQ**" is the amount determined as follows:

$$\sum_{r=1}^d \sum_{d=1}^{AQrd}$$

$$r = 1 \quad d = 1$$

where, for each Smaller Supply Point ("r") in the relevant LDZ of which the User is Registered User on a Day ("d") in the Aggregate Reconciliation Period, 'Aqrd' is the Annual Quantity of such Supply Point;

- (ii) for each User the "**User SP Aggregate Reconciliation Proportion**" is the User LDZ Aggregate AQ divided by the Aggregate LDZ AQ;
- (e) in relation to Smaller Unmetered CSEPs:
- (i) for each User the "**User CSEP LDZ Aggregate AQ**" is the sum (for all such Smaller Unmetered CSEPs) of the quantities determined pursuant to the provisions of the relevant CSEP Network Exit Provisions as equivalent to the User SP LDZ Aggregate AQs;
 - (ii) for each User the "**User CSEP Aggregate Reconciliation Proportion**" is the User CSEP LDZ Aggregate AQ divided by the Aggregate LDZ AQ;
- (f) "**Aggregate Reconciliation Period**" is:
- (i) in relation to Monthly Individual Reconciliation and LDZ

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Reconciliation pursuant to paragraph 7.6.1(a), the calendar month;

- (ii) in relation to Annual Individual Reconciliation, the period of six calendar months;
- (iii) in relation to DM Check Individual Reconciliation, the period of twelve calendar months

immediately preceding the month in which the relevant Reconciliation Invoice in respect of the Reconciliation Billing Period is to be submitted and for LDZ Reconciliation pursuant to paragraph 7.6.1(b) the Preceding Year.

7.2.3 For each User, in relation to each Reconciliation Billing Period and for each LDZ:

- (a) the **"User Aggregate Reconciliation Quantity"** and **"User Aggregate Reconciliation Clearing Value"** are the amounts determined as:

$$\sum_{s=1}^S \sum_{s=1}^S S \text{ USPs}_s * V_s + \sum_{s=1}^S \sum_{s=1}^S S \text{ UCPS}_s * V_s$$

- (b) the **"User Aggregate Transportation Charge Adjustment"** is the amount determined as:

$$\sum_{s=1}^S \sum_{s=1}^S S \text{ USPs}_s * V_s + \sum_{s=1}^S \sum_{s=1}^S S \text{ UCPS}_s * V_s * F$$

where for each Individual Reconciliation Sector ("s"):

USP_s is the **"User SP Aggregate Reconciliation Proportion"** in relation to that User, period and LDZ;

UCP_s is the **"User CSEP Aggregate Reconciliation Proportion"** in relation to that User, period and LDZ;

V_s is respectively the Aggregate Reconciliation Quantity, Aggregate Reconciliation Clearing Value or Aggregate Reconciliation Transportation Charge Adjustment for that period and LDZ;

F is the factor specified in the Transportation Statement for the purposes of this paragraph (representing an estimate of the average discount in the Applicable Commodity Rate for Smaller Unmetered CSEPs compared with such rate for Smaller Supply Points).

7.2.4 For the purposes of Aggregate NDM Reconciliation, where:

- (a) the User Aggregate Reconciliation Quantity is positive for the purposes of each System Clearing Contract under paragraph 7.3.1 and 6.6.2, the Reconciliation Quantity will be negative; and

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- (b) the User Aggregate Reconciliation Quantity is negative for the purposes of each System Clearing Contract under paragraph 7.3.1 and 6.6.2, the Reconciliation Quantity will be positive.

7.3 Aggregate NDM Reconciliation Adjustments

7.3.1 Upon each Aggregate NDM Reconciliation the User Aggregate Reconciliation Quantity shall be extinguished by a System Clearing Contract in accordance with Section F5.

7.3.2 For the purposes of Section F5, the Reconciliation Clearing Charge in respect of a System Clearing Contract under paragraph 7.3.1 shall be the User Aggregate Reconciliation Clearing Value.

7.3.3 Upon each Aggregate NDM Reconciliation, the User Aggregate Transportation Charge Adjustment shall be payable by an adjustment in respect of the NTS Commodity Charge, LDZ Commodity Charge and Commodity Variable Components (if any) of the Customer Charges and CSEP Charge overpaid or underpaid by the User in respect of gas offtaken by the User in the relevant period.

7.3.4 For the purposes of Aggregate NDM Reconciliation the User Aggregate Transportation Charge Adjustment shall be payable:

- (a) where the Reconciliation Quantity is negative:
 - (i) in the case of the adjustment to the NTS Commodity Charges, by the User to National Grid NTS;
 - (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the User to the Transporter;
- (b) where the Reconciliation Quantity is positive:
 - (i) in the case of the adjustment to the NTS Commodity Charges, by National Grid NTS to the User;
 - (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the Transporter to the User

and shall be invoiced and are payable in accordance with Section S.

7.4 Annual Quantity revision and End of Year AQ Reconciliation

7.4.1 Where upon the revision of the Annual Quantity of any Larger Supply Point pursuant to Section G1.6 the Supply Point becomes a Smaller Supply Point:

- (a) on the next Valid Meter Read, Individual NDM Reconciliation will be carried out in respect of the period from the previous Valid Meter Read to the Day preceding the Day on which the Annual Quantity is treated as being revised pursuant to Section G1.6 and reference to Meter Reading Period in paragraphs 6.2.2(d), (e) and (f) shall be construed accordingly; and

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- (b) with effect from the Day on which the Annual Quantity is revised, the Annual Quantity shall be included in the calculation, in respect of the relevant Registered User of the User LDZ Aggregate AQ, and of the Aggregate LDZ AQ in the relevant LDZ for the purposes of paragraph 7.2.2.
- 7.4.2 Where upon the revision of the Annual Quantity of any Smaller Supply Point pursuant to Section G1.6 the Supply Point becomes a Larger Supply Point:
 - (a) on the next Valid Meter Read Individual NDM Reconciliation will be carried out for the period from the Day on which the Annual Quantity is treated as being revised pursuant to Section G1.6 until the Meter Read Date and reference to Meter Reading Period in paragraphs 6.2.2(d), (e) and (f) shall be construed accordingly; and
 - (b) with the effect from the Day on which the Annual Quantity is revised, the Annual Quantity shall be excluded from the calculation, in respect of the relevant Registered User of the User LDZ Aggregate AQ, and of the Aggregate LDZ AQ in the relevant LDZ for the purposes of paragraph 7.2.2.
- 7.4.3 Where, as a result of the revision of the Annual Quantity of a Smaller Supply Point pursuant to Section G1.6, the Supply Point becomes a Larger Supply Point and:
 - (a) the Annual Quantity of the Supply Point was not increased such that the Smaller Supply Point became a Larger Supply Point prior to the Provisional Annual Quantity being calculated by the Transporter then paragraph 7.4.4 will apply; or
 - (b) the Annual Quantity of the Supply Point was increased such that the Smaller Supply Point became a Larger Supply Point prior to the Provisional Annual Quantity being calculated by the Transporter then paragraph 7.4.4 will apply save that only 90% of the User Annual Quantity Revision Difference Transportation Charge Adjustment shall be payable.
- 7.4.4 In the circumstances set out in sub-paragraph 7.4.3 above:
 - (a) the User Annual Quantity Revision Difference shall be extinguished by a System Clearing Contract in accordance with Section F5;
 - (b) for the purposes of Section F5, the Reconciliation Clearing Charge in respect of a System Clearing Contract under paragraph 7.4.4(a) shall be the User Annual Quantity Revision Difference Clearing Value;
 - (c) the User Annual Quantity Revision Difference Transportation Charge Adjustment shall be payable by an adjustment in respect of the NTS Commodity Charge, LDZ Commodity Charge and Commodity Variable Components (if any) of the Customer Charges underpaid by the User in respect of gas offtaken by the User in the relevant period, for which purposes:
 - (d) the User Annual Quantity Revision Difference Transportation Charge Adjustment shall be payable:
 - (i) in respect of NTS Commodity Charges, by the User to National Grid NTS;

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- (ii) in respect of LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the User to the Transporter.

7.4.5 For the purposes of this paragraph 7.4:

- (a) **"User Annual Quantity Revision Difference"** is the sum of:

$$(X - Y)$$

where:

X is the Annual Quantity of the Supply Point notified by the Transporter in respect of the Gas Year following the relevant Gas Year;

Y is the Annual Quantity of the Supply Point notified by the Transporter in respect of the relevant Gas Year;

- (b) the **"User Annual Quantity Revision Difference Clearing Value"** is the amount established by:

- (i) determining the additional NDM Supply ~~Meter-Point~~ Demand as a result of the User Annual Quantity Revision Difference for each day in the relevant Gas Year in which Y (as defined in paragraph (a) above) was in effect;

- (ii) multiplying the daily additional NDM Supply ~~Meter-Point~~ Demand by the System Average Price for such day to determine the daily User Annual Quantity Revision Difference Clearing Value; and

- (iii) aggregating the daily User Annual Quantity Revision Clearing Values for all days in the applicable period of the adjustment;

- (c) **"User Annual Quantity Revision Difference Transportation Charge Adjustment"** is the amount established by:

- (i) multiplying the daily additional NDM Supply ~~Meter-Point~~ Demand (under paragraph 7.4.5(b)(i)) for each day in the relevant Gas Year in which Y (as defined in paragraph (a) above) was in effect by the Applicable Commodity Rate of the NTS Commodity Charge, the LDZ Commodity Charge and the Commodity Variable Component (if any) of the Customer Charge for such day to determine the daily reconciliation charge adjustment; and

- (ii) aggregating the daily reconciliation charge adjustments for all days in the applicable period of the adjustment.

7.5 Transitional Reconciliation

7.5.1 For the purposes of this paragraph 7.5, **"First Reconciliation"** in respect of a Supply ~~Meter-Point~~ is the Individual Reconciliation carried out in relation to a Meter Reading Period in which the Reconciliation by Difference Date falls.

7.5.2 For the purposes of First Reconciliation (and not for any subsequent Individual NDM

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Reconciliation), Smaller Supply Meter Points the subject of a Supply Point Registration on the Reconciliation by Difference Date shall be subject to Individual NDM Reconciliation in accordance with paragraph 6.

- 7.5.3 Subject to paragraph 7.5.4, following First Reconciliation:
- (a) the Individual NDM Reconciliation Quantity or DM Reconciliation Quantity will be calculated separately in accordance with paragraph 6 in respect of that part of the Meter Reading Period:
 - (i) preceding the Reconciliation by Difference Date; and
 - (ii) from the Reconciliation by Difference Date;
 - (b) the CSEP Reconciliation Quantity will be calculated separately in accordance with paragraph 6 in respect of that part of the relevant period provided in the CSEP Network Exit Provisions:
 - (i) preceding the Reconciliation by Difference Date; and
 - (ii) from the Reconciliation by Difference Date.
- 7.5.4 On First Reconciliation of a Smaller Supply Point (in accordance with paragraph 7.5.2) Individual NDM Reconciliation will only be carried out in respect of the period prior to the Reconciliation by Difference Date.
- 7.5.5 The Reconciliation Quantities calculated in accordance with paragraphs 7.5.3(a)(ii) and 7.5.3(b)(ii) shall be added to the Aggregate Reconciliation Quantity (for the relevant LDZ and relevant Individual Reconciliation sector) in the Reconciliation Billing Period in which First Reconciliation occurs.
- 7.5.6 The Reconciliation Transportation Charge Adjustments relating to the Reconciliation Quantities calculated in accordance with paragraphs 7.5.3(a)(ii) and 7.5.3(b)(ii) shall be added to the Aggregate Reconciliation Transportation Charge Adjustments (for the relevant LDZ and relevant Individual Reconciliation Sector) in the Reconciliation Billing Period in which First Reconciliation occurs.
- 7.6 LDZ Reconciliation**
- 7.6.1 A reconciliation shall be carried out between the Transporter and the NTS Shrinkage Provider in respect of the relevant quantity of gas where:
- (a) after the Exit Close-out Date in relation to any Day, an adjustment is made in respect of the LDZ Daily Quantity Input for any LDZ and in respect of an amount calculated by multiplying such quantity of gas by the System Average Price for the Day on which such adjustment was deemed by the Transporter to relate;
 - (b) pursuant to Section N3.4, an adjustment is made in respect of the aggregate amount of LDZ Shrinkage for any LDZ in any Gas Year and in respect of an amount as provided in the LDZ Shrinkage Adjustments Methodology.
- 7.6.2 For the purposes of this paragraph 7:

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- (a) **"LDZ Reconciliation"** means a reconciliation pursuant to paragraph 7.6.1;
- (b) in relation to any LDZ Reconciliation:
 - (i) the quantities and amounts referred to in paragraph 7.6.1 shall be treated as being respectively a Reconciliation Quantity and a Reconciliation Clearing Value;
 - (ii) such quantity and amount shall be negative where the LDZ Daily Quantity Input is increased by such adjustment, and positive where the LDZ Daily Quantity Input is reduced by such adjustment.

7.6.3 Except pursuant to this paragraph 7, any such adjustment as is referred to in paragraph 7.6.2 shall have no effect for the purposes of the Code.

7.7 Adjustments

7.7.1 Following resolution of a relevant Invoice Query:

- (a) no adjustment shall be made to the calculation of Aggregate LDZ AQs in respect of any prior Reconciliation Billing Period;
- (b) any adjustment to the calculation of:
 - (i) Aggregate LDZ AQs;
 - (ii) User Aggregate Reconciliation Clearing Charges or User Aggregate Transportation Adjustment Charges properly payable by Users (other than the User who notified the Transporter of the relevant Invoice Query) in respect of any prior Reconciliation Billing Period

shall have effect from, or be accounted for in, the following Reconciliation Billing Period.

7.7.2 (a) A **"relevant Invoice Query"** for the purpose of paragraph 7.7.1 is an Invoice Query which disputes the proper calculation of User Aggregate Reconciliation Clearing Charges or User Aggregate Transportation Charge Adjustments on the basis of the calculation (in respect of an LDZ and Individual Reconciliation Sector) of the Aggregate LDZ AQ for the relevant Reconciliation Billing Period.

- (b) Where a relevant Invoice Query arises due to the improper calculation of the Aggregate LDZ AQ any such User Aggregate Reconciliation Quantity subsequently determined to be due, paragraph 7.2.4 shall apply and the amount shall be invoiced and is payable to the User in accordance with Section S and:
 - (i) where the effective period is less than 1 month the Reconciliation Quantity shall be subject to Monthly Individual Reconciliation in accordance with paragraph 7.2.1(a);
 - (ii) where the effective period is greater than or equal to 1 month but less than 4 months the Reconciliation Quantity shall be subject to Annual Individual Reconciliation in accordance with paragraph 7.2.1(b); or

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- (iii) where the effective period is more than 4 months the Reconciliation Quantity shall be subject to DM Check Individual Reconciliation in accordance with paragraph 7.2.1(c);
- (c) The "**effective period**" for the purpose of this paragraph 7.7.2(b) is the period between the date at which improper calculation of the Aggregate LDZ AQ began and the date of resolution of such Invoice Query.

7.8 Qualifying LDZ Reconciliation

7.8.1 For the purposes of this paragraph 7.8:

- (a) "**particular**" LDZ Reconciliation is LDZ Reconciliation under paragraph 7.6.1(a) in respect of adjustments (as referred to in that paragraph) made as a result of a particular failure or error in measurement equipment or other particular cause;
- (b) in relation to particular LDZ Reconciliation:
 - (i) the "**relevant period**" is the continuous period of Days (as referred to in paragraph 7.6.1(a)) in respect of which such adjustments were made;
 - (ii) the "**relevant quantity**" is the aggregate quantity which is subject to such adjustment over the whole of the relevant period;
- (c) "**Qualifying**" LDZ Reconciliation is particular LDZ Reconciliation for which the relevant quantity is not less than 50 GWh;
- (d) in relation to Qualifying LDZ Reconciliation, an "**LDZ Reconciliation Month**" is a calendar month which commences and/or ends in the relevant period.

7.8.2 In relation to Qualifying LDZ Reconciliation, Aggregate NDM Reconciliation shall be carried out separately (and not in aggregate with remaining Individual Reconciliation Sectors) by reference to quantities, values and proportions determined separately for each LDZ Reconciliation Month; and accordingly, for the purposes of paragraphs 7.2.2 and 7.2.3:

- (a) references in those paragraphs:
 - (i) to Reconciliation Billing Period are to each LDZ Reconciliation Month;
 - (ii) to LDZ Reconciliation carried out in a Reconciliation Billing Period are to LDZ Reconciliation carried out in respect of each LDZ Reconciliation Month;
 - (iii) to Aggregate Reconciliation Quantity and Aggregate Reconciliation Clearing Value are to the sum, for all Days in each LDZ Reconciliation Month, of the Reconciliation Quantity and Reconciliation Clearing Value determined for each such Day in accordance with paragraph 7.6.2(b)(i); and
- (b) the Aggregate Reconciliation Period is the LDZ Reconciliation Month.

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7.8.3 Aggregate NDM Reconciliation in relation to Qualifying LDZ Reconciliation shall be invoiced by Ad-hoc Invoice, issued as soon as reasonably practicable after the carrying out of such LDZ Reconciliation.

7.8.4 Where a User that was a User at any time during the Aggregate Reconciliation Period determined pursuant to paragraph 7.8.2(a)(i) becomes a Discontinuing User on or before the date of submission of the relevant Ad-hoc Invoice, then to the extent that the amounts determined in accordance with paragraph 7.2.3 cannot be recovered from or paid to the Discontinuing User (or from or to any other User that is responsible for the payment of, or entitled to receive, such amounts), such amounts shall be payable by or to all other Users in the proportions that would be determined in accordance with 7.2.3 (as modified by this paragraph 7.8.4) as if User SP LDZ Aggregate AQ and the User CSEP LDZ Aggregate AQ for the Discontinuing User were zero.

8 SUPPRESSED RECONCILIATION

8.1 General

8.1.1 In relation to Larger Supply Points with effect from the Reconciliation by Difference Date:

- (a) subject to paragraph (c) below, the Transporter shall investigate Reconciliation Values that have been Suppressed following Individual NDM Reconciliation and DM Reconciliation where such Individual NDM and DM Reconciliation was undertaken pursuant to a Meter Reading obtained by the Transporter pursuant to Section M3.6 and M4.2 ("**Suppressed Reconciliation Values**");
- (b) subject to paragraph (c) below, the User shall investigate Reconciliation Values that have been Suppressed following Individual NDM Reconciliation and DM Reconciliation where such Individual NDM Reconciliation and DM Reconciliation was undertaken other than pursuant to a Meter Reading obtained by the Transporter pursuant to Section M3.6 and M4.2 ("**User Suppressed Reconciliation Values**"); and
- (c) where Meter Information has or was due to have been provided by Users to the Transporter in accordance with Section M3.2 and the Transporter informs the User that such Meter Information is incomplete, out of date or otherwise incorrect, the User shall investigate any Reconciliation Values that have been Suppressed following Individual NDM Reconciliation and DM Reconciliation and such Reconciliation Values shall be User Suppressed Reconciliation Values.

8.1.2 Those Reconciliation Values in respect of which this paragraph 8 will apply (Reconciliation Values that have been "**Suppressed**", being Suppressed Reconciliation Values and User Suppressed Reconciliation Values) shall be identified in the "**Network Code Reconciliation Suppression Guidelines**", the document so entitled, prepared, published and revised (subject to prior approval by Panel Majority of the Uniform Network Code Committee) from time to time by the Transporter (in consultation with Users).

8.1.3 For the purposes of this paragraph 8:

- (a) "**Investigate**" means an investigation:

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- (i) by the Transporter of the accuracy of a Suppressed Reconciliation Value; or
- (ii) by the User of the accuracy of a User Suppressed Reconciliation Value;
- (b) **"relevant Reconciliation Billing Period"** is the Reconciliation Billing Period in respect of which a Reconciliation Invoice would have contained an Invoice Item derived from a Suppressed Reconciliation Value had not paragraph 8.1.4 applied;
- (c) for each LDZ for each Reconciliation Billing Period the **"User LDZ Suppressed Reconciliation Proportion"** shall be the User's User Aggregate Reconciliation Proportion for Monthly Individual Reconciliation calculated in accordance with paragraph 7.2.2.

8.1.4 Where as a result of carrying out Individual NDM Reconciliation or DM Reconciliation a Reconciliation Value is Suppressed, neither the Suppressed Reconciliation Value nor the User Suppressed Reconciliation Value will be used for the purposes of calculating the relevant Invoice Items in a Reconciliation for the relevant Reconciliation Billing Period (Reconciliation Billing Period 'p').

8.1.5 Where a Termination Notice has been submitted to a User pursuant to Section V4.3, all User Suppressed Reconciliation Values for such User which are outstanding at the User Discontinuance Date or are subsequently created after the User Discontinuance Date shall be cancelled and deemed to be void ab initio and no further Reconciliation Values for the Meter Reading Periods to which the User Suppressed Reconciliation Values related shall be invoiced and payable.

8.2 Suppressed Reconciliation Values

8.2.1 In respect of each LDZ for each Reconciliation Billing period the Transporter will pay to the User (provided such amount is positive) the aggregate of:

(a)

$$(G * H) - (M * £25)$$

where following Individual NDM Reconciliation in Reconciliation Billing Period 'p':

G is the User's SP Aggregate Reconciliation Proportion for Reconciliation Billing Period 'p + 1';

H is $((0.98 * A) - B * £20) + (C * £30)$;

where:

A is the number of Suppressed Reconciliation Values that have been Suppressed in Reconciliation Billing Period 'p';

B is the number of Suppressed Reconciliation Values that had been Suppressed in Reconciliation Billing Period 'p' which are not Suppressed in Reconciliation Billing Period 'p + 1';

C is the number of Suppressed Reconciliation Values that had been

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Suppressed in any Reconciliation Billing Period 'p' and which remain Suppressed in Reconciliation Billing Period 'p + 2' or any subsequent Reconciliation Billing Period;

M is number of Meter Reads obtained by the Transporter in relation to the User Section M3.6.1 that are Suppressed in Reconciliation Billing Period 'p';

and

(b)

$$(((0.98 * D) - E) * £40) + (F * £60))$$

where following DM Reconciliation in Reconciliation Billing Period 'p':

D is the number of Reconciliation Values Suppressed in Reconciliation Billing Period 'p';

E is the number of Reconciliation Values Suppressed in Reconciliation Billing Period 'p' which are not Suppressed in Reconciliation Billing Period 'p + 1';

F is the number of Reconciliation Values suppressed in Reconciliation Billing Period 'p' and which remain Suppressed in Reconciliation Billing Period 'p + 2' or any subsequent Reconciliation Billing Period.

8.2.2 Amounts payable by the Transporter under paragraph 8 will be invoiced and are payable in accordance with Section S.

8.2.3 For the purposes of Section V10:

(a) the rules in paragraph 8.2.1(a) are Compensation Rules within Compensation Group C; and

(b) the rules in paragraph 8.2.1(b) are compensation Rules within Compensation Group D

and in relation thereto the "**payment month**" is the second month following Reconciliation Billing Period p + 2.

8.3 User Suppressed Reconciliation Values

8.3.1 For the purposes of this paragraph 8.3 the "**USRV Month**" shall be the period of one month commencing on the 21st day of the month.

8.3.2 The User shall use all reasonable endeavours to ensure that no less than 50% of User Suppressed Reconciliation Values that are Suppressed in a USRV Month are not Suppressed in the immediately following USRV Month.

8.3.3 With effect from the third USRV Month after the User Suppressed Reconciliation Date and subject to paragraphs 8.3.4 and 8.3.5, in respect of each LDZ for each USRV Month the User will pay to the Transporter the amount (provided such amount is positive) calculated as:

$$(((0.95 * A) - B) * £20) + ((A - C) * £30)$$

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where following individual NDM Reconciliation in USRV Month 'p':

- A is the number of User Suppressed Reconciliation Values for the User that are Suppressed in USRV Month 'p';
- B is the number of User Suppressed Reconciliation Values for the User that are Suppressed in USRV Month 'p' which are not Suppressed in USRV Month 'p + 2';
- C is the number of User Suppressed Reconciliation Values for the User that are Suppressed in any USRV Month 'p' and which are not Suppressed in USRV Month 'p + 4'.

8.3.4 In the event that the number of User Suppressed Reconciliation Values for a User in a USRV Month:

- (a) is greater than 150% of the average for such User in the 6 previous USRV Months; and
- (b) is no less than 20 User Suppressed Reconciliation Values greater than the average set out in (i) above

paragraph 8.3.3 shall not apply and, subject to paragraph 8.3.5, in respect of each LDZ and for such USRV Month the User will pay to the Transporter the amount (provided such amount is positive) calculated as:

$$(((0.95 * A) - B) * £20) + ((A - C) * £30)$$

where following Individual NDM Reconciliation in USRV Month 'p':

- A is the number of User Suppressed Reconciliation Values for the User that are Suppressed in USRV Month 'p'
- B is the number of User Suppressed Reconciliation Values for the User that are Suppressed in USRV Month 'p' which are not Suppressed in USRV Month 'p + 3';
- C is the number of User Suppressed Reconciliation Values for the User that are Suppressed in any USRV Month 'p' and which are not Suppressed in USRV Month 'p + 5' or any USRV Month after 'p + 5'.

8.3.5 The amount due from all Users under paragraphs 8.3.3 and 8.3.4 shall not exceed £500,000 (the “**USRV Cap**”) and in the event that the aggregate of amounts due from all Users for a USRV Month exceeds such amount, the amounts due shall be reduced pro rata.

8.3.6 The Transporter shall retain 2% of all amounts received pursuant to paragraphs 8.3.3 and 8.3.4 above (as such amounts may be adjusted pursuant to paragraph 8.3.5 subject to a maximum limit of 0.5% of the USRV Cap) and shall credit the remainder to Users:

- (a) after each period of 3 calendar months and after the Transporter has received all payment due under paragraphs 8.3.3 and 8.3.4 from all Users for the relevant LDZ;
- (b) pro rata according to the aggregate of the User SP LDZ Aggregate AQ in such

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3 month period.

8.3.7 Amounts payable by the User under paragraph 8 will be invoiced and are payable in accordance with Section S.

8.4 Resolution of User Suppressed Reconciliation Values by the Transporters

8.4.1 Where a User Suppressed Reconciliation Value remains Suppressed:

- (a) for a period of 30 months following the USRV Month; or
- (b) in the Back Stop Reconciliation Month where it is more than 30 months following the USRV Month;

without prejudice to the User's entitlement to investigate the User Suppressed Reconciliation Value pursuant to paragraph 8.1.1(b) and (c), the Transporter will commence an investigation of such User Suppressed Reconciliation Value in such 30th month (or in the Back Stop Reconciliation Month) and use its reasonable endeavours to resolve the User Suppressed Reconciliation Value such that it will cease to be Suppressed and such activity will be performed as a User Pays Service.

8.4.2 The USRV User will, irrespective of whether it investigates the User Suppressed Reconciliation Value pursuant to paragraph 8.1.1(b) and (c), pay (in accordance with Section S) to the Transporter a User Pays Charge in respect of such User Pays Service.

8.4.3 A User Suppressed Reconciliation Value which is the subject of an investigation by the Transporter pursuant to paragraph 8.4.1 will cease to be included within the number of User Suppressed Reconciliation Values calculated in accordance with paragraphs 8.3.3 and 8.3.4.

8.4.4 Where requested by the Transporter for the purposes of assisting it with its investigation:

- (a) the User will provide to the Transporter such additional information which is in its possession and may be reasonably obtained by it;
- (b) the User, which at the time of the request is the Registered User of the Supply Point in respect of the User Suppressed Reconciliation Value that is the subject of an investigation by the Transporter pursuant to paragraph 8.4, will facilitate access to the Supply Point Premises at which the Supply Meter Installation is located for the purposes of enabling the Transporter to obtain a Meter Reading and Meter Information;

and the provisions of Section M3.2 shall apply in respect of any changes identified.

8.4.5 Where the investigation by the Transporter pursuant to paragraph 8.4.1 concludes that:

- (a) there is sufficient information to determine that the User Suppressed Reconciliation Value will cease to be Suppressed, the Transporter will notify the USRV User and use the User Suppressed Reconciliation Value for the purpose of calculating the relevant invoice items in a Reconciliation for the relevant Reconciliation Billing Period;

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- (b) there is insufficient information to determine that the User Suppressed Reconciliation Value should cease to be Suppressed, the Transporter may, in its discretion, determine that such User Suppressed Reconciliation Value will not be used for the purpose of calculating the relevant invoice items in a Reconciliation for the relevant Reconciliation Billing Period;

and such determination will be final and binding.

8.4.6 Where a User Suppressed Reconciliation Value which is the subject of an investigation by a User pursuant to paragraph 8.1.1, relates to the same relevant Reconciliation Billing Period as applies to the User Suppressed Reconciliation Value which is the subject of an investigation by the Transporter pursuant to paragraph 8.4.1, paragraph 8.4.4 and 8.4.3 shall apply in respect of the User Suppressed Reconciliation Value which is the subject of the paragraph 8.1.1 investigation, notwithstanding that a period of 30 months has not elapsed from the USRV Month for such User Suppressed Reconciliation Value.

8.4.7 “**USRV User**” is the User in respect of the User Suppressed Reconciliation Value which is the subject of an investigation by the Transporter pursuant to paragraph 8.4.1 (irrespective of whether it remains the Registered User of the Supply Point).

9 CLASS A CONTINGENCIES

9.1 Class A Contingencies

9.1.1 During the period of a Class A Contingency:

- (a) access to information pursuant to paragraph 1.6;
- (b) submission of the Entry Allocation Statement pursuant to paragraph 2.1: and
- (c) submission of the Unclaimed Entry Allocation Statement pursuant to paragraph 2.3;

will be processed in accordance the relevant Contingency Procedures.

10 ALLOCATION OF UNIDENTIFIED GAS (“AUG”)

10.1 Interpretation

10.1.1 For the purposes of the Code:

- (a) “**Unidentified Gas**” means quantities of gas which are counted in Aggregate NDM Reconciliation and which do not represent:
 - (i) differences between:
 - (1) the quantities estimated pursuant to Section H as offtaken, and
 - (2) the quantities determined pursuant to Meter Readings as offtaken

at NDM Supply Point-Components or CSEP Equivalent Points; or

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- (ii) differences between:
 - (1) the Metered Quantities determined by Daily Meter Readings under Section M4, or (as the case may be, in the case of a Failed Daily Read Day) on the basis of assumed Metered Volumes under Section M4.4.2(a), and
 - (2) the quantities determined pursuant to DM Check Reads or (as the case may be) pursuant to Section M4.4.4(a) as offtaken

at DM Supply Points-Components or CSEP Equivalent Points or (as applicable) LDZ Metered Connected System Exit Points;

- (b) **"Unidentified Gas Source"** means a particular class of events or circumstances, or acts or omissions (on the part of Users, Suppliers, Transporters, consumers or other persons), which relate to Larger DM SPCs and/or Larger NDM SPCs and which cause or contribute to Unidentified Gas;
- (c) **"AUG Methodology"** means the methodology established for an AUG Year pursuant to paragraph 10.4.1;
- (d) **"AUG Table"** means the table established for an AUG Year pursuant to paragraph 10.4.2;
- (e) **"Unidentified Gas Quantity"** for an AUG Year, Unidentified Gas Source and SPC Class means the quantity set out (pursuant to paragraph 10.4.2(b)(ii)) in the AUG Table in respect of such Unidentified Gas Source and SPC Class;
- (f) **"AUG Expert"** means the person from time to time appointed and engaged to act pursuant to paragraph 10.2.1;
- (g) the **"Allocation of Unidentified Gas Document"** is a document (currently entitled 'Guidelines for the appointment of an Allocation of Unidentified Gas Expert') setting out:
 - (i) the basis for appointment and engagement of the AUG Expert, including the following:
 - (1) the procedure for selection by tender of a person to act as AUG Expert;
 - (2) prequalification requirements for persons to be eligible to participate in such a tender;
 - (3) criteria for selection of a person to act as AUG Expert;
 - (4) terms of reference for the AUG Expert;
 - (5) the duration of appointment of the AUG Expert, the basis on which such appointment may be extended and requirements as to re-tendering the appointment from time to time; and

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- (ii) requirements and procedures for establishing the AUG Methodology and AUG Table; and
- (iii) any other matters (consistent with this paragraph 9) the Committee decides and the Transporters agree should be included;
- (h) **"AUG Expert Contract"** means the contract of engagement of a person as AUG Expert as provided in paragraph 10.2.2(e);
- (i) **"AUG Year"** means the twelve month period commencing 01 April 2012 and the twelve month period commencing on each subsequent 1 April; and in relation to an AUG Year a reference to the preceding year is to the twelve month period ending 31 March before the start of the AUG Year.

10.1.2 For the purposes of this paragraph 10:

- (a) **"Smaller SPCs", "Larger NDM SPCs" and "Larger DM SPCs" mean respectively the following classes of Supply Point-Component and (in each case) CSEP Equivalent Points:**
 - (i) **Supply Point Components comprised in Smaller Supply Points;**
 - (ii) **NDM Supply Points-Components that are comprised in Larger Supply Points; and**
 - (iii) **DM Supply Points-Components that are comprised in Larger Supply Points;****(each a "SPC Class")**
- (b) **"CSEP Equivalent Points" means System Exit Points treated as comprised (as contemplated in Section A3.3.5 and as provided in the relevant CSEP Network Exit Provisions) in an Unmetered Connected System Exit Point which relate to points of supply (to premises connected to the relevant Connected Offtake System) equivalent to Supply Points-Components of a given class; and references to provisions of the Code include (in relation to CSEP Equivalent Points) corresponding CSEP Network Exit Provisions;**
- (c) references to a User's CSEP Equivalent Points are to the CSEP Equivalent Points for which the User is responsible in accordance with the relevant CSEP Network Exit Provisions;
- (d) references to Larger Supply Points exclude NTS Supply Points and Special Metering Supply Points.

10.1.3 The Allocation of Unidentified Gas Document is a UNC Related Document and a reference to the Allocation of Unidentified Gas Document is to such document as from time to time in force.

10.1.4 In this paragraph 10, references to the Committee are to the Uniform Network Code Committee.

10.1.5 The Committee shall have the functions set out in this paragraph 10 and the Allocation of Unidentified Gas Document.

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10.2 Appointment of AUG Expert

10.2.1 A person shall be appointed and engaged by the Gas Transporters, in accordance with this paragraph 10.2, for the purposes of:

- (a) developing an AUG Methodology or (as the case may be) a modification of the prevailing AUG Methodology and recommending it to the Committee; and
- (b) by applying the AUG Methodology, preparing and recommending to the Committee an AUG Table;

in relation to each AUG Year.

10.2.2 The Gas Transporters shall, subject to and in accordance with the Allocation of Unidentified Gas Document, and under the supervision of or with the approval of the Committee to the extent provided in that Document:

- (a) prepare arrangements and documentation for a tender for the appointment of a person as AUG Expert;
- (b) conduct such tender on the basis of such arrangements and documentation;
- (c) review and assess the proposals made by persons tendering for appointment as AUG Expert (referred to as "bidders") pursuant to the tender;
- (d) where appropriate (for the purposes of the selection of a bidder), enter into further discussions with one or more of such bidders;
- (e) use reasonable endeavours to enter into a contract of engagement with the selected bidder; and
- (f) operate and enforce (and, as and if appropriate, take steps to extend or terminate) the AUG Expert Contract.

10.2.3 Without prejudice to the requirements of the Allocation of Unidentified Gas Document, the Gas Transporters may seek guidance or direction of the Committee in relation to anything they propose to do or any other matter arising in connection with their activities under paragraph 10.2.1, and may act in accordance with such guidance or direction.

10.2.4 This paragraph 10.2 shall apply for the purposes of the initial appointment of an AUG Expert and on each subsequent occasion on which (following the expiry without extension, or termination, of the engagement of the current AUG Expert) an AUG Expert is to be appointed.

10.3 Terms of engagement of AUG Expert and cost recovery

10.3.1 Nothing in this paragraph 10 shall require the Transporters to enter into an AUG Expert Contract on terms which in the Transporters' reasonable opinion:

- (a) would be unlawful for the Transporters; or
- (b) would risk the Transporters incurring any liability, other than in respect of their wilful misconduct, gross negligence or fraud, which the Transporters are not

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entitled to recover pursuant to paragraph 10.3.5.

10.3.2 The Transporters may enter into a AUG Expert Contract on terms which:

- (a) limit or exclude the liability (as to such matters as may be provided in such contract) of the AUG Expert, and/or
- (b) provide that if a User or any supplier or consumer makes any claim or takes any legal proceedings (as to such matters as may be provided in such contract) against the AUG Expert, the Transporters will indemnify the AUG Expert in respect of such claim or proceeding;

and in such a case each User undertakes that it shall not, and shall procure that each supplier and consumer does not, make such a claim or take such proceedings against the AUG Expert, and shall indemnify the Transporters in respect of any liability to the AUG Expert if such User or any such supplier or relevant customer does make such a claim or take such proceedings.

10.3.3 The Transporters may agree among themselves, upon such terms as they may so agree, that the AUG Expert Contract shall be entered into by any one of the Transporters alone; but in the absence of such agreement they shall enter jointly into such contract.

10.3.4 For the avoidance of doubt, the Transporters do not act as agent or trustee of any User or Users in entering into the AUG Expert Contract, and owe no duties or responsibilities to any User in respect of the AUG Expert Contract other than as provided in this paragraph 9 and the Allocation of Unidentified Gas Document.

10.3.5 The functions of the Transporters under this paragraph 10 (including the engagement of the AUG Expert) are User Pays Services and all amounts payable to the AUG Expert and any other costs, expenses and liabilities incurred under the AUG Expert Contract are recoverable as User Pays Charges.

10.4 Establishing the AUG Methodology and AUG Table

10.4.1 For each AUG Year, a methodology (covering matters including research, sampling, data, modelling, analysis, criteria) shall be established for:

- (a) identifying Unidentified Gas Sources; and
- (b) estimating for each Unidentified Gas Source:
 - (i) the aggregate quantity of Unidentified Gas over the AUG Year, and
 - (ii) of such aggregate quantity, the amount which is attributable to events, circumstances, acts and/or omissions (as referred to in paragraph 9.1.1(b)) which relate to Larger DM SPs and to Larger NDM SPs respectively;

(and in relation to AUG Years other than the first, such methodology shall be established by modifying the methodology for the preceding AUG Year);

which methodology shall be such as, in the opinion of the Committee, is calculated to facilitate (or in the case of a modification to the methodology, better facilitate as compared with the prevailing AUG Methodology) the achievement of the relevant

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objectives in Standard Special Condition A11 of the Transporters' Licences.

10.4.2 For each AUG Year, following the establishment of the AUG Methodology, a table (in the form in Table E1) shall be established which sets out:

- (a) Unidentified Gas Sources;
- (b) for each Unidentified Gas Source:
 - (i) an aggregate quantity of Unidentified Gas; and
 - (ii) for each SP€ Class, a quantity of gas which shall be:
 - (1) for Larger DM SP€s and Larger NDM SP€s respectively, the amount of the quantity under paragraph (i) which is attributable (as provided in paragraph 9.4.1(b)(ii)) to such SP€ Class;
 - (2) for Smaller SP€s, an amount equal in magnitude and opposite to the sum of the quantities under paragraph (1);

(each as determined pursuant to the AUG Methodology).

10.4.3 For the purposes of this paragraph 10.4, for each AUG Year:

- (a) the AUG Expert shall prepare a proposed AUG Methodology;
- (b) the Committee shall consult or arrange for consultation with Users and Transporters (and other persons) in respect of the proposed AUG Methodology;
- (c) the outcome of such consultation shall be taken into account in preparing a further proposed AUG Methodology;
- (d) such further steps or iterations (if any) as are set out in the Allocation of Unidentified Gas Document shall be taken in relation to the proposed AUG Methodology
- (e) the Committee shall decide upon, adopt and publish the AUG Methodology;
- (f) the AUG Expert shall implement the AUG Methodology and prepare a proposed AUG Table;
- (g) such steps as are set out in the Allocation of Unidentified Gas Document shall be taken in relation to the proposed AUG Table, following which the AUG Expert shall submit a final AUG Table to the Committee;
- (h) the Committee shall adopt the final AUG Table submitted by the AUG Expert under paragraph (g) unless by unanimous resolution the Committee determines:
 - (i) to revise such AUG Table and adopt the revised AUG Table; or
 - (ii) to require any further iteration of any steps as referred to in paragraph (g), in which case paragraph (g) (to that extent) and this paragraph (h) shall further apply;

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- (i) the Committee shall publish the AUG Table as adopted under paragraph (h);
- all in accordance with and subject to and according to the timetable provided in the Allocation of Unidentified Gas Document.

10.4.4 For the purposes of the Code:

- (a) the AUG Methodology and AUG Table established for an AUG Year for the purposes of paragraph 10.4.1 shall be those adopted by the UNCC under paragraph 10.4.3, and shall not be subject to modification in relation to such AUG Year;
- (b) the AUG Methodology and the AUG Table shall be binding for the purposes of the Code.

10.4.5 Each Transporter and User shall, to the extent provided in the AUG Methodology, cooperate with and provide data to the AUG Expert in connection with the preparation of the AUG Table.

10.5 Allocation of Unidentified Gas

10.5.1 For the purposes of this paragraph 10, for each AUG Year, for each User, Reconciliation Billing Period and SP_C Class:

- (a) the "User SP_C Aggregate AQ" (USAAQ_{SP_C}) is the amount calculated as follows:

$$USAAQ_{SP_C} = \sum_d \sum_r AQ_{rd}$$

where

\sum_d is the sum over Days in the Reconciliation Billing Period;

\sum_r is the sum over the User's Registered Supply Point-Components and CSEP Equivalent Points of the relevant SP_C Class in all LDZs on Day d;

and where for each such Supply Point-Component or CSEP Equivalent Point and Day, AQ_{rd} is the Annual Quantity of such Supply Point-Component or the equivalent quantity determined pursuant to the relevant CSEP Network Exit Provisions;

- (b) the "User SP_C Aggregate AQ Proportion" (USAAQP_{SP_C}) is the decimal factor calculated as follows:

$$USAAQP_{SP_C} = USAAQ_{SP_C} / \sum_U USAAQ_{SP_C}$$

where \sum_U is the sum over all Users.

10.5.2 For the purposes of this paragraph 10, for each AUG Year, for each User and Reconciliation Billing Period:

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- (a) the "**User Unidentified Gas Quantity**" (UUGQ) is the amount in kWh calculated as follows:

$$\text{UUGQ} = \sum_{\text{SPC}} (\sum_{\text{UGS}} \text{UGQ}_{\text{SPC}} * \text{USAAQP}_{\text{SPC}}) / 12$$

where

\sum_{SPC} is the sum over SPC Classes

\sum_{UGS} is the sum over Unidentified Gas Sources set out in the AUG Table

and where for each Unidentified Gas Source and SPC Class

UGQ_{SPC} is the Unidentified Gas Quantity set out in the AUG Table

and where for each SPC Class

$\text{USAAQP}_{\text{SPC}}$ is User SPC Aggregate AQ Proportion

- (b) the "**User Unidentified Gas Amount**" (UUGA) is the amount calculated as follows:

$$\text{UUGA} = \text{UUGQ} * \text{TDSAP}$$

where

TDSAP is the arithmetic average of the values of System Average Price for each of the Days in the Reconciliation Billing Period.

10.5.3 The User Unidentified Gas Amount shall be payable, by way of adjustment in respect of the aggregate User Aggregate Reconciliation Clearing Values:

- (a) by the User to National Grid NTS, where such amount is positive;
(b) by National Grid NTS to the User, where such amount is negative;

and shall be invoiced (at the same time or as soon as practicable after the Invoice in respect of the Aggregate NDM Reconciliation) and payable in accordance with Section S.

10.5.4 This paragraph 10.5 does not apply where for any AUG Year no AUG Table is established or there are no non-zero values of Unidentified Gas in the AUG Table.

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Table E1 – Form of AUG Table

AUG Table for AUG Year

Unidentified Gas Source	Aggregate quantity of Unidentified Gas	Unidentified Gas Quantity		
		Larger DM SPCs (A)	Larger NDM SPCs (B)	Smaller SPCs (C)*
(etc)				

*C = – (A + B)

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION F – SYSTEM CLEARING, BALANCING CHARGES AND NEUTRALITY

1 GENERAL AND SYSTEM PRICES

1.1 Introduction

1.1.1 This Section F provides for:

- (a) the clearing of each User's Daily Imbalances;
- (b) the calculation and payment of Daily Imbalance Charges and Scheduling Charges;
- (c) the calculation and payment of Balancing Neutrality Charges;
- (d) the clearing of each User's Reconciliation Quantities; and
- (e) the calculation and payment of Reconciliation Neutrality Charges.

1.1.2 For the purposes of the Code:

- (a) a "**Daily Imbalance Charge**" is an amount payable by or to a User in respect of a Daily Imbalance, in accordance with paragraph 2;
- (b) "**Scheduling Charges**" are amounts payable by a User in respect of differences between quantities delivered and offtaken to or from the Total System each Day and the quantities Nominated for such delivery or offtake, in accordance with paragraph 3;
- (c) "**Balancing Charges**" are Daily Imbalance Charges and Scheduling Charges;
- (d) "**Balancing Neutrality Charges**" are amounts payable by or to National Grid NTS, so that it does not gain or lose by the payment and receipt of Market Balancing Action Charges, Daily Imbalance Charges, Scheduling Charges and other amounts specified in and in accordance with paragraph 4;
- (e) "**Reconciliation Neutrality Charges**" are amounts payable by or to National Grid NTS, so that it does not gain or lose by the payment and receipt of Reconciliation Clearing Values, in accordance with paragraph 6 (or in relation to NTS System Exit Points, paragraph 4).
- (f) "**Default System Marginal Price**" is the price (in pence per kWh):
 - (i) calculated by National Grid NTS in accordance with the Default System Marginal Price Methodology;
 - (ii) contained in the Default System Marginal Price Statement; and
 - (iii) which shall apply for the Gas Year following the Gas Year in which the Default System Marginal Price Statement is published;

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- (g) **“Default System Marginal Price Statement”** means the document prepared and published by National Grid NTS by no later than 1 August 2012 and by no later than 1 August in each subsequent Gas Year;
- (h) **“Default System Marginal Price Methodology”** means the following formula:

$$\text{Default System Marginal Price (pence/kWh)} = \left[\frac{\text{Annual Compressor Fuel Cost (£) x 100}}{\text{Total System Demand (TWh) x 10}^9} \right] + \text{Average Forecast NTS Capacity Charges (pence/kWh)}$$

Where:

“Annual Compressor Fuel Cost” is the cost (in pounds sterling (£)) of operating all the NTS compressors during the Formula Year ending in the Gas Year in which the Default System Marginal Price Statement is published;

“Total System Demand” is the total system actual demand (in Terawatt Hours (TWh)), as published within National Grid NTS’s Ten Year Statement, for the Gas Year preceding the Gas Year in which the Default System Marginal Price Statement is published;

“Average Forecast NTS Capacity Charges” are the charges (in pence per kilowatt hour (p/kWh)) determined as TORt less TOKt (both such terms being defined in Special Licence Condition C8B of National Grid NTS’s Transporter’s Licence) in respect of the Formula Year commencing in the Gas Year in which the Default System Marginal Price Statement is published, divided by the 1 in 20 peak day demand in relation to the Gas Year following the Gas Year in which the Default System Marginal Price Statement is published; and

the numerical result derived from the application of the Default System Marginal Price Methodology shall be contained in the Default System Marginal Price Statement.

1.2 System prices

1.2.1 Subject to paragraphs 1.2.2 and 1.2.5, for each Day:

- (a) the **“System Marginal Buy Price”** is the greater of:
- (i) the System Average Price plus the Default System Marginal Price; and
 - (ii) the price in pence/kWh which (subject to Section D4.1.4, 4.1.5(a)) is equal to the highest Balancing Action Offer Price in relation to a Market Balancing Action taken for that Day;
- (b) the **“System Marginal Sell Price”** is the lesser of:
- (i) the System Average Price less the Default System Marginal Price; and

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- (ii) the price in pence/kWh which (subject to Section D4.1.4, 4.1.5(b) and 4.1.7) is equal to the lowest Balancing Action Offer Price in relation to a Market Balancing Action taken for that Day;
 - (c) the "**System Average Price**" for a Day is (subject to Section D4.1.4 and 4.1.6) the price in pence/kWh calculated as the sum of all Balancing Transaction Charges divided by the sum of the Market Transaction Quantities and Non-Trading System Transaction Quantities for all Balancing Transactions respectively effected in respect of that Day.
- 1.2.2 Where for any Day no Balancing Transaction was effected (or none other than one excluded for the purposes of paragraph 1.2.1 pursuant to paragraph 1.2.3), the System Average Price for that Day shall be the arithmetic mean of the System Average Price determined under paragraph 1.2.1 (or under this paragraph) for each of the 7 preceding Days.
- 1.2.3 For the purposes of paragraph 1.2.1(a), (b) and (c) Excluded Locational Actions will be excluded in determining the System Marginal Sell Price, System Marginal Buy Price and the System Average Price.
- 1.2.4 For the purposes of paragraph 1.2.3,

an "**Excluded Locational Action**" is a Market Balancing Buy Action or a Market Balancing Sell Action taken pursuant to Section D1.5 for the purposes of increasing or decreasing gas flows at a System Point for the purposes of avoiding or remedying a Localised Transportation Deficit, Transportation Constraint, Entry Capability Shortfall or Firm Capacity Shortfall.

- 1.2.5 Where:
- (a) it appears to National Grid NTS after consultation with the Uniform Network Code Committee or any relevant Sub-committee that there is an alternative basis for determining a price to apply each Day as the System Average Price for the purposes of paragraph 5, and that such basis would be more appropriate for such purposes than that set out in paragraphs 1.2.1 and 1.2.2 (or applying at the time pursuant to any prior application of this paragraph 1.2); and
 - (b) upon National Grid NTS's application the Authority has given Condition A11(18) Approval to National Grid NTS's applying, with effect from the Day proposed by National Grid NTS after such consultation, such alternative basis for such purposes

then with effect from such Day the price determined each Day pursuant to such alternative basis will be applied for the purposes of paragraph 5 and references to the System Average Price in that paragraph will be construed accordingly (but without prejudice to the continued application of the System Average Price determined under paragraphs 1.2.1 and 1.2.2 for other purposes of the Code); and National Grid NTS will as soon as reasonably practicable after the Authority gave such approval notify Users of such alternative basis.

1.3 Commissioning VLDMCs

1.3.1 Subject to paragraph 1.3.2 for the purposes of paragraphs 2.2.1 and 3.2.2 until the date

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specified or determined pursuant to the provisions (applying pursuant to Section J1.5.2(b)) of the applicable Network Exit Provisions as the date when commissioning of the Consumer's Plant is completed, a VLDMC Supply Point ~~Component~~ will be treated as a DMC Supply Point ~~Component~~ other than a VLDMC Supply Point ~~Component~~.

- 1.3.2 Paragraph 1.3.1 will apply only where the Registered User gives notice to the Transporter of the commissioning and complies with any other procedural requirements in accordance with the applicable Network Exit Provisions.

1.4 Daily Read Errors

1.4.1 Where for a Daily Read Error Day an Error Revised UDQO has been determined (pursuant to Sections M4.8 and E3.5) for a DM Supply Point ~~Component~~:

- (a) the Transporter will, as soon as reasonably practicable, determine by reasonable estimation, and notify to the relevant User, the quantities and amounts referred to in this paragraph 1.4;
- (b) this paragraph 1.4 shall apply on the basis of the quantities and amounts so determined by the Transporter.

1.4.2 Where the relevant Supply Point ~~Component~~ was a DMC Supply Point ~~Component~~:

- (a) where the amount (if any) invoiced to or paid by the User by way of Output Scheduling Charge exceeds the amount (if any) which the User would have been liable to pay by way of Output Scheduling Charge on the basis of the Error Revised UDQO, National Grid NTS will pay to the User the amount of the excess;
- (b) where the amount (if any) invoiced to or paid by the User by way of Output Scheduling Charge is less than the amount (if any) which the User would have been liable to pay by way of Output Scheduling Charge on the basis of the Error Revised UDQO, the User will pay to National Grid NTS the amount of the deficit.

- 1.4.3 Subject to paragraph 1.4.4, where the magnitude of the User's Daily Imbalance for the Daily Read Error Day would have been greater had the Error Revised UDQO been used in the calculation under Section E5:

- (a) if the Daily Imbalance was positive, National Grid NTS will be liable to pay to the User;
- (b) if the Daily Imbalance was negative, the User will be liable to pay to National Grid NTS

the amount (if any) calculated as the relevant quantity multiplied by the relevant price (in accordance with paragraph 1.4.5).

- 1.4.4 Where the User's Daily Imbalance would have been positive and not negative, or negative and not positive, had the Error Revised UDQO been used in the calculation under Section E5 paragraph 1.4.3 shall apply, irrespective of whether the magnitude of such Daily Imbalance would have been greater on the basis that the reference therein to whether the Daily Imbalance was positive or negative shall be to whether it would have

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been positive or negative.

1.4.5 For the purposes of this paragraph 1.4:

- (a) the "**relevant quantity**" is for the purposes of paragraph 1.4.4 the sum of the User's Daily Imbalance and the error quantity, less the Imbalance Tolerance Quantity;
- (b) the "**relevant price**" is the difference between:
 - (i) for the purposes of paragraph 1.4.3(a), the System Marginal Sell Price; or
 - (ii) for the purposes of paragraph 1.4.3(b), the System Marginal Buy Price and the System Average Price, each for the Daily Read Error Day (it being acknowledged that DM Reconciliation will separately provide an appropriate adjustment as to the System Average Price);
- (c) the "**error quantity**" is the magnitude of the difference between the Error Revised UDQO and the UDQO originally determined under Section E3.

1.4.6 Amounts paid by National Grid NTS pursuant to paragraph 1.4.2(a) or paid to National Grid NTS pursuant to paragraphs 1.4.2(b) and 1.4.3 will be additional Monthly Adjustment Neutrality Costs or (as the case may be) additional Monthly Adjustment Neutrality Revenues for the purposes of paragraph 4.5.3 in the month in which such amounts are paid.

1.4.7 It is acknowledged that the payments to be made pursuant to this paragraph 1.4 are separate additional obligations for the purposes of the Code, and nothing in Section M4.8 or E3.5 or this paragraph 1.4 shall prejudice the liability of the Transporter or any User to make payments (determined on the basis of the original UDQO) pursuant to any other provision of the Code.

1.5 DNO User

In this Section F references to Users exclude DNO Users other than a DNO User in its capacity as an LDZ Shrinkage Provider.¹

2 DAILY IMBALANCES

2.1 Introduction

2.1.1 The gas representing the amount of a User's Daily Imbalance in respect of a Day shall be deemed to be sold and purchased and the imbalance cleared in accordance with this paragraph 2.

2.1.2 The Daily Imbalance Charge in respect of a User's Daily Imbalance shall be determined in accordance with paragraph 2.3.

2.2 System Clearing Contract

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.6.

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- 2.2.1 The quantity of gas comprising a User's Daily Imbalance shall be deemed to have been sold and purchased pursuant to a System Clearing Contract.
- 2.2.2 For the purposes of such System Clearing Contract:
- (a) where the Daily Imbalance is positive, the seller is the User and the buyer is National Grid NTS;
 - (b) where the Daily Imbalance is negative, the seller is National Grid NTS and the buyer is the User.
- 2.2.3 The System Clearing Contract shall be deemed to have been performed fully except as to payment.
- 2.2.4 The Daily Imbalance shall be extinguished by the System Clearing Contract.

2.3 Clearing Charge

- 2.3.1 The Daily Imbalance Charge shall be the Clearing Charge in respect of the System Clearing Contract under this paragraph 2 and shall be calculated by multiplying the Daily Imbalance of the User as follows:
- (a) where the Daily Imbalance is positive, the System Marginal Sell Price for the Gas Flow Day; and
 - (b) where the Daily Imbalance is negative, the System Marginal Buy Price for the Gas Flow Day.
- 2.3.2 In the event of a Class A Contingency (in accordance with Section U6) occurring on the Gas Flow Day the references in paragraph 2.3.1(b) to System Marginal Sell Price and System Marginal Buy Price shall be to the System Average Price.
- 2.3.3 The buyer shall pay the Daily Imbalance Charge in respect of the Daily Imbalance to the seller.
- 2.3.4 The Daily Imbalance Charge shall be invoiced and payable in accordance with Section S.

3 SCHEDULING CHARGES

3.1 Introduction

- 3.1.1 Where on a Day the quantity of gas delivered to or offtaken from the Total System by a User at a System Point or group of System Points differs (by more than an allowed tolerance) from the quantities nominated by the User in respect of that System Point or group, the User shall pay a Scheduling Charge in accordance with this paragraph 3.
- 3.1.2 Scheduling Charges incurred under this paragraph 3 will be invoiced and are payable in accordance with Section S.
- 3.1.3 No account shall be taken of gas flows at Inter-System Offtakes for the purposes of calculating Scheduling Charges.

3.2 Input Scheduling Charges

3.2.1 For the purposes of the Code, for each User in respect of each Aggregate System Entry Point on each Day:

- (a) the "**Scheduling Input Nominated Quantity**" is the sum of the Nominated Quantities under its Input Nominations for each System Entry Point comprised in that Aggregate System Entry Point;
- (b) the "**Input Scheduling Quantity**" is the amount by which the sum of the UDQIs (in accordance with Section E2.1) for each System Entry Point comprised in that Aggregate System Entry Point was greater than or (as the case may be) less than the Scheduling Input Nominated Quantity;
- (c) the "**Inner Input Tolerance Quantity**" is 3% of the Scheduling Input Nominated Quantity;
- (d) the "**Outer Input Tolerance Quantity**" is 5% of the Scheduling Input Nominated Quantity;
- (e) the "**First Chargeable Input Scheduling Quantity**" is:
 - (i) where the magnitude of the Input Scheduling Quantity exceeds the Outer Input Tolerance Quantity, the amount of the difference between the Outer Input Tolerance Quantity and the Inner Input Tolerance Quantity;
 - (ii) where the magnitude of the Input Scheduling Quantity does not exceed the Outer Input Tolerance Quantity, the amount (if any) by which the magnitude of the Input Scheduling Quantity exceeds the Inner Input Tolerance Quantity;
- (f) the "**Second Chargeable Input Scheduling Quantity**" is the amount (if any) by which the magnitude of the Input Scheduling Quantity exceeds the Outer Input Tolerance Quantity.

3.2.2 Where the magnitude of the Input Scheduling Quantity exceeds the Inner Input Tolerance Quantity (but not otherwise), the User shall pay a Scheduling Charge determined as the sum of:

- (a) the amount of the First Chargeable Input Scheduling Quantity multiplied by 2% of the System Average Price for the Gas Flow Day; and
- (b) the amount of the Second Chargeable Input Scheduling Quantity (if any) multiplied by 5% of the System Average Price for the Gas Flow Day.

3.3 Output Scheduling Charges

3.3.1 Subject to paragraph 3.3.4, for the purposes of this Section F, for each User:

- (a) an "**Output Scheduling Point or Group**" is:
 - (i) a Registered DMC Supply Point-~~Component~~ other than a SDMC(I)

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Supply Point-Component; or

- (ii) a relevant Connected System Exit Point; or
 - (iii) the Scheduling Firm Supply Point Group for any LDZ; or
 - (iv) the Scheduling Interruptible Supply Point Group for any LDZ;
- (b) for each LDZ:
- (i) the "**Scheduling Firm Supply Point Group**" is all of the DMA(F) Supply Point Groups for each Exit Zone in that LDZ;
 - (ii) the "**Scheduling Interruptible Supply Point Group**" is all of the DMA(I) Supply Point Groups for each Exit Zone, and all of the Registered SDMC(I) Supply Point-Components, in that LDZ.

3.3.2 Subject to paragraph 3.3.4, for the purposes of the Code, for each User in respect of each Output Scheduling Point or Group:

- (a) the "**Scheduling Output Nominated Quantity**" is:
- (i) in the case of a Registered DMC Supply Point-Component (other than a SDMC(I) Supply Point-Component), the Nominated Quantity under its Output Nomination for the relevant System Exit Point;
 - (ii) in the case of a relevant Connected System Exit Point, the Nominated Quantity under its Output Nomination for the relevant System Exit Point;
 - (iii) in the case of a Scheduling Firm Supply Point Group, the sum of the Nominated Quantities under its Output Nominations for all DMA(F) Supply Point Groups for Exit Zones in the relevant LDZ; and
 - (iv) in the case of a Scheduling Interruptible Supply Point Group, the sum of the Nominated Quantities under its Output Nominations for all DMA(I) Supply Point Groups for Exit Zones, and for all Registered SDMC(I) Supply Point-Components, in the relevant LDZ;
- (b) the "**Scheduling UDQO**" is:
- (i) in respect of a Scheduling Firm Supply Point Group, the aggregate of the User's UDQOs for all of the Registered Firm DMA Supply Point-Components in the relevant LDZ;
 - (ii) in respect of a Scheduling Interruptible Supply Point Group, the aggregate of the User's UDQOs for all of the Registered Interruptible DMA Supply Point-Components and all of the Registered SDMC(I) Supply Point-Components in the relevant LDZ; and
 - (iii) in respect of any other System Exit Point (other than an NDM Supply Point-Component), the User's UDQO for that System Exit Point;
- (c) the "**Output Scheduling Quantity**" is the amount by which the Scheduling

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UDQO was greater than or (as the case may be) less than the Scheduling Output Nominated Quantity;

- (d) the "**Output Tolerance Quantity**" is:
- (i) in respect of a DMC Supply Point-~~Component~~ other than a VLDMC Supply Point-~~Component~~ or SDMC(I) Supply Point-~~Component~~, or a relevant Connected System Exit Point, the quantity which is 25% of the Scheduling Output Nominated Quantity;
 - (ii) in respect of a VLDMC Supply Point-~~Component~~ or relevant Connected System Exit Point, the quantity which is 3% of the Scheduling Output Nominated Quantity; and
 - (iii) in respect of a Scheduling Firm Supply Point Group, the quantity which is 20% of the Scheduling Output Nominated Quantity;
 - (iv) in respect of a Scheduling Interruptible Supply Point Group, the quantity which is 25% of the Scheduling Output Nominated Quantity;
- (e) the "**Chargeable Output Scheduling Quantity**" is the amount (if any) by which the magnitude of the Output Scheduling Quantity exceeds the Output Tolerance Quantity.

3.3.3 Where the magnitude of the Output Scheduling Quantity exceeds the Output Tolerance Quantity (but not otherwise), the User shall pay a Scheduling Charge determined as the Chargeable Output Scheduling Quantity multiplied by 1% of the System Average Price for the Gas Flow Day.

3.3.4 A DMC Supply Point-~~Component~~, other than a SDMC(I) Supply Point-~~Component~~, will not be an Output Scheduling Point or Group where:

- (a) in respect of ~~the~~any Supply Meter Point (other than a Supply Meter Point at which telemetry equipment is installed as part of the Supply Meter Installation) comprised therein, the Gas Flow Day was a Failed Daily Read Day; or
- (b) the Transporter did not make gas available for offtake from the Total System at the Supply Point-~~Component~~.

4 BALANCING NEUTRALITY CHARGES

4.1 Introduction

4.1.1 The difference between the amounts received or receivable and the amounts paid or payable by National Grid NTS in respect of Balancing Charges and certain other amounts in each month is payable to or recoverable from relevant Users in accordance with this paragraph 4.

4.1.2 For the purposes of this paragraph 4:

- (a) "**relevant User**" means subject to paragraph 4.1.2(e) below, any User other than a Shrinkage Provider, and National Grid NTS when acting for Operating Margins Purposes;

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- (b) **"relevant UDQI"** means a UDQI of a relevant User;
- (c) **"relevant UDQO"** means a UDQO of a relevant User;
- (d) **"relevant Adjustment Day"** is the Day that any of the charges or amounts set out in paragraphs 4.5.2 and 4.5.3 relate to; and
- (e) for the purposes of paragraph 4.5 references to relevant User shall mean Users that were a User on the relevant Adjustment Day and on the relevant Day.

4.2 Payment of charge

- 4.2.1 Each relevant User shall pay to National Grid NTS, or (as the case may be) National Grid NTS shall pay to each relevant User, in respect of each Day ("**relevant Day**") a Balancing Neutrality Charge.
- 4.2.2 For each relevant User the Balancing Neutrality Charge shall be calculated as the sum of:
 - (a) the Unit Daily Neutrality Amount multiplied by the sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Day;
 - (b) the Adjustment Neutrality Amount for the relevant Day.
- 4.2.3 The Balancing Neutrality Charge is payable by National Grid NTS to the User where it is negative and by the User to National Grid NTS where it is positive.
- 4.2.4 Balancing Neutrality Charges shall be invoiced and are payable in accordance with Section S.

4.3 Unit Daily Neutrality Amount

The "**Unit Daily Neutrality Amount**" for a relevant Day is the Basic Net Neutrality Amount (under paragraph 4.4) for the relevant Day, divided by the sum of all relevant UDQIs and relevant UDQOs for all relevant Users.

4.4 Basic Net Neutrality Amount

- 4.4.1 For each relevant Day the "**Basic Net Neutrality Amount**" is Aggregate System Payments (in accordance with paragraph 4.4.3) less Aggregate System Receipts (in accordance with paragraph 4.4.2).
- 4.4.2 "**Aggregate System Receipts**" for a Day are the aggregate, for all Users, of the following:
 - (a) the Market Balancing Action Charges payable to National Grid NTS in respect of each Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day (other than any Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint) and any other amounts payable to National Grid NTS in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a

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Transportation Constraint) in respect of such Day;

- (b) the Daily Imbalance Charges payable to National Grid NTS in respect of each negative Daily Imbalance on that Day; and
- (c) the Scheduling Charges payable to National Grid NTS in relation to Input Scheduling Quantities and Output Scheduling Quantities in respect of that Day;
- (d) the Physical Renomination Incentive Charges payable to National Grid NTS in respect of that Day;
- (e) Total Incentivised Nomination Charges payable to National Grid NTS in respect of that Day;
- (f) the amounts received by National Grid NTS from Users pursuant to Section Q6.2 or Section Q6.3 in respect of Users' Emergency Curtailment Quantity relating to that Day or any revisions thereto;
- (g) the amounts received by National Grid NTS from Users pursuant to Section Q7.2 relating to that Day; and
- (h) the amount (if any) by which the aggregate amount of all Post-Emergency Claims Charges received by National Grid NTS in respect of a Day exceeds the aggregate amount of all Post-Emergency Claims Payments paid by National Grid NTS in respect of that Day, in each case pursuant to Section Q4.5.

4.4.3 **"Aggregate System Payments"** for a Day are the aggregate, for all Users, of the following:

- (a) the Market Balancing Action Charges payable by National Grid NTS in respect of each Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) taken for that Day (other than any Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint) and any other amounts payable by National Grid NTS in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint) in respect of such Day;
- (b) the Daily Imbalance Charges payable by National Grid NTS under paragraph 2.2.1 in respect of each positive Daily Imbalance on that Day;
- (c) the amounts payable by National Grid NTS to Users pursuant to Section Q6.2 or Section Q6.3 in respect of Users' Emergency Curtailment Quantity relating to that Day or any revisions thereto;
- (d) the amounts payable by National Grid NTS to Users pursuant to Section Q7.2 relating to that Day; and
- (e) the amount (if any) by which the aggregate amount of all Post-Emergency Claims Payments paid by National Grid NTS in respect of a Day exceeds the aggregate amount of all Post-Emergency Claims Charges received by National Grid NTS in respect of that Day, in each case pursuant to Section Q4.5.

4.5 Adjustment Neutrality Amount

4.5.1 The "**Adjustment Neutrality Amount**" for a relevant User for a Day is the sum of:

- (a) the "**Daily Adjustment Neutrality Amount**" for the relevant Day in accordance with paragraph 4.5.2;
- (b) the amount of the "**Monthly Adjustment Neutrality Amount**" determined under paragraph 4.5.3 for the calendar month (the "**relevant month**") in which the relevant Day falls, divided by the number of Days in the relevant month; and
- (c) the amount of the rounding adjustment in respect of the preceding Day in accordance with paragraph 4.5.5 divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day.

4.5.2 The "**Daily Adjustment Neutrality Amount**" for a relevant Day is the sum of:

- (a) the Daily Margins Recovery Amount in accordance with Section K4.3.1; and
- (b) the Clearing Charges payable by National Grid NTS in respect of Unauthorised Gas Flows (in accordance with Section E4.2.2(a)) at System Entry Points; less
- (c) the Clearing Charges payable to National Grid NTS in respect of Unauthorised Gas Flows (in accordance with Section E4.2.2(b)) at System Exit Points.

divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day.

4.5.3 The "**Monthly Adjustment Neutrality Amount**" for the relevant calendar month (month 'm') is:

- (a) the sum of the following amounts:
 - (i) the magnitude of the Balancing Neutrality Financing Adjustment for each Day in month m for which it is positive divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;
 - (ii) the amount of any Market Balancing Action Charges (other than Market Balancing Action Charges in relation to any Market Balancing Action taken as a result of a Localised Transportation Deficit and/or a Transportation Constraint), other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint), Physical Renomination Incentive Charges, Total Incentivised Nomination Charges, Balancing Charges, Balancing Neutrality Charges, User Aggregate Reconciliation Clearing Charges, Reconciliation Clearing Charges (payable to

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National Grid NTS), User Unidentified Gas Amounts (payable to National Grid NTS) or Clearing Charges in respect of Unauthorised Gas Flows at System Entry Points which were due for payment to National Grid NTS in respect of each Day in month m-2 but were unpaid to National Grid NTS as at the last Day of month m divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;

- (iii) the amount of any costs, expenses, payment or other amount incurred by National Grid NTS as referred to in Section E2.3.7(c) in connection with any claim by a third party in respect of gas subject to an Unclaimed Entry Allocation Statement and paid in month m divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;
- (iv) the amount of any interest paid (in accordance with Section S4.3.2) 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 (ii) divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day; and
- (v) any other amount (an "**additional Monthly Adjustment Neutrality Cost**"):
 - (1) provided to be included in this paragraph (a) in relation to month m under any provision of the Code; or
 - (2) incurred by National Grid NTS in month m where the Authority has, upon National Grid NTS's application, given Condition A11(18) Approval to National Grid NTS recovering such amount, or amounts of such kind, by inclusion in this paragraph (a)

divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day

- (vi) the amount of the Reconciliation Clearing Charges, relating to DM Reconciliation in respect of NTS Supply Meter Points or CSEP Reconciliation in respect of NTS Connected System Exit Points, payable by National Grid NTS in respect of Days in month m divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;
- (vii) the amount of any costs, expenses or other amount incurred by National Grid NTS in providing security and/or collateral to the Trading System Operator (pursuant to the Trading System Arrangements) in respect of Market Balancing Actions taken or to be taken by National Grid NTS

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and paid in month m and

- (viii) the amount of any costs, expenses or other amounts payable by National Grid NTS for the provision of Credit Rating Analytic Services procured from third parties in accordance with Section X2.2.6(c).

less:

- (b) the sum of the following amounts:
 - (i) the magnitude of the Balancing Neutrality Financing Adjustment for each Day in month m for which it is negative divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day;
 - (ii) the amount of any Market Balancing Action Charges (other than Market Balancing Action Charges in relation to any Market Balancing Action taken as a result of a Localised Transportation Deficit and/or a Transportation Constraint), other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint), Physical Renomination Incentive Charges, Total Incentivised Nomination Charges, Balancing Charges, Balancing Neutrality Charges, User Aggregate Reconciliation Clearing Charges, Reconciliation Clearing Charges (payable to National Grid NTS), User Unidentified Gas Amounts payable to National Grid NTS or Clearing Charges in respect of Unauthorised Gas Flows at System Entry Points which:
 - (1) was unpaid as at the last Day of month m-3 and were taken into account (under paragraph (a)(ii) above) in calculating the Monthly Adjustment Neutrality Amount for month m-1; but
 - (2) has been paid to National Grid NTS since the last Day of month m-1divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day
 - (iii) the amount of any interest paid (in accordance with Section S4.3.2) by any User to National Grid NTS on any Day in month m by virtue of the late payment of Market Balancing Action Charges (other than Market Balancing Action Charges in relation to any Market Balancing Action taken as a result of a Localised Transportation Deficit and/or a Transportation Constraint), other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint), Physical Renomination Incentive Charges, Total Incentivised Nomination Charges, Balancing Charges, Balancing Neutrality Charges, User Aggregate Reconciliation Clearing Charges, Reconciliation Clearing Charges or Clearing Charges

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in respect of Unauthorised Gas Flows at System Entry Points divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day; and

- (iv) any other amount (an "**additional Monthly Adjustment Neutrality Revenue**") provided to be included in this paragraph (b) in relation to month m under any provision of the Code divided by the sum of all relevant UDQIs and UDQOs for all relevant Users for the relevant Adjustment Day multiplied by sum of the relevant User's relevant UDQIs and relevant UDQOs for the relevant Adjustment Day.

4.5.4 For the purposes of paragraphs 4.5.3(a)(v) and 4.5.3(b)(iv) any amount therein referred to shall be included in the month in which National Grid NTS makes or receives payment of such amount, failing which in the month in which invoiced Balancing Charges in respect of the Day on which such amount accrued become due for payment pursuant to Section S.

4.5.5 The rounding adjustment for a Day is the amount by which, as a result of the rounding (to any given number of decimal places) of the Unit Daily Neutrality Amount for the Day, the sum of all Balancing Neutrality Charges for the Day is less (in which case the rounding adjustment is positive) or more (in which case the rounding adjustment is negative) than the sum of the Basic Net Neutrality Amount and the Adjustment Neutrality Amount.

4.5.6 For the purposes of paragraph 4.5.3(b), so much of any amounts received by National Grid NTS:

- (a) from any gas supplier pursuant to the undertaking required to be entered into by the supplier pursuant to Standard Condition 37 of the Supplier's Licence; or
- (b) from any consumer, pursuant to an arrangement which is exempt pursuant to the Gas Act 1986 Exemptions (No. 2) Order 1996,

as are calculated in like manner to, or may be considered to be equivalent to, Energy Balancing Charges, will be Additional Neutrality Adjustment Costs.

4.6 Balancing Neutrality Financing Adjustment

4.6.1 For the purposes of this paragraph 4, "**Balancing Neutrality Financing Adjustment**" for a Day is the amount calculated as the Neutrality Interest Rate for the Day multiplied by the closing cash balance for that Day.

4.6.2 For the purposes of this paragraph 4:

- (a) the "**closing cash balance**" for a Day is the amount of the opening cash balance, plus the amount (if any) of all payments received by National Grid NTS from Users on that Day, less the amount of all payments made by National Grid NTS for Users on that Day, in each case in respect of:
 - (i) any of the amounts taken into account (in accordance with paragraphs 4.4 and 4.5) in determining Balancing Neutrality Charges;

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- (ii) Balancing Neutrality Charges;
 - (iii) User Aggregate Reconciliation Clearing Charges;
 - (iv) Reconciliation Clearing Charges;
- (b) the "**opening cash balance**" for a Day is:
- (i) for 1 March 1996, zero;
 - (ii) for each subsequent Day, the amount of the closing cash balance for the preceding Day.

4.6.3 For the purposes of paragraph 4.6.2(a)(i):

- (a) the amount of the Balancing Neutrality Financing Adjustment for a Day shall be treated as a payment made or received (pursuant to paragraph 4.5.3) by National Grid NTS,
- (b) the amount of the Daily Margins Recovery Amount for a Day in any month shall be treated as a payment made or received (pursuant to paragraph 4.5.3) by National Grid NTS,

in each case on the date on which invoiced Balancing Charges in respect of that Day become due for payment pursuant to Section S.

4.6.4 The Balancing Neutrality Financing Adjustment for a Day is positive where the closing cash balance represents (on a cumulative basis) payments made by National Grid NTS exceeding payments made to it, and negative where the closing cash balance represents (on a cumulative basis) payments made to National Grid NTS exceeding payments made by it.

5 RECONCILIATION CLEARING

5.1 System Clearing Contract

5.1.1 Upon each Individual Reconciliation, Aggregate NDM Reconciliation and End of Year AQ Reconciliation, the quantity of gas comprising the Reconciliation Quantity shall be deemed to have been sold and purchased pursuant to a System Clearing Contract.

5.1.2 Without prejudice to Section N4.5, for the purposes of such System Clearing Contract:

- (a) where the Reconciliation Quantity is positive, the seller is the User and the buyer is National Grid NTS;
- (b) where the Reconciliation Quantity is negative, the seller is National Grid NTS and the buyer is the User.

5.1.3 The System Clearing Contract shall be deemed to have been performed fully except as to payment.

5.1.4 The amount of the Reconciliation Quantity shall be extinguished by the System Clearing Contract.

5.2 Clearing Charge

- 5.2.1 The Clearing Charge ("**Reconciliation Clearing Charge**") in respect of the System Clearing Contract under this paragraph 5 shall be the Reconciliation Clearing Value determined in accordance with Section E6.1.5 and the Clearing Charge ("**User Aggregate Reconciliation Clearing Charge**") in respect of the System Clearing Contract under paragraph 5 shall be the User Aggregate Reconciliation Clearing Value in accordance with paragraph 7.2.3. The Clearing Charge ("**End of Year AQ Reconciliation Clearing Charge**") in respect of the System Clearing Contract under paragraph 5 shall be the Annual Quantity Revision Difference Clearing Value in accordance with Section E7.4.5.
- 5.2.2 The buyer shall pay the Reconciliation Clearing Charge, the User Aggregate Reconciliation Clearing Charge or the End of Year AQ Reconciliation Clearing Charge to the seller.
- 5.2.3 Reconciliation Clearing Charges, User Aggregate Reconciliation Clearing Charges and End of Year AQ Reconciliation Clearing Charges shall be invoiced and are payable in accordance with Section S.
- 5.2.4 The Reconciliation Clearing Charge shall be treated as payable in respect of the Day on which there was provided to or obtained by the Transporter the later of the two Meter Readings on the basis of which the Individual NDM Reconciliation, DM Reconciliation or (as the case may be) Individual CSEP Reconciliation was carried out, or if later the 5th Day following the Meter Read Date in respect of such Meter Reading.
- 5.2.5 The User Aggregate Reconciliation Clearing Charge shall be treated as payable for the purposes of Aggregate NDM Reconciliation on the last Day in the relevant Reconciliation Billing Period.
- 5.2.6 The End of Year AQ Reconciliation Clearing Charge shall be treated as payable for the purposes of End of Year AQ Reconciliation as and when invoiced by National Grid NTS in accordance with the provisions of Section S.

6 RECONCILIATION NEUTRALITY

6.1 Introduction

- 6.1.1 The difference between the amounts received or receivable and the amounts paid or payable by National Grid NTS in respect of Residual Reconciliation Clearing Charges in each month is payable to or recoverable from relevant Users in accordance with this paragraph 6.
- 6.1.2 This paragraph 6 shall apply in respect of Individual NDM Reconciliation, DM Reconciliation and Individual CSEP Reconciliation, other than in respect of NTS Supply Meter Points and NTS Connected System Exit Points.
- 6.1.3 For the purposes of this paragraph 6:
- (a) "**relevant User**" means any User other than a Shrinkage Provider and National Grid NTS when acting for Operating Margins Purposes;
 - (b) "**relevant UDQO**" means a UDQO of a relevant User in respect of an NDM

Supply Point Component or relevant Unmetered Connected System Exit Point.

- (c) **"Residual Reconciliation Clearing Charges"** are those Reconciliation Clearing Charges attributable to Reconciliation Clearing Values calculated:
 - (i) following First Reconciliation in respect of the period prior to the Reconciliation by Difference Date; or
 - (ii) after the Reconciliation by Difference Date but attributable to the period before such date.

6.2 Payment of charge

- 6.2.1 Each relevant User shall pay to National Grid NTS, or (as the case may be) National Grid NTS shall pay to each relevant User, in respect of each calendar month ("**relevant month**") a Reconciliation Neutrality Charge.
- 6.2.2 For each relevant User the Reconciliation Neutrality Charge shall be calculated as the Unit Reconciliation Neutrality Amount multiplied by the sum of the relevant User's relevant UDQOs for each Day in the relevant neutrality month.
- 6.2.3 The Reconciliation Neutrality Charge is payable by National Grid NTS to the relevant User where it is negative and by the relevant User to National Grid NTS where it is positive.
- 6.2.4 Reconciliation Neutrality Charges shall be invoiced and are payable in accordance with Section S.
- 6.2.5 The "**relevant neutrality month**" shall be, where the relevant month:
 - (a) is before the Reconciliation by Difference Date, the relevant month;
 - (b) is after the Reconciliation by Difference Date, the month ("**final neutrality month**") preceding the month in which the Reconciliation by Difference Date falls.

6.3 Unit Reconciliation Neutrality Amount

- 6.3.1 Subject to paragraph 6.3.2, the "**Unit Reconciliation Neutrality Amount**" for a relevant month is the sum of the Basic Net Reconciliation Neutrality Amount (under paragraph 6.4) and the Adjustment Reconciliation Neutrality Amount (under paragraph 6.5) for each Day in the relevant month, divided by the sum of all relevant UDQOs for each Day in the relevant neutrality month for all relevant Users.
- 6.3.2 Where in respect of any relevant neutrality month (the "**capped month**") the magnitude of the amount (where positive) determined under paragraph 6.3.1 exceeds 0.015 pence per kWh:
 - (a) the magnitude of the Unit Reconciliation Neutrality Amount shall be equal to 0.015 pence per kWh;
 - (b) the amount determined in accordance with paragraph 6.3.3 shall be carried forward and taken into account in determining the Adjustment Reconciliation

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Neutrality Amount for the following relevant neutrality month or in the final neutrality month, in the following Reconciliation Billing Period.

6.3.3 The amount referred to in paragraph 6.3.2(b) is the amount by which the amount (where positive) determined under paragraph 6.3.1 (disregarding paragraph 6.3.2(a)) in respect of the capped month exceeds 0.015 pence per kWh, multiplied by the sum of the relevant UDQOs for all relevant Users for each Day in the relevant neutrality month.

6.3.4 The rounding adjustment for a month is the amount by which, as a result of the rounding (to any given number of decimal places) of the Unit Reconciliation Neutrality Amount for Days in that month, the sum of all Reconciliation Neutrality Charges is less (in which case the rounding adjustment is positive) or more (in which case the rounding adjustment is negative) than the sum of the Basic Net Reconciliation Neutrality Amounts and the Reconciliation Adjustment Neutrality Amounts for all such Days.

6.4 Basic Net Reconciliation Neutrality Amount

For each relevant month the "**Basic Net Reconciliation Neutrality Amount**" is the aggregate amount of Residual Reconciliation Clearing Charges payable by National Grid NTS in respect of Days in the Reconciliation Billing Period which commenced in that month, less the aggregate amount of Residual Reconciliation Clearing Charges payable to National Grid NTS in respect of Days in that Reconciliation Billing Period, plus the amount of the rounding adjustment in respect of the preceding month in accordance with paragraph 6.3.4.

6.5 Adjustment Reconciliation Neutrality Amount

The "**Adjustment Reconciliation Neutrality Amount**" for a relevant month (month 'm') is:

- (a) the sum of the following amounts:
 - (i) the magnitude of the Reconciliation Neutrality Financing Adjustment for each Day in month m for which it is positive;
 - (ii) the amount of any Residual Reconciliation Clearing Charges or Reconciliation Neutrality Charges (payable to National Grid NTS) which were 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;
 - (iii) the amount of any interest paid (in accordance with Section S4.3.2) 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 (ii);
 - (iv) the amount (if any) determined under paragraph 6.3.3; and
 - (v) any other amount (an "**additional Adjustment Reconciliation Neutrality Cost**") provided to be included in this paragraph (a) in relation to month m under any provision of the Code;

less

- (b) the sum of the following amounts:

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- (i) the magnitude of the Reconciliation Neutrality Financing Adjustment for each Day in month m for which it is negative;
- (ii) the amount of any Residual Reconciliation Clearing Charges or Reconciliation Neutrality Charges (payable to National Grid NTS) which:
 - (1) was unpaid as at the last Day of month m-3 and were taken into account (under paragraph (a)(ii) above) in calculating the Reconciliation Adjustment Neutrality Amount for month m-1, but
 - (2) has been paid to National Grid NTS since the last Day of month m-1;
- (iii) the amount of any interest paid (in accordance with Section S4.3.2) by any User to National Grid NTS on any Day in month m by virtue of late payment of Residual Reconciliation Clearing Charges or Reconciliation Neutrality Charges; and
- (iv) any other amount (an "**additional Adjustment Reconciliation Neutrality Revenue**") provided to be included in this paragraph (b) in relation to month m under any provision of the Code.

6.6 Reconciliation Neutrality Financing Adjustment

6.6.1 For the purposes of this paragraph 6, "**Reconciliation Neutrality Financing Adjustment**" for a Day is the sum, for each Day in the relevant month, of the amounts calculated as the Neutrality Interest Rate for the Day multiplied by the closing cash balance for that Day.

6.6.2 For the purposes of this paragraph:

- (a) the "**closing cash balance**" for a Day is the amount of the opening cash balance, plus the amount (if any) of all payments received by National Grid NTS from Users on that Day, less the amount of all payments made by National Grid NTS for Users on that Day, in each case in respect of:
 - (i) any of the amounts taken into account (in accordance with paragraphs 6.4 and 6.5) in determining Reconciliation Neutrality Charges; and
 - (ii) Reconciliation Neutrality Charges;
- (b) the "**opening cash balance**" for a Day is:
 - (i) on 1 March 1996, zero;
 - (ii) for each subsequent Day, the amount of the closing cash balance for the preceding Day.

6.6.3 For the purposes of paragraph 6.6.2(a)(i), the amount of the Reconciliation Neutrality Financing Adjustment for a Day in any month shall be treated as a payment made or received (pursuant to paragraph 6.5) by National Grid NTS on the date on which

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invoiced Balancing Charges in respect of Days in that month become due for payment in accordance with Section S.

- 6.6.4 The amount determined under paragraph 6.6.2 for a Day is positive where the closing cash balance represents (on a cumulative basis) payments made by National Grid NTS exceeding payments made to it, and negative where the closing cash balance represents (on a cumulative basis) payments made to National Grid NTS exceeding payments made by it.

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SECTION G – SUPPLY POINTS

1 INTRODUCTION AND STRUCTURAL RULES¹

1.1 Supply Point and Registered User

1.1.1 For the purposes of the Code:

(a) a "**Supply Point**" is a System Exit Point comprising the Supply Meter Point ~~or Supply Meter Points~~ for the time being registered in the name of a User pursuant to a Supply Point Registration, or (for the purposes of this Section G only) the subject of a Proposed Supply Point Registration;

(b) the "**Registered User**" of a Supply Point is the User in whose name such Supply Meter Points ~~is~~ are so registered;

(c) a "**Supply Point Registration**" is the registration of ~~a one or more~~ Supply Meter Points in the name of a User pursuant to paragraph 2.8.7(a) or 2.9.1 or (where applicable) to paragraph 2.1.6.

1.1.2 Without prejudice to paragraph 1.7, only one User may be the Registered User in respect of a Supply Point.

1.1.3 A User may apply for a Supply Point Registration ("**Proposed Supply Point Registration**") subject to and in accordance with paragraph 2, and may withdraw from a Supply Point Registration subject to and in accordance with paragraph 3.

1.1.4 A Supply Point Registration may be modified only as respects those details of the Supply Point Registration specified as capable of being amended in Annex G-1; and a Supply Point Reconfirmation (in accordance with paragraph 2.2.3) will be required in respect of any change in any other details.

1.1.5 The "**Supply Point Registration Date**" in respect of a Supply Point is the date of the Supply Point Registration in accordance with paragraph 2.

1.1.6 A reference in the Code in the context of a User to a "**Registered**" Supply Point, ~~Supply Point Component~~ or Supply Meter Point is to a Supply Point, or (as the case may be) ~~the a Supply Point Component or~~ Supply Meter Point comprised in a Supply Point, of which the User is the Registered User.

1.1.7 A reference in the Code to the Registered User of a ~~Supply Point Component or~~ Supply Meter Point is to the Registered User of the Supply Point (or in the case of a Shared Supply Meter Point any of the Supply Points) in which such ~~Supply Point Component or~~ Supply Meter Point is comprised.

1.1.8 In this Section G "**Supply Point Transportation Charges**" means Customer Charges, LDZ Capacity Charges, LDZ Commodity Charges, NTS Commodity Charges

¹ Implementation of modification 0420 effective 06:00hrs on a date to be determined, will amend this Section, in whole or in part.

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and NTS Exit Capacity Charges; and in the context of a Supply Point or Proposed Supply Point a reference to details of Supply Point Transportation Charges is to the applicable rate or amount thereof in accordance with Section B1.8.

1.1.9 For the purposes of the Code the premises to which gas offtaken from the Total System at a Supply Point is or is to be supplied are the **“Supply Point Premises”**.

1.2 Offtake responsibility for Supply Points

Subject to paragraph 3.4.2 the gas offtaken from the Total System at a Supply Point will (in accordance with Section E3 and where applicable paragraph 1.7) be attributed for the purposes of the Code to the Registered User; and the Registered User accepts (for the purposes of the Code) responsibility for such offtake of gas by itself or any other person whether or not authorised by the Registered User.

1.3 Supply Meter Points

1.3.1 In accordance with Section A4.1 a Supply Meter Point is an Individual System Exit Point at which gas may (in accordance with the Code) be offtaken from the Total System for the purposes of supply directly to particular premises.

1.3.2 A Supply Meter Point may (subject to and in accordance with paragraph 1.7) be included in more than one Supply Point.

1.3.3 In accordance with Section M2 a Supply Meter Installation is required to be installed at each Supply Meter Point; but a point may be a Supply Meter Point in accordance with paragraph 1.3.1 notwithstanding that no such installation is installed at such point.

1.3.4 Pursuant to this Section G, a Supply Meter Point which has not been Isolated will at all times be included in at least one Supply Point.

1.3.5 Paragraph 7.3 sets out the basis on which a New Supply Meter Point may be established.

1.4 ~~Not Used~~Single Premises Requirement

~~1.4.1 A Supply Point must comply with the Single Premises Requirement.~~

~~1.4.2 The **“Single Premises Requirement”** is the requirement that where more than one Supply Meter Point is comprised in a Supply Point, gas offtaken from the Total System at all of such Supply Meter Points is to be supplied to premises:~~

~~(a) owned or occupied by one person;~~

~~(b) in close geographical proximity to each other;~~

~~(c) comprised within a common curtilage; and~~

~~(d) which serve each other in some necessary or reasonably useful way.~~

~~1.4.3 The Registered User shall:~~

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(a) — take all reasonable steps to ensure that the Single Premises Requirement does not cease to be satisfied in respect of a Supply Point without the Registered User's becoming aware of that fact; and

(b) — if the Single Premises Requirement shall cease to be satisfied in respect of a Supply Point, as soon as it becomes aware of that fact:

promptly so inform the Transporter; and

apply (in accordance with paragraph 2) for two or more Supply Point Registrations (in respect of each of which such requirement is satisfied) in respect of the relevant Supply Meter Points.

1.4.4 — If the Transporter becomes aware that the Single Premises Requirement has ceased to be satisfied in respect of a Supply Point the Transporter will promptly so inform the Registered User.

1.4.5 — For the purposes of the Code the premises to which gas is off-taken from the Total System at a Supply Point is or is to be supplied are the "**Supply Point Premises**".

1.4.6 — Following the rejection of a Supply Point Nomination pursuant to paragraph 2.3.6(a):

(a) — the Proposing User may notify the Transporter that the User considers that the Single Premises Requirement is satisfied in respect of the Proposed Supply Point; and

(b) — where the User so notifies the Transporter:

the User shall at the same time provide its reasons for so considering and supporting evidence; and

the Transporter will consider the reasons and evidence provided by the User and where the Transporter is reasonably satisfied that the Single Premises Requirement is satisfied the Transporter will so inform the User and will not reject (on the grounds in paragraph 2.3.6(a)) a further Supply Point Nomination in respect of the Proposed Supply Point.

1.5 Daily Read Metering

1.5.1 — Subject to paragraphs 1.5.5, 1.5.6(c) and 1.5.12(b) a Supply Meter Point shall be classified as a DM Supply Meter Point where:

(a) — the Supply Meter Point comprised in such Supply Point is Daily Read in accordance with M1.3.1, or paragraph 1.5.13 applies; and

(b) — either:

(i) — the Daily Read Requirement applies; or

(ii) — an election pursuant to paragraph 1.5.6(c) is in force in relation to such Supply Meter Point; or

(iii) — where User Daily Read Equipment is installed in accordance with M4.1.6(b) and the Supply Meter Point comprised in any Supply Point has an Annual

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Quantity which exceeds 732,000 kWh (25,000 therms) but is less than 58,600,000 kWh (2,000,000 therms) and cannot be an Interruptible Supply Point.²

1.5.2 Subject to paragraph 1.5.4, the Daily Read Requirement shall apply in respect of:

(a) each relevant Supply Meter Point comprised in any Supply Point whose Annual Quantity is greater than 58,600,000 kWh (2,000,000 therms);

(b) a relevant ~~DM Supply Meter Point~~ which the Registered User requires (in accordance with paragraph 6.1.9) to be comprised ~~in in the DM Supply Point Component of an Interruptible Supply Point~~; and

(c) each Supply Meter Point which is an NTS Supply Point.

1.5.3 For the purposes of paragraph 1.5.2:

(a) the "**Daily Read Requirement**" is the requirement that the Supply Meter at a Supply Meter Point shall be Daily Read; and

(b) a relevant Supply Meter Point is a Supply Meter Point in respect of which the Annual Quantity is greater than 2,196,000 kWh (75,000 therms).

1.5.4 If the Transporter determines and notifies the Registered User that it would not be practicable or economic for the Supply Meters at a particular Supply Point to be Daily Read, unless upon application (made within 10 Business Days after such notification by the User) the Authority shall give Condition 9(3) Disapproval to the Transporter not installing Daily Read Equipment, the Daily Read Requirement pursuant to paragraph 1.5.3(a) shall not apply, and the Registered User may not make a request under paragraph 1.5.9, in respect of that Supply Point ~~(and for the avoidance of doubt the relevant Supply Meter Points shall be NDM Supply Meter Points).~~³

1.5.5 Where:

(a) a Supply Meter Point is comprised in a DM Supply Meter Point; and

(b) upon a change in the Annual Quantity of the ~~Supply Meter Point or the Supply Point~~ in which it is comprised; or the Supply Point's ceasing to be an Interruptible Supply Point, the Daily Read Requirement ceases to apply,

~~the Supply Meter Point shall not be required to be classified as an NDM Supply Meter Point, and in the absence of any Supply Point Confirmation or Reconfirmation, the Supply Meter Point shall continue to be a DM Supply Meter Point, but without prejudice to the entitlement of the Registered User to make a Supply Point Reconfirmation as an NDM Supply Point (to which paragraph 1.5.6 shall apply).~~

1.5.6 Where a User is, or following a Supply Point Confirmation (including a Reconfirmation) a User becomes, the Registered User of a Supply Meter Point in relation to which the Supply Meter is Daily Read (including pursuant to a request under paragraph 1.5.9), but the Daily Read Requirement does not apply:

² Implementation of modification 0345 effective 06:00hrs on 01/10/2013, will amend paragraph 1.5.1.

³ Implementation of modification 0345 effective 06:00hrs on 01/10/2013, will amend paragraphs 1.5.4, 1.5.5, 1.5.6, 1.5.7, 1.5.8 & 1.5.9.

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(a) subject to paragraph (c), the Supply Meter-Point in which it is comprised shall be classified as an NDM Supply Meter-Point;

(b) except where Daily Read Equipment was installed pursuant to a request under paragraph 1.5.9, the Transporter may at any time (unless at such time the User has made an election under paragraph (c)) inform the User that it wishes to remove the Daily Read Equipment and having given the User reasonable notice, thereof, remove the Daily Read Equipment at its own expense;

(c) where the Annual Quantity exceeds 73,200 kWh (2,500 therms) the User may elect in accordance with paragraph 1.5.7 that the Supply Meter-Point in which it is comprised shall be classified as a DM Supply Meter-Point with Transporter Daily Read Equipment installed;

(d) where the Annual Quantity exceeds 732,000 kWh (25,000 therms) but is less than 58,600,000 kWh (2,000,000 therms) the User may elect in accordance with paragraph 1.5.7 that the Supply Meter-Point in which such Supply Meter Point is comprised shall be classified as a DM Supply Meter-Point with User Daily Read Equipment installed.

1.5.7 An election for the purposes of paragraph 1.5.6(c) and 1.5.6(d):

(a) shall be made by Nominating the Supply Meter-Point as a DM Supply Meter-Point:

(i) at the time of the Supply Point Confirmation or Reconfirmation referred to in paragraph 1.5.6; or

(ii) in the case in paragraph 1.5.6(c) only, at any time thereafter, by way of Supply Point Reconfirmation;

(b) shall lapse with effect from the Supply Point Registration Date, where the Registered User or any other User submits a Supply Point Confirmation (including a Reconfirmation) which becomes effective in respect of a Supply Point including the relevant Supply Meter Point (and may be revoked accordingly).

1.5.8 Upon a change in the Annual Quantity of the Supply Meter-Point such that the Annual Quantity becomes:

(a) less than 73,200 kWh (2,500 therms) the Registered User shall be required to reclassify the Supply Meter-Point as an NDM Supply Meter-Point within 2 months of the change in Annual Quantity; or

(b) (subject to paragraph 1.5.6(c)), less than 732,000 kWh (25,000 therms) and where the Supply Meter-Point shall be classified as a DM Supply Meter-Point with User Daily Read Equipment installed, the Registered User shall be required to reclassify the Supply Meter-Point as an NDM Supply Meter-Point within 2 months of the change in Annual Quantity; or

(c) more than 58,600,000 kWh (2,000,000 therms) the Registered User shall be required to reclassify the Supply Meter-Point as a Supply Meter-Point with Transporter Daily Read Equipment installed within 2 months of the change in Annual Quantity.

1.5.9 The Registered User may:

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(a) at any time request (subject to and pursuant to Siteworks Terms and Procedures as described in paragraph 7) that Transporter Daily Read Equipment be installed at any Supply Meter-Point (other than one whose Annual Quantity does not exceed 73,200 kWh (2,500 therms)); or

(b) install User Daily Read Equipment at any Supply Meter-Point where the Annual Quantity exceeds 732,000 kWh (25,000 therms) but is not more than 58,600,000 kWh (2,000,000 therms).

1.5.10 Where a User submits a Supply Point Nomination in respect of a Proposed Supply Point, with a Supply Meter Point, in relation to which the Supply Meter is not Daily Read, as a DM Supply Meter-Point, the Transporter shall reject such Supply Point Nomination, unless the User has submitted such Supply Point Nomination in accordance with paragraph 7.3.5 and the Proposed Supply Point comprising the New Supply Meter Point has been classified as a DM Supply Meter-Point in accordance with paragraph 1.5.13. The User warrants that where it submits a Supply Point Nomination in accordance with this paragraph and there is no requirement on the Transporter to install Transporter Daily Read Equipment, then the User shall install User Daily Read Equipment instead.

1.5.11 Subject to paragraph 1.5.4, where (by reason of an increase in the Annual Quantity of a Supply Point or a Supply Meter-Point at the start of the Gas Year, or a proposal that a Supply Meter Point be comprised in an Interruptible Supply Point) the Daily Read Requirement applies in respect of a Supply Meter-Point pursuant to paragraph 1.5.2(a) or 1.5.2(b), but is not satisfied:

(a) the Transporter will arrange for the satisfaction of such requirement (by installation of Transporter Daily Read Equipment at the relevant Supply Meter), as soon as reasonably practicable, and will inform the Registered User when the Daily Read Requirement is satisfied; and the installation for the purposes of this paragraph 1.5.9 of Daily Read Equipment will not be Siteworks; and

(b) the relevant date for the purposes of paragraph 1.11.2 shall be the date on which the Supply Meter becomes Daily Read and the period referred to in that paragraph shall be 2 and not 3 months.

1.5.12 Where a User submits (pursuant to the provisions of this paragraph 1.5) a Supply Point Nomination (including a Renomination) pursuant to which an NDM Supply Meter Point is to become a DM Supply Meter Point:

(a) where in relation to ~~the any~~ Supply Meter Point to be comprised in the DM Supply Point-Component:

(i) the Supply Meter was Daily Read during the period of 12 months preceding the date of submission of the Supply Point Nomination; and

(ii) the Transporter and the User have not agreed that insufficient Valid Meter Readings (in accordance with Section M4) were obtained in the months of October to May in such period of 12 months,

the Nominated Supply Point Capacity shall be not less than the Preceding Year Maximum Quantity in accordance with paragraphs 5.2.3 and 5.2.4, but

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paragraph 5.2.3(b) shall be read as though references to a Supply Meter Point being DM were to the relevant Supply Meter being Daily Read;

- (b) where paragraph 0 does not apply, the Nominated Supply Point Capacity shall not be less than the User's estimate (made in good faith and after all appropriate enquiries of the consumer and on the basis of reasonable skill and care) of the maximum quantity of gas to be offtaken from the Total System at the DM Supply Meter Point Component on any Day in the next 12 months, on the basis of reasonable assumptions as to weather conditions;

(b) the Supply Meter Point will become a DM Supply Meter Point with effect from the Supply Point Registration Date; and

(c) in relation to a DM Supply Meter Point with User Daily Read Equipment installed and irrespective of the Registered User:

- (i) where the Prevailing Supply Point Capacity is equal to or greater than the previous NDM Supply Point Capacity, Supply Point Ratchet Charges will not be levied until the first anniversary from the date of registration of the Registered User Supply Point Capacity; or
- (ii) where the Registered User Supply Point Capacity is lower than the previous NDM Supply Point Capacity, Supply Point Ratchet Charges will be levied.

1.5.13 Without prejudice to the other provisions of paragraph 1.5, a Supply Point which (pursuant to paragraph 7.3.5) comprises a New Supply Meter Point which (pursuant to paragraph 7.3.5) is included in a Supply Point shall be classified as a DM Supply Meter Point, even though the Supply Meter is not Daily Read, where there is a Daily Read Requirement in accordance with paragraph 1.5.2 in respect of the Supply Meter at the New Supply Meter Point but for any reason (other than due to an act or omission of the Registered User) Daily Read Equipment is not installed at the Supply Meter, or if installed is not operational in accordance with Section M4.1.7.

1.6 Annual Quantity

1.6.1 For the purposes of this paragraph 1.6:

- (a) the "**relevant Gas Year**" is the Gas Year in which the Annual Quantity of a Supply Meter Point is to apply;
- (b) the "**preceding Gas Year**" is the Gas Year ending at the start of the relevant Gas Year;
- (c) the "**AQ Review Date**" is a date which the Transporters determine but shall in any event be no later than 31 May in the preceding Gas Year; and
- (d) the "**User Provisional Annual Quantity**" is the Registered User's determination of what the Provisional Annual Quantity in respect of a Supply Meter Point should be.

1.6.2 For each relevant Gas Year no later than the AQ Review Date the Transporter shall determine the Provisional Annual Quantity in respect of each Supply Meter Point. The "**Provisional Annual Quantity**" shall be either:

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(a) in respect of an NDM Supply Meter Point in respect of which the Supply Meter Point which has been Isolated at any time during the Relevant Metered Period or for a DM Supply Meter Point in respect of which the Supply Meter Point has been Isolated at any time during the period of 12 months ending on the AQ Review Date the Annual Quantity applicable for the preceding Gas Year;

(b) in respect of a DM Supply Meter Point, where paragraph (a) does not apply, where there are Supply Meter Point Daily Quantities for each Day in the period of 12 months ending on the AQ Review Date, the sum of such Supply Meter Point Daily Quantities;

(c) in respect of an NDM Supply Meter Point where paragraph (a) does not apply or where Section H3.2.4 does not apply, the quantity assumed to be offtaken in a period of 12 months, determined in accordance with Section H3; or

(d) in respect of a Supply Meter Point where paragraphs (a), (b) and (c) do not apply, the Annual Quantity applicable for the Preceding Year unless the Supply Meter Point comprised in such Supply Point is a New Supply Meter Point in which case the Provisional Annual Quantity shall be the estimated quantity provided by the first Registered User in accordance with paragraph 7.3.6.

1.6.3 The Transporter shall no later than 31 May in the preceding Gas Year for Smaller Supply Meter Points and 30 June in the preceding Gas Year for Larger Supply Meter Points in respect of each Supply Meter Point notify to the Registered User the Provisional Annual Quantity in respect of the relevant Gas Year and supporting details including:

- (a) the Supply Meter Point Reference Number; and
- (b) where available, the Meter Readings used by the Transporter to determine the Provisional Annual Quantity.

1.6.4

(a) Subject to paragraph 1.6.4(f), following the notification of the Provisional Annual Quantity the Registered User may, subject to paragraph (c) and where the provisions of paragraph (b) apply:

- (i) in the case of a Smaller Supply Point where it considers that the Provisional Annual Quantity should be greater or lesser than the Provisional Annual Quantity notified by the Transporter by not less than 5%; or
- (ii) in respect of any Larger Supply Point

not later than 13 August in the preceding Gas Year notify the Transporter that it considers that the Provisional Annual Quantity does not satisfy the requirement in paragraph 1.6.6 ("User Provisional Annual Quantity").

- (b) The provisions referred to in paragraph 1.6.4(a) are:
 - (i) that the Registered User reasonably considers that the Transporter's calculation of the Provisional Annual Quantity is derived from:

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- (1) Meter Readings that are incorrect or were taken prior to Meter Readings available to the Registered User; or
 - (2) materially incorrect details of the Supply Meter Installation for the relevant Supply Meter Point;
- (ii) where the Transporter has determined the Provisional Annual Quantity in accordance with paragraph G1.6.2(a) or G1.6.2(d).
- (c) Where, in respect of any Supply Point, the Registered User notifies the Transporter of a User Provisional Annual Quantity in accordance with paragraph 1.6.4(a) the Registered User shall warrant that:
 - (i) in reviewing the Provisional Annual Quantity it has applied a methodology that:
 - (1) is consistent to all Supply Points for which it is the Registered User; and
 - (2) does not materially differentiate in its treatment of Supply Points where the User Provisional Annual Quantity may be greater than the Provisional Annual Quantity notified by the Transporter and Supply Points where the User Provisional Annual Quantity may be less than the Provisional Annual Quantity notified by the Transporter; and
 - (ii) it has notified the Transporter of all User Provisional Annual Quantities resulting from the application of the methodology referred to in sub-paragraph (i) above that satisfy the requirements set out in paragraph 1.6.4.
- (d) The Transporter will be entitled to reject without consideration, notice or liability any notification by a User which does not comply with the requirement in paragraph 1.6.4.
- (e) The limitations upon notification contained in paragraph 1.6.4(a)(i) shall not apply where the User Provisional Annual Quantity will result in a Smaller Supply Point being re-classified as a Larger Supply Point.
- (f)
 - (i) For the purposes of this paragraph 1.6.4(f)
 - (ii) The AQ Amendment Submission Profile Cap is the maximum number of notifications (“**AQ Amendments**”) that a User may submit per Business Day no earlier than 31 May and no later than 13th August in any Gas Year in accordance with paragraph 1.6.4(a) following notification of the Provisional Annual Quantity
 - (iii) The “Guidelines to optimise the use of AQ Amendment system capacity” document is a document prepared by the Transporter Agent, following consultation with Users which provides guidance on and establishes the methodology by which AQ Amendment Submission Profile Cap for each User shall be determined by the Transporters;

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- (iv) Prior to the notification of the Provisional Annual Quantity pursuant to paragraph 1.6.3 the Transporter shall issue to all Users a notification setting out the maximum number of AQ Amendments, that a User may submit per Business Day, which shall be not less than 500 together with the aggregate number of AQ amendments that may be submitted by all Users per Business Day up to the 13th August in any Gas Year
- (v) The AQ Amendment Submission Profile Cap shall be a number per User notified to each User by the Transporter in accordance with the “Guidelines to optimise the use of AQ Amendment system capacity” which shall be based upon the aggregate number of a Users Registered Supply Meter Points as at 1 April in any Gas Year as a proportion of all registered Supply Meter Points held by all Users at the same date
- (vi) The Transporters will not be obliged to process any AQ Amendment per User in excess of the AQ Amendment Submission Profile Cap or in respect of the aggregate number of AQ Amendments Submission Profile Caps for all Users per Business Day.

1.6.5 When submitting a notification pursuant to paragraph 1.6.4, the Registered User:

- (a) shall specify, evidence as required by the Transporter including:
 - (i) the Supply Meter Point Reference Number;
 - (ii) two Meter Readings in accordance with Section H3;
 - (iii) where there has been one or more meter exchanges at the Supply Meter Point, two Meter Readings for each meter exchange which falls within the period between the Meter Read Dates of the two Meter Readings in paragraph (a) 0; and
 - (iv) the User Provisional Annual Quantity.
- (b) where the Supply Meter Point has a Provisional Annual Quantity of greater than 293,000 kWh (10,000 therms), may specify (but shall not be required to specify) in addition to the Meter Readings in paragraph (a)0:
 - (i) two Meter Readings, for which one of the Meter Read Dates falls within a period from 1 November to 31 December of the preceding Gas Year and the other Meter Read Date falls within a period from 1 March to 30 April of the preceding Gas Year;
 - (ii) where there has been one or more meter exchanges at the Supply Meter Point, two Meter Readings for each meter exchange which falls within the period between the Meter Read Dates of the two Meter Readings in paragraph (b)0; and
 - (iii) an estimate of the quantity offtaken derived from the two Meter Readings in paragraph (b)0; and
- (c) shall record evidence (and shall make such evidence available for inspection where reasonably requested) to support the applicable provision of paragraph 1.6.4(b) and the warranty given pursuant to paragraph 1.6.4(c)

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and if the Registered User fails to comply with this paragraph then the notification pursuant to paragraph 1.6.4 will be rejected and the Registered User shall be notified of such rejection.

1.6.6 The requirement referred to in paragraph 1.6.4 is that the Provisional Annual Quantity, User Provisional Annual Quantity or Annual Quantity of a Supply Meter Point should represent reasonable assumption(s) as to the quantity offtaken (or, in the case of a Supply Point comprising either a New Supply Meter Point or a Supply Meter Point notified to the Transporter under paragraph 0, which would have been offtaken) from the Total System in the period of 12 months by reference to which the Provisional Annual Quantity, User Provisional Annual Quantity and the Annual Quantity is determined. The variable that determines the End User Category of the Supply Point should reflect reasonable assumptions as to the quantity offtaken from the Total System during the period from 1 December to 31st March in the preceding Gas Year.

1.6.7 The "Annual Quantity" of a Supply Meter-Point shall be either:

(a) where following a notification under paragraph 1.6.4 the Transporter considers that the requirement in paragraph 1.6.6 is satisfied the User Provisional Annual Quantity; or

(b) where paragraph (a) does not apply, the Provisional Annual Quantity.

1.6.8 ~~Not Used~~The "Annual Quantity" of a Supply Point or a Supply Point Component is the sum of the Annual Quantities for each Supply Meter Point comprised in that Supply Point or Supply Point Component.

1.6.9 Subject to paragraph 1.6.2, where a DM Supply Meter-Point becomes an NDM Supply Meter-Point or an NDM Supply Meter-Point becomes a DM Supply Meter-Point the Annual Quantity of the Supply Meter-Point shall not be affected by a change in its status to NDM or DM.

1.6.10 Subject to paragraph 1.6.2, where a Supply Meter Point is Isolated the Annual Quantity for theat Supply Meter-Point in which it is comprised shall remain unchanged.

1.6.11 For the purposes of this paragraph 1.6.11, the "Effective Period" shall mean the Gas Year excluding the period of time commencing from and including 1 August until and including 14 September. Where a Supply Point Confirmation made in respect of a Larger Supply Point becomes or will become effective during the Effective Period the Proposing User may during the Effective Period but not later than 23 Business Days after the Supply Point Registration Date nor more than 7 Business Days earlier, notify the Transporter that the Proposing User considers the Annual Quantity of a Proposed Supply Meter-Point or (as the case may be) variable that determines the End User Category of the Supply Point (pursuant to Section H 1.2), comprised in the Proposed Supply Point fails to satisfy the requirement in paragraph 1.6.6 and shall have the right to appeal the Annual Quantity under paragraph 0.

1.6.12 The Transporter shall not later than 14 September in the preceding Gas Year notify to the Registered User the Annual Quantity for each Supply Meter-Point for the relevant Gas Year and the applicable End User Category (where appropriate) in respect of each Supply Point.

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1.6.13 Where following the notification of the Annual Quantity further to paragraph 1.6.12:

(a) in respect of any Larger Supply Meter-Point, the Registered User may not later than 31 July of the relevant Gas Year (or in the case of Larger Supply Meter-Points under paragraph 1.6.11, 23 Business Days after the Supply Point Registration Date during the Effective Period) notify the Transporter that the Registered User considers that the Annual Quantity of that Supply Meter-Point fails to satisfy the requirement in paragraph 1.6.6 either:

- (i) on the basis of substantial evidence as to the actual consumption of gas; or
- (ii) because of a change in the Consumer's Plant which results in a change in the basis on which gas is consumed;

(b) notwithstanding the Registered User's right to appeal in paragraph (a), in respect of any Larger Supply Meter-Point, the Registered User may not later than 31 July in the relevant Gas Year notify the Transporter that the Registered User considers that the Annual Quantity of a Supply Meter-Point fails to satisfy the requirement in paragraph 1.6.6 provided that the Registered User may only so notify the Transporter in the case of:

- (i) a Larger Supply Meter-Point where the Registered User's reasonable estimate of the Annual Quantity, is equal to or less than 50% of the Annual Quantity or is equal to or greater than 200% of the Annual Quantity; and
- (ii) a Smaller Supply Meter-Point, where the User considers that it should be a Larger Supply Meter-Point;

(c) where a Registered User so notifies the Transporter:

(i) pursuant to paragraph 0 or paragraph (b) and the Registered User shall with such notice provide to the Transporter details as set out in paragraph 1.6.5 together with the Registered User's reasons or evidence for its view and a reasonable estimate of the quantity or (as the case may be) value which the Registered User considers should be the Annual Quantity or such variable of such Supply Meter-Point; and in the case of paragraph 0 in respect of a Larger Supply Point with an Annual Quantity greater than 293,000 kWh (*10,000 therms*) where a change of gas supplier has occurred, such details may be provided to the Transporter by use of the table in the format specified in Annex G3;

(ii) pursuant to paragraph 0 the Registered User shall with such notice provide to the Transporter in a format specified by the Transporter details of the Registered User's reasons or evidence for its view and a reasonable estimate of the quantity or (as the case may be) value which the Registered User considers should be the Annual Quantity or such variable of such Supply Meter-Point;

(d) the Transporter will consider the details provided by the Registered User under paragraph (c), and where it is satisfied that the Annual Quantity or such variable notified to the Registered User pursuant to paragraph 1.6.12 fails to satisfy the requirement in paragraph 1.6.6 and that estimate of the Annual Quantity provided by the Registered User satisfies the requirement in paragraph 1.6.6, then the Transporter shall substitute

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the Annual Quantity with that estimate of the Annual Quantity (subject to paragraph 1.6.15 or (as the case may be) variable for the relevant Gas Year).

1.6.14 Where the Transporter agrees to revise the Annual Quantity or End User Category under paragraph 1.6.13(d) or paragraph 1.6.17:

(a) the Registered User may submit a Supply Point Reconfirmation (in accordance with paragraph 2.2.3) in respect of the relevant Supply Point on the basis of the revised Annual Quantity or End User Category;

(b) with effect from the Supply Point Registration Date in respect of such Supply Point Reconfirmation, Supply Point Transportation Charges, UDQOs and Energy Balancing Charges (so far as to be determined by reference to or directly or indirectly a function of Annual Quantity or End User Category) shall be determined by reference to the revised Annual Quantity or End User Category;

(c) no adjustment, revision or redetermination in respect of any such Supply Point Transportation Charge, UDQO and Energy Balancing Charge in respect of or accruing in respect of any Day before the Supply Point Registration Date will be made, it being agreed that such amounts and charges will be determined (and, in the case of charges, payable) by reference to the Annual Quantity and End User Category notified by the Transporter pursuant to the foregoing provisions of this paragraph 1.6 unless and until any revision is made pursuant to paragraph (a).

1.6.15 Where the Transporter notifies any Registered User of that Supply Meter-Point in the relevant Gas Year that a material error has been made in the calculation of any such Annual Quantities or any variables, the Transporter and the User concerned will discuss in good faith the manner in which and time at which such error may be corrected, having regard in particular to the need to ensure that the Registered User continues to enjoy the benefit (in relation to the corrected Annual Quantity) of this paragraph 1.6.

1.6.16 A User which is the Registered User of a Smaller Supply Meter-Point, in relation to which the Supply Point Premises are premises in respect of which the conditions of Condition 22 of the Supplier's Licence are satisfied, may make an election for the purposes of this paragraph by submitting to the Transporter at any time a notice of such election.

1.6.17 Where a Registered User makes an election pursuant to paragraph 1.6.16, the Supply Meter-Point shall be a Larger Supply Meter-Point and the Transporter shall agree to revise the Annual Quantity pursuant to paragraph 1.6.14.

1.6.18 The Transporters shall publish, by the dates specified in paragraph 1.6.20, a report containing the following information in respect of each User (on a non attributable basis):

(a) in aggregate across all End User Categories:

(i) the number of applications made by the User during the User AQ Review Period (in accordance with paragraph 1.6.4) for an increase in the Provisional Annual Quantity and for a decrease in the Provisional Annual Quantity;

(ii) the number of such successful applications made by the User during the User AQ Review Period (in accordance with paragraph 1.6.7) that resulted in a User

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Provisional Annual Quantity shown by the resulting increase and decrease in comparison to the Provisional Annual Quantity;

the number of Speculative Calculation enquiries made by the User during the preceding Gas Year;

- (b) by each End User Category:
 - (i) the number of Supply Meter Points where the Annual Quantity has increased or decreased as a result of the successful applications referred to in 0 shown as a percentage of the total number of Supply Meter Points in that End User Category;
 - (ii) the change to the Annual Quantity in aggregate (expressed in kWh) that has occurred due to the increases or decreases as a result of the successful applications referred to in 0;
 - (iii) the number of Supply Points that have moved from one End User Category to another End User Category as result of the successful applications referred to in 0;
- (c) by each LDZ, the number of such successful applications made by the User during the User AQ Review Period (in accordance with paragraph 1.6.7) that resulted in a User Provisional Annual Quantity shown by the resulting increase and decrease in comparison to the Provisional Annual Quantity.

1.6.19 For the purposes of paragraph 1.6.18:

- (a) “**User AQ Review Period**” is the period during which the User may apply for a User Provisional Annual Quantity in accordance with 1.6.4(a), commencing on the AQ Review Date and ending on the 13 August in the preceding Gas Year;
- (b) “**Speculative Calculation**” means an estimate of the Annual Quantity of a Supply Point derived by the User, using relevant Meter Reads for the Supply Point and the speculative calculator tool which is available for use within UK Link.

1.6.20 The dates for the publication of the information to be contained in the report in accordance with paragraph 1.6.18 shall be in the case of:

- (a) paragraph 1.6.18(a) and (b), by no later than:
 - (i) 1 July, in respect of Smaller Supply Meter Points on an interim basis;
 - (ii) 1 August, in respect of Larger Supply Meter Points on an interim basis; and
 - (iii) 1 November in respect of all Supply Meter Points on a final basis;

in each case in the relevant Gas Year.

- (b) paragraph 1.6.18(c), by no later than 1 November in the relevant Gas Year, in respect of all Supply Meter Points on a final basis.⁴⁵

⁴ Implementation of modification 0378 effective 06:00hrs on a date to be determined, will amend paragraphs 1.6.18, 1.6.19 & 1.6.20.

1.7 Shared Supply Meter Points

1.7.1 Subject to and in accordance with this paragraph 1.7, a ~~DM~~ Supply Meter Point may be comprised in more than one ~~DM~~ Supply Point if the Registered Users in respect of such Supply Meter Points have submitted to the Transporter a notification confirming that they wish to be sharing Registered Users and specifying (in accordance with paragraph 1.7.6) the basis on which the quantity of gas offtaken each Day from the Supply Meter Point(s) comprised in such Supply Points is to be apportioned between such Users.

1.7.2 For the purposes of the Code:

- (a) a "**Shared Supply Meter Point**" is a Supply Meter Point which is pursuant to this paragraph 1.7 comprised in more than one Supply Point;
- (b) "**Sharing Registered Users**" are the Users which are the Registered Users of a Shared Supply Meter Point;
- (c) a "**Shared Supply Meter Point Notification**" is a notification given for the purposes of paragraph 1.7.1;
- (d) "**Shared Supply Meter Point Procedures**" are procedures established by the Transporter pursuant to paragraph 1.7.16

~~and for the purposes of this paragraph 1.7 a "relevant" Supply Point or DM Supply Point Component is a Supply Point comprising or DM Supply Point Component which includes a Shared Supply Meter Point.~~

1.7.3 Paragraph 1.7.1 applies only in respect of:

- (a) a Supply Meter Point which at 1 March 1996 was comprised in more than one Supply Point; or
- (b) a Supply Meter Point in relation to which the following conditions are satisfied:
 - (i) ~~the Supply Meter Point is not part of a Sub-deduct Arrangement; and~~
 - (ii) ~~the aggregate of the Annual Quantities of the Supply Meter Point and each other Supply Meter Point comprised in each relevant Supply Point exceeds 58,600,000 kWh (2,000,000 therms);~~
 - (iii) ~~there is no NDM Supply Point Component of any relevant Supply Point; and~~
 - (iv) ~~every other Supply Meter Point comprised in any relevant Supply Point is also a Shared Supply Meter Point subject to the same basis of apportionment.~~

1.7.4 ~~Not Used~~ Where there is a Shared Supply Meter Point the Single Premises Requirement shall apply to each of the relevant Supply Points (and accordingly the Supply Point Premises shall be the same for each such Supply Point).

1.7.5 A Shared Supply Meter Point may be comprised in a Firm Supply Point and in an Interruptible Supply Point.

⁵ Implementation of modification 0378 effective 06:00hrs on a date to be determined, will add new paragraph 1.6.26.

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1.7.6 A Shared Supply Meter Point Notification may provide for the allocation of gas offtaken at the Shared Supply Meter Point(s) to be determined each Day:

- (a) by the Transporter, under standing instructions notified to the Transporter in advance by the Sharing Registered Users, in accordance with paragraph 1.7.7;
- (b) by a person appointed as User Agent on behalf of each Sharing Registered User, in accordance with paragraph 1.7.8.

1.7.7 A Shared Supply Meter Point Notification under paragraph 1.7.6(a) shall provide for allocation between the Sharing Registered Users either;

(a) in the case of an LDZ Supply Point in tranches, in other words on the basis that the quantity of gas offtaken each Day which:

- (i) does not exceed an amount;
- (ii) exceeds an amount but does not exceed a higher amount; or
- (iii) exceeds an amount

in each case specified in the Shared Supply Meter Point Notification, is to be allocated to one of such Users, provided that such amounts shall be specified so that the whole quantity of gas offtaken each Day shall be allocated to one or more of such Users; or

(b) in the case of an NTS Supply Point, or LDZ Supply Point where none of the Supply Points in which the Shared Supply Meter Point is comprised is Interruptible, in percentages (aggregating 100%) specified in such notification.

1.7.8 A Shared Supply Meter Point Notification under paragraph 1.7.6(b) shall provide for the appointment (with effect from a single date) of one person (a "**Sharing Registered User Agent**") as User Agent by all Sharing Registered Users for the purposes of:

- (a) informing the Transporter of the portions of the Supply Meter Point Daily Quantity to be allocated to each of them in respect of each Day and for the purpose of paragraph 1.7.9; and
- (b) complying with all Partial Interruption Rules and other provisions of paragraph 6 on behalf of all of the Sharing Registered Users.

1.7.9 Where a Shared Supply Meter Point Notification provides for the appointment of a Sharing Registered User Agent:

- (a) the Transporter will notify the Supply Meter Point Daily Quantity to the User Agent not later than the specified time on the Day following the Gas Flow Day and (where such quantity is pursuant to any provision of the Code to be revised) may notify a revision of the quantity so notified to the User Agent not later than the specified time on the Exit Close Out Date;
- (b) if, by the specified time on the Day following the Gas Flow Day, and (where the Transporter notifies a revision of the Supply Meter Point Daily Quantity to the User Agent) by the specified time on the Day on which the Transporter notifies such revision,

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the User Agent has notified to the Transporter amounts, aggregating the Supply Meter Point Daily Quantity (as revised at the relevant time), to be allocated to the Sharing Registered Users:

- (i) the amounts so notified may be revised (provided they continue to aggregate the Supply Meter Point Daily Quantity, as revised at the relevant time) by the User Agent at any time before the specified time on the Exit Close Out Day;
 - (ii) the Supply Meter Point Daily Quantity shall be allocated between the Sharing Registered Users in the amounts so notified or such revised amounts so notified not later than the specified time on the Exit Close Out Day;
- (c) if, by the specified time on the Day following the Gas Flow Day, or by the specified time on any Day on which the Transporter notifies to the User Agent any revision of the Supply Meter Point Daily Quantity, the User Agent has not so notified to the Transporter such amounts, the Supply Meter Point Daily Quantity shall be allocated between the Sharing Registered Users:
- (i) in proportion to the Nominated Quantities under the Users' Output Nominations for the relevant DM-Supply Point-Components for the Day or (if such Nominated Quantity is zero for each such User) in proportion to the Registered Supply Point Capacities at each such DM Supply Point-Component; or
 - (ii) if the User Agent shall have notified the Transporter (not less than 15 Days before the Gas Flow Day) of proportions aggregating unity for the purposes of allocation in the circumstances contemplated in this paragraph (c) , in such proportions
- provided that if the Transporter is reasonably satisfied that such omission of the User Agent resulted from an administrative error (by the agent) of an infrequent nature, the Transporter may permit the User Agent to submit (by such time, not later than the specified time, on the Exit Close Out Day as the Transporter may require) a late notification or revised notification for the purposes of paragraph (b);
- (d) such of the Code Communications which may be given under paragraphs 2, 3 and 4 as are specified in the Shared Supply Meter Point Procedures:
 - (i) if to be given by the Transporter may be given to the User Agent;
 - (ii) if to be given by a User (other than a User who is not for the time being a Sharing Registered User) may only be given by the User Agent; and
 - (e) if the Supply Meter Point Daily Quantity is allocated pursuant to paragraph (c) in respect of more than 12 Days in any Gas Year, the charges payable pursuant to paragraph 1.7.18 in respect of that Gas Year by the Sharing Registered Users shall be determined (in accordance with the Transportation Statement) as though the Shared Supply Meter Point Notification were under paragraph 1.7.6(a).

1.7.10 A Shared Supply Meter Point Notification:

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- (a) shall be submitted and signed by each of the Users proposed to be Sharing Registered Users (but may be submitted in separate but identical counterparts provided such counterparts are submitted simultaneously);
- (b) shall specify:
 - (i) the identity of each of such Users and relevant Supply Meter Point Reference Numbers(s);
 - (ii) the date, not earlier than 2 months (or such lesser period as the Transporter may specify in the Shared Supply Meter Point Procedures) after the notification is submitted, with effect from which such notification is to take effect;
 - (iii) (but without prejudice to the terms on which Users may apply for or increase or reduce Supply Point Capacity) the Supply Point Capacity which is intended that (following such notification) each Sharing Registered User should hold at each relevant ~~the DM Supply Point Components which include Shared Supply Meter Points~~);
 - (iv) where a Shared Supply Meter Point Notification provides for the appointment of a Sharing Registered User Agent a default allocation methodology for the apportionment of Reconciliation Quantity among Existing Shared Registered Users in percentages (aggregating 100%) ("**Default Allocation Methodology**"); and
 - (v) if an application for Partial Interruption status in accordance with paragraph 6 is being made;
- (c) shall be conditional upon a Supply Point Confirmation, for a Proposed Supply Point Registration Date which is the same as the proposed effective date of such notification, being submitted at least 20 Business Days prior to the Proposed Supply Point Registration Date:
 - (i) by any User proposed in such notification to be a Sharing Registered User who is not already a Registered User of the relevant Supply Meter Point;
 - (ii) by at least one of the Users proposed in such notification to be a Sharing Registered User, if any Existing Registered User is not proposed (in such notification) to be a Sharing Registered Userand becoming effective (an Existing Registered User accordingly being taken to have consented to such notification if no Supply Point Objection is submitted by it);
- (d) may not be withdrawn unless another such notification is submitted by all the Sharing Registered Users to take effect from such withdrawal;
- (e) may not be modified other than by notification:
 - (i) signed by each of the Sharing Registered Users and any new Sharing Registered User;
 - (ii) specifying the modification;

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- (iii) given not later than 2 months (or such lesser period as the Transporter may specify in the Shared Supply Meter Point Procedures) before the modification is required to take effect provided that no such modification shall be made with effect from a date less than 30 days after the preceding such modification; and
- (iv) specifying (but without prejudice to the terms on which Users may apply for or increase or reduce Supply Point Capacity) the Supply Point Capacity which it is intended that (following such modification) each Sharing Registered User should hold at each relevant ~~the DM Supply Point Components which include the Shared Supply Meter Point~~; and
- (f) shall take effect, where the Shared Supply Meter Point Procedures require it to take effect, as a Supply Point Nomination made by each of the Sharing Registered Users.

1.7.11 A Supply Point Confirmation (other than a Supply Point Reconfirmation) in respect of a Proposed Supply Point which ~~comprises~~ includes a Shared Supply Meter Point will be rejected unless the requirements of this paragraph 1.7 are complied with.

1.7.12 Paragraph 6.11 applies in the case where an Interruptible Supply Point includes a Shared Supply Meter Point.

1.7.13 Subject to Section M1.7.2, the liability of the Sharing Registered Users in respect of a Shared Supply Meter Point for obligations under the Code shall be several:

(a) in the proportions in which they hold Supply Point Capacity at the relevant DM Supply Point Components which include such Supply Meter Point; or

(b) if a Sharing Registered User Agent has notified (but so that paragraph 0 and (e)0 shall be deemed to apply to such notification) to the Transporter proportions (aggregating unity) for the purposes of this paragraph 1.7.13, in such proportions

except in the case of any such obligation which is not capable of being so divided, in which case the liability of the Sharing Registered Users shall be joint.

~~1.7.14 Not Used~~ In respect of LDZ Supply Points where the rate of any Supply Point Transportation Charge is a function of Supply Point Capacity, the rate of such charge payable by a Sharing Registered User shall be determined on the basis of the aggregate of the Supply Point Capacities held by each Sharing Registered User at the relevant ~~Firm DM Supply Point Components~~.

1.7.15 The whole of the Annual Quantity of a Shared Supply Meter Point shall be counted (without any apportionment) in determining the Annual Quantity of each relevant Supply Point ~~and relevant DM Supply Point Component~~.

1.7.16 For the purposes of this paragraph 1.7:

(a) the Transporter will, after consultation with Users, prepare and from time to time revise (subject to prior approval by Panel Majority of the Uniform Network Code Committee) and publish reasonable procedures to apply in respect of Shared Supply Meter Points;

(b) Sharing Registered Users shall comply and (in the case of a Sharing Registered User Agent) procure that such User Agent complies with such procedures;

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(c) the procedures may specify the form of Shared Supply Meter Point Notifications;

(d) the procedures may provide that, where a person appointed as User Agent by all of the Sharing Registered Users submits on their behalf all of the Code Communications required to notify and give effect to a modification to a Shared Supply Meter Point Notification, the period of notice required under paragraph 0 shall be less than would otherwise be required;

(e) in relation to any provision of paragraph 1.7.9, the specified time is the time specified (in relation to such provision) in such procedures; and

(f) the procedures shall specify that the Sharing Registered User Agent may vary the Default Allocation Methodology in accordance with paragraph 1.7.10(e).

1.7.17 All Code Communications made pursuant to paragraphs 1 to 3 of this Section G relating to a Supply Meter Point which is a Shared Supply Meter Point, or (with effect from such time as is specified in the Shared Supply Meter Point Procedures) is subject to a Shared Supply Meter Point Notification which has not yet become effective, shall be given as Conventional Notices.

1.7.18 Sharing Registered Users shall pay charges in respect of Shared Supply Meter Point Notifications in accordance with the prevailing Transportation Statement.

1.7.19 Where a Sharing Registered User submits a Supply Point Withdrawal which becomes effective pursuant to paragraph 3.2.4:

(a) where only one of the Sharing Registered Users remains the Registered User of the Shared Supply Meter Point:

(i) it shall cease to be a Shared Supply Meter Point with effect from the effective date of the withdrawal (and with effect therefrom all gas offtaken at such point shall be allocated to the remaining Registered User);

(ii) partial interruption status at such Supply Point shall transfer to such remaining Registered User;

(b) where more than one of the Sharing Registered Users remain Registered Users of the Shared Supply Meter Point:

(i) in the case of a Shared Supply Meter Point Notification under paragraph 1.7.6(a), such notification shall be deemed to have been modified (with effect from the effective date of the withdrawal, but subject to any intervening modification made by the remaining Sharing Registered Users) as follows:

(1) where the notification provides for allocation under paragraph 1.7.7(a), the upper and lower limits of any higher tranche of any remaining Sharing Registered Users shall be reduced by the amount of the tranche associated with the Withdrawing User, or where the tranche of the Withdrawing User was the tranche within paragraph 0, the highest tranche of any remaining Sharing Registered User shall cease to have an upper limit and shall become the tranche within paragraph 0 (a higher tranche being a tranche having a lower limit not less than the upper limit of the

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Withdrawing User, and the highest tranche being the tranche having the highest upper limit);

(2) where the notification provides for allocation under paragraph 1.7.7(b), the percentages of the remaining Sharing Registered Users shall be increased pro rata so as to aggregate 100%;

(ii) in the case of a Shared Supply Meter Point Notification under paragraph 1.7.6(b), no quantity may be allocated by the Sharing Registered User Agent to the Withdrawing User on or after the effective date of the withdrawal;

1.7.20 Where the Transporter has given Termination Notice (under Section V4) to a User which was a Sharing Registered User, such User shall be deemed to have submitted a Supply Point Withdrawal for the purposes of paragraphs 1.7.19(a) and (b).

1.7.21 Where there is Partial Interruption status at a Supply Point which comprises a Shared Supply Meter Point and where there is Shared Supply Meter Point Notification which proposes to change the number or identity of any Sharing Registered Users, or a Supply Point Withdrawal, such Partial Interruption status shall be revoked upon the date such Shared Supply Meter Point Notification or Supply Point Withdrawal is approved but the Sharing Registered User Agent may re-apply for Partial Interruption in accordance with paragraph 1.7.8(b).

1.8 Sub-deduct Arrangements

1.8.1 For the purposes of the Code:

(a) a "**Sub-deduct Arrangement**" is an arrangement of pipes and meters, installed before 1 March 1996, which National Grid recognised on such date as being such an arrangement, by which a part of the gas which is conveyed by a System to premises for the purposes of supply to those premises, is further conveyed to other premises for the purposes of supply to those other premises;

(b) the System Point at which a meter comprised in the Sub-deduct Arrangement is installed, and upstream of which no other meter comprised in such arrangement is installed, shall be a Supply Meter Point (the "**Primary Supply Meter Point**");

(c) the Primary Supply Meter Point is not a Connected System Exit Point;

(d) the gas conveyed in a Sub-deduct Arrangement may be conveyed:

(i) by a person (other than the Transporter) exempted pursuant to but subject to the conditions of any order under Section 6A of the Act granting exemption from paragraph (a) of Section 5(1) of the Act, in which case (irrespective of whether such conditions are complied with) the Sub-deduct Arrangement does not form part of a System;

(ii) by the Transporter, in which case the Sub-deduct Arrangement forms a part of a System; and

(e) in a Sub-deduct Arrangement:

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- (i) each of the meters referred to in paragraph (a) (other than a check meter in accordance with paragraph 0) and the Supply Meter installed at the Primary Supply Meter Point, is a "**relevant meter**";
- (ii) a relevant meter (meter 'B') is "**dependent**" on another (meter 'A') where meter B is downstream of meter A and there is no relevant meter between meter A and meter B;
- (iii) a meter is a check meter where all gas which flows through the meter also flows through one or more meters (in such arrangement) downstream of that meter.

1.8.2 Where a Sub-deduct Arrangement forms part of a System:

- (a) each of the points in the Sub-deduct Arrangement at which gas is offtaken from the Total System for the purposes of supply to premises is a Supply Meter Point; and
- (b) the point of offtake for each such Supply Meter Point shall be the point determined as the point of offtake in accordance with Section J3.7.1, and title and risk in gas offtaken from the Total System shall pass accordingly.

1.8.3 Where a Sub-deduct Arrangement does not form part of a System:

- (a) for the further purposes of this paragraph 1.8, the Primary Supply Meter Point shall be treated (for the purposes of the Code, but subject to paragraphs (b) and (d)) as being a number of Supply Meter Points each of which shall be associated with one relevant meter and so identified (by a unique reference) in the Supply Point Register;
- (b) the point of offtake in respect of each such Supply Meter Point shall be the point of offtake in accordance with Section J3.7.1 in respect of the Primary Supply Meter Point, and title and risk in gas offtaken from the Total System shall pass accordingly; and (for the purposes of Section J) the provisions of paragraph 1.8.5 and of Section G shall have effect for the purposes of determining which Users are offtaking gas from the Total System at that point, and in what proportions;
- (c) none of such Supply Meter Points shall be treated as being a Shared Supply Meter Point; and
- (d) no provision of this paragraph 1.8, nor the fact that the Supply Point Register records details in respect of the Supply Meter Points which are (pursuant to paragraph (a)) treated as existing at the Primary Supply Meter Point, shall be taken to imply that any User has arranged with the Transporter for the conveyance of gas beyond the Primary Supply Meter Point.

1.8.4 Where there is a Sub-deduct Arrangement:

- (a) each of the Supply Meter Points (including the Primary Supply Meter Point) referred to in paragraph 1.8.2(a), or (as the case may be) treated as existing in accordance with paragraph 1.8.3(a), is a "**Sub-deduct Supply Meter Point**";
- (b) each relevant meter shall for the purposes of Section M2 be treated as a Supply Meter (a "**Sub-deduct Supply Meter**") provided by the Transporter; provided that:

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- (i) the same person must be appointed as Meter Reader in respect of all Non-Daily Read Sub-deduct Supply Meters in a particular Sub-deduct Arrangement;
- (ii) the Meter Reading Frequency in respect of each Non-Daily Read Sub-deduct Supply Meter shall be the Meter Reading Frequency of the primary Non-Daily Read NDM Sub-deduct Supply Meter;
- (iii) where reasonably practicable, the Meter Reads for all Non-Daily Read Sub-deduct Supply Meters shall be undertaken on the same Day as a Meter Read in relation to the primary Non-Daily Read Sub-deduct Supply Meter; and a Meter Reading in respect of any Non-Daily Read Sub-deduct Supply Meter shall not be a Valid Meter Reading unless Meter Reads were undertaken for all Non-Daily Read Sub-deduct Supply Meters within a period of 5 Business Days commencing on the Day 2 Business Days before the Day of a Meter Read in relation to the primary Non-Daily Read Sub-deduct Supply Meter;
- (iv) where the Transporter is the person appointed (pursuant to paragraph 0) as Meter Reader, the Transporter agrees that its charges to Registered Users for Meter Reads at Non-Daily Read Sub-deduct Supply Meters (other than the primary such meter) will not be increased if the Meter Reading Frequency under paragraph 0 is greater than that which would otherwise be required under Section M.3;
- (c) for the purposes of paragraph (b) the primary Non-Daily Read Sub-deduct Supply Meter is the Non-daily Read Sub-deduct Supply Meter which is furthest upstream in the Sub-deduct Arrangement (and for the avoidance of doubt may be the relevant meter at the Primary Supply Meter Point);
- (d) each Sub-deduct Supply Meter Point shall have a separate Annual Quantity, and may be the subject of separate Supply Point Nominations and/or Supply Point Confirmations and may be comprised in a separate Supply Point;
- (e) the details in the Supply Point Register will reflect the premises at which each Sub-deduct Supply Meter is actually located, and (in the case of a Sub-deduct Arrangement which forms part of a System) the Single Premises Requirement will apply accordingly; and
- (f) the Registered User of a Supply Point which includes a Sub-deduct Supply Meter Point is a "**Sub-deduct Registered User**".

1.8.5 Upon any Meter Reads in respect of the relevant meters in a Sub-deduct Arrangement:

- (a) in respect of each Sub-deduct Supply Meter there shall be attributed to the Sub-deduct Registered User a volume (the "**Sub-deduct Volume**") determined as the Metered Volume in respect of the associated relevant meter less the sum of the Metered Volumes for all dependent relevant meters;
- (b) the Metered Quantity determined in respect of each Sub-deduct Supply Meter in accordance with Section M1.4.4 will be determined on the basis of the Sub-deduct Volume.

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1.8.6 In the case of a Sub-deduct Arrangement which forms part of a System, the Transporter reserves the right at its cost to undertake works to extend the relevant System by laying additional pipes so as to cause any Sub-deduct Supply Meter Point to cease to be comprised in the relevant Sub-deduct Arrangement; provided that the Transporter will not undertake such works without first obtaining the consent (not to be unreasonably withheld) of the Registered User of each Supply Point affected thereby and in undertaking such works will endeavour to minimise the disruption to the offtake of gas from the relevant System at such Supply Points (but subject thereto will not be in breach of its obligation to make gas available for offtake from the Total System by reason of the carrying out of such works).

1.8.7 Where, in relation to any relevant meter which is Daily Read, there is any dependent meter which is not Daily Read, the Supply Meter Point comprising the Meter Point at which such meter is installed shall (notwithstanding that such meter is Daily Read and notwithstanding any other provision of the Code), unless otherwise agreed between the Transporter and the Registered User, be an NDM Supply Meter Point.

1.9 Supply Point Register

1.9.1 Each Transporter has established and (without prejudice to paragraph 1.9.8) will maintain a register ("**Supply Point Register**") of all Supply Meter Points, Supply Points and Supply Point Premises located on a System(s) operated by the Transporter.

1.9.2 In the Supply Point Register:

- (a) each Supply Meter Point will be identified by a unique number (the "**Supply Meter Point Reference Number**") assigned with effect from 1 March 1996 or in the case of a new Supply Meter Point the date on which the Supply Meter Point is entered in the register in accordance with paragraph 7.3.1;
- (b) for each Supply Meter Point:
 - (i) the post code ("**Meter Post Code**") of the address at which the Supply Meter is located will be recorded;
 - (ii) a code ("**Meter Link Code**") will be assigned to indicate whether the Supply Meter Point is a Sub-deduct Supply Meter Point, and if so whether it is the Primary Supply Meter Point;
 - (iii) a code ("**Market Sector Code**") will be assigned to indicate whether the Supply Point Premises are Domestic Premises or Non-domestic Premises;
- (c) each Supply Point will be identified by a unique number (the "**Supply Point Registration Number**") assigned with effect from the Supply Point Registration Date; and
- (d) the details specified in the UK Link Manual will be recorded in respect of each Supply Meter Point, Supply Point and Supply Point Premises.

1.9.3 The Supply Meter Point Reference Number will continue to be assigned to a Supply Meter Point which has been Isolated.

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- 1.9.4 The Supply Point Registration Number of a Supply Point and the Supply Meter Point Reference Number of any Supply Meter Point comprised therein will not be changed during the relevant Supply Point Registration.
- 1.9.5 A User shall not be entitled to have access to the information contained in the Supply Point Register except to the extent the Code provides for such information to be made available to such User.
- 1.9.6 Upon a request by any User identifying a Supply Meter Point by quoting the Supply Meter Point Reference Number and Meter Post Code, the Transporter will provide to the User certain of the details (such details being specified in the UK Link Manual for the purposes of this provision) recorded in the Supply Point Register of the Supply Point(s) in which the Supply Meter Point is comprised.
- 1.9.7 Following the rejection of a Supply Point Nomination pursuant to paragraph 2.3.6(c) or a Supply Point Confirmation pursuant to paragraph 2.6.2(b) or (c):
- (a) the Proposing User may within 10 Business Days after such rejection notify the Transporter that the User considers that any details recorded in respect of the Proposed Supply Point in the Supply Point Register are incorrect, or that details which should be so recorded are absent from the Supply Point Register; and
 - (b) where the User so notifies the Transporter:
 - (i) the User shall at the same time provide details of what it considers the relevant details should be and its reasons for so considering; and
 - (ii) the Transporter will, as soon as reasonably practicable after the User's notification, consider the details and reasons provided by the User, and where it is reasonably satisfied that any of the relevant details in the Supply Point Register are incorrect, or that details which should be so recorded are absent from the Supply Point Register, the Transporter will (within 5 Days after being so satisfied) amend the Supply Point Register in respect of such details and will not reject (on the same grounds) a further Supply Point Nomination or Supply Point Confirmation in respect of the Proposed Supply Point.
- 1.9.8 Without prejudice to any other provision of the Code, Users and the Transporter agree:
- (a) to cooperate with a view to ensuring that the information contained in the Supply Point Register is at all times as accurate as is possible; and
 - (b) each to use reasonable endeavours to secure that it becomes aware, insofar as it might reasonably be expected to become aware, of any inaccuracy in the information contained in the Supply Point Register, and to inform (in the case of a User) the Transporter or (in the case of the Transporter) the Registered User of such inaccuracy, but nothing in this paragraph 1.9.8 shall imply that the Supply Point Register is capable of being amended other than as provided in this Section G or Section M.
 - (c) where at any time prior to the Supply Point Registration Date the User considers that any Annual Quantity of a New Supply Meter Point comprised in the New Supply Point which has been recorded on the Supply Point Register does not reflect the User's

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estimate of the correct quantity then the User shall promptly (and in any event before Supply Point Registration Date) notify the Transporter of the same together with its estimate of the correct Annual Quantity.

1.9.9 Where, by reason of a change in any detail of a kind by reference to which an Exit Zone is designated, the details recorded in the Supply Point Register in respect of a Supply Meter Point cease to be accurate:

- (a) the Registered User shall, within 12 months after becoming aware of such inaccuracy (and unless it earlier ceases to be such Registered User):
 - (i) subject to paragraph 0, submit a Supply Point Reconfirmation for the purposes of amending the relevant details;
 - (ii) where as a result of such change the requirement in Section A1.6.3 ceases to be satisfied in respect of the relevant Supply Point, apply for two or more Supply Point Registrations (in respect of each of which the requirement in Section A1.6.3 is satisfied) or submit a Supply Point Withdrawal in respect of the Supply Point;
- (b) no Supply Point Nomination or Supply Point Confirmation (including a Supply Point Renomination) may be submitted other than on the basis of the correct details, and any Supply Point Offer (outstanding at the time of such change) in respect of a Proposed Supply Point which includes the relevant Supply Meter Point shall lapse.

1.9.10 Where:

- (a) as a result of a change in Supply Point Premises from Domestic Premises to Non-domestic Premises or visa versa, the Market Sector Code recorded in the Supply Point Register in relation to a Supply Point ceases to be accurate; or
- (b) the Registered User identifies an error in the Market Sector Code in relation to a Registered Supply Point,

the Registered User shall, as soon as reasonably practicable, notify the Transporter of such change or error and the Transporter shall as soon as reasonably practicable amend the Supply Point Register accordingly.

1.10 Business Day

1.10.1 In this Section G any reference to a "**Business Day**" is a reference to a Day other than:

- (a) a Saturday, a Sunday or a bank holiday in England and Wales; and
- (b) the Day which would (but for this paragraph (b)) be the first Business Day after 1 January.

1.10.2 The Transporters will maintain and not later than 30 September in each year provide to each User a list of Days in the following calendar year (other than Saturdays and Sundays) which are not Business Days.

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1.11 Supply Point Classification

1.11.1 Any change in the relevant classification of a Supply Meter Point or Supply Point Component shall be given effect only upon and by way of Supply Point Confirmation or (as the case may be) Supply Point Reconfirmation; and the requirements of Section A4 as the relevant classification shall be construed accordingly.

1.11.2 Where, by virtue of a change in Annual Quantity or otherwise, a Supply Meter Point or Supply Point Component is required (in accordance with any provision of the Code) to be classified differently from the prevailing relevant classification, the Registered User shall make a Supply Point Reconfirmation to give effect to such revised classification for a Supply Point Registration Date, subject to paragraph 1.5.11, not more than 3 months after the relevant date.

1.11.3 For the purposes of this paragraph 1.11:

(a) "relevant classification" means the classification of a Supply Meter Point as a DM or NDM Supply Meter Point, or of a Supply Point Component as DMC or DMA or as VLDMC or not;

(b) the relevant date is 1 October or other date with effect from the Annual Quantity of the Supply Meter Point or Supply Point Component in question changed, or other date with effect from which the requirement for reclassification first arises.

1.12 Contingencies

In the event of a Class A Contingency the times by which before the start of each Gas Year details of Annual Quantities and other information in respect of Supply Points are (pursuant to this Section G) to be provided to Users will be deferred by a period commensurate with the duration of the relevant Code Contingency.

1.13 Code Communications

1.13.1 For a period of 3 months after the User Accession Date, or if sooner until such time as the aggregate Transportation Charges payable by the User in aggregate to all Transporters in respect of any month exceed £20,000, a User may elect to make and receive all Code Communications under paragraphs 1 to 3 of this Section G as Conventional Notices.

1.13.2 Code Communications made under paragraph 1.13.1 must be made in the same format (as described in the UK Link Manual) as that in which such communications would have been made if made as UK Link Communications.

1.14 Failure to revise Supply Point Register

1.14.1 If on any Day, as a result of a failure by the Transporter to revise the Supply Point Register in accordance with the provisions of the Code:

(a) a Supply Meter Point, in respect of which the User has submitted a Supply Point Withdrawal which has become effective in accordance with paragraph 3.2, remains registered in the name of the User in the Supply Point Register; or

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(b) a Supply Meter Point, in respect of which the User has submitted a Supply Point Confirmation which has become effective in accordance with paragraph 2.8.7(a) or 2.9.1, has not become registered in the name of the User in the Supply Point Register

then, in view of (and without prejudice to) Section E1.8.2, where the effect on the determination of the Energy Balancing Charges payable by the User is material, National Grid NTS may make a payment to or require a payment from the User of an amount reasonably estimated by National Grid NTS as required (having regard to the User's Daily Imbalance for the Day, whether such imbalance was positive or negative) to compensate the User or National Grid NTS for the inclusion or (as the case may be) exclusion (in the determination of such Energy Balancing Charges) of the quantity of gas offtaken from the Total System on the Day in the calculation of the User's Daily Imbalance.

1.14.2 Amounts paid by or to National Grid NTS pursuant to paragraph 1.14.1 will be additional Monthly Adjustment Neutrality Costs or (as the case may be) additional Monthly Adjustment Neutrality Revenues for the purposes of Section F4.5.3 in the month in which they are paid.

1.14.3 For the avoidance of doubt, the Supply Meter Points which are to be taken into account in determining the Transportation Charges, Scheduling Charges and other charges (other than Energy Balancing Charges other than Scheduling Charges (but without prejudice to paragraph 1.14.1)) payable by a User shall be those which (but for any such failure as is referred to in paragraph 1.14.1) would be registered in the name of the User.

1.15 Not Used

1.16 Mandatory Allocation Agencies

1.16.1 All Users agree that (subject to and in accordance with this paragraph 1.16) if the conditions in paragraph 1.16.2 are satisfied and any User (the "**applicant User**") shall so require, a Supply Meter Point (the "**relevant Supply Meter Point**") shall become a Shared Supply Meter Point, in relation to which the applicant User and each Existing Registered User shall be Sharing Registered Users and shall appoint the consumer as Sharing Registered User Agent pursuant to an Agreement (the parties to which shall be each such User and the consumer, but for the avoidance of doubt not the Transporter) in the terms ("**Mandatory Allocation Agency Terms**"), subject to paragraph 1.16.2(e), in Annex G-2.

1.16.2 The conditions referred to in paragraph 1.16.1 are that:

- (a) the relevant Supply Meter Point is eligible (in accordance with paragraph 1.7.3) to be a Shared Supply Meter Point;
- (b) the requirement in paragraph 1.7.6 would be (or will continue to be) satisfied;
- (c) the applicant User is willing to appoint the consumer as Sharing Registered User Agent upon the Mandatory Allocation Agency Terms;
- (d) the consumer is willing to act as Sharing Registered User Agent upon the Mandatory Allocation Agency Terms; and

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(e) no existing Registered User would be obliged by virtue of Standard Condition 30 of the Shipper's Licence, by reason of a request made pursuant to Standard Condition 13(4)(a) of the Supplier's Licence, to submit a Supply Point Objection in respect of the Applicant User's Supply Point Confirmation.

1.16.3 Where the applicant User wishes to become a Sharing Registered User pursuant to paragraph 1.16.1:

(a) the User shall submit to the Transporter a notification to that effect, identifying the consumer and the relevant Supply Meter Point, together with:

(i) an Agreement in the Mandatory Allocation Agency Terms, completed with details of the relevant Supply Meter Point, the effective date (consistent with paragraph 0 on the basis of paragraph (e) below) of the Agreement and the names of the applicant User and Existing Registered User(s) and the consumer (in the capacity of agent), in a number of originals equal to the number of proposed parties thereto, each executed by the applicant User and consumer but undated;

(ii) a signed irrevocable authority by the consumer in favour of the Transporter to date and deliver the Agreement in accordance with paragraph (d);

(b) the Transporter will notify each Existing Registered User thereof enclosing a copy of the applicant User's notification and a copy of the Agreement;

(c) pursuant to paragraph 1.16.1, each Existing Registered User shall, provided the conditions in paragraph 1.16.2 are satisfied, arrange for the execution of each original of the Agreement not later than the 10th Business Day after the Transporter's notification under paragraph (b);

(d) when each Existing Registered User has complied with paragraph (c), the Transporter will (and each relevant User hereby authorises the Transporter to) date and deliver the Agreement on behalf of each such User and the consumer, and provide two originals to the applicant User and one each to each other such User; and

(e) the Agreement once executed by each Existing Registered User shall take effect as a Shared Supply Meter Point Notification for the effective date specified in the Agreement, subject to paragraph 1.7.10(c), and no Supply Point Objection may be submitted by any Existing Registered User nor (if submitted) shall be effective.

1.16.4 Subject to paragraph 1.16.5, if any Existing Registered User fails to execute an Agreement pursuant to paragraph 1.16.3(c) by the date therein specified:

(a) such User shall be deemed to have submitted a Supply Point Withdrawal in respect of the relevant Supply Point, which shall be effective on the effective date specified in the Agreement, pursuant to paragraph 3.2.3; and

(b) the Agreement shall take effect (unless there was no other Existing Registered User), subject to paragraph 1.7.19, and the Supply Point Confirmation submitted by the applicant User shall become effective, and the applicant User shall not be entitled to submit a Supply Point Withdrawal within the period referred to in 3.2.4.

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1.16.5 Paragraph 1.16.4 shall not apply if any Existing User submits to the Transporter by the date specified in paragraph 1.16.3(c) written confirmation to the effect that the condition in paragraph 1.16.2(e) is not satisfied.

1.17 Supply Point Enquiries

1.17.1 Subject to paragraph 1.17.10, a User (an "**Enquiring User**") contemplating submitting a Supply Point Nomination (the "**prospective**" Supply Point Nomination) may first submit an enquiry (a "**Supply Point Enquiry**") as to the matters referred to in paragraph 1.17.6.

1.17.2 For the purposes of this paragraph 1.17, references to the 'Proposed Supply Point' are to what would be the Proposed Supply Point if the Enquiring User were to submit the prospective Supply Point Nomination.

1.17.3 A Supply Point Enquiry shall specify the details which would be required to be specified pursuant to paragraphs 2.3.2(a) to ~~(c)~~(e) in the prospective Supply Point Nomination.

1.17.4 The Transporter will reject, or may reject, the Supply Point Enquiry in any case in which (if the Supply Point Enquiry were a Supply Point Nomination) the Transporter would be required, or (as the case may be) entitled, to reject such Supply Point Nomination pursuant to paragraph 2.3.6.

1.17.5 Where the Transporter rejects a Supply Point Enquiry the Transporter will notify the Enquiring User of the reason for such rejection.

1.17.6 Where the Transporter does not reject the Supply Point Enquiry, the Transporter will submit a response to the enquiry specifying (in relation to the Proposed Supply Point) the details which the Transporter would be required to specify in a Supply Point Offer (in response to the prospective Supply Point Nomination) pursuant to paragraphs 2.4.2(b), (c), (d), (f) and (g). Where the Supply Point Enquiry is for a non-domestic Supply Point, such response may be provided by the Transporter via an online portal where this facility is available to the Transporter.

1.17.7 For the purposes of assessing whether to submit a Supply Point Confirmation in respect of a Smaller Supply Point a User may submit an enquiry to the Transporters in respect of a Smaller Supply Point (a "**Smaller Supply Point Enquiry**") requesting:

- (a) the Supply Meter Point Reference Number;
- (b) the Applicable End User Category in accordance with H1.7;
- (c) details of the Supply Point Capacity;
- (d) the Annual Quantity for each Supply Meter Point; and
- (e) the Exit Zone in which the Smaller Supply Point is located;

1.17.8 The Transporters will submit a response to such Smaller Supply Point Enquiry specifying the information requested in paragraph 1.17.8 and such response shall be made in respect of a Smaller Supply Point Enquiry requesting:

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- (a) less than 50 Supply Meter Point Reference Number reports, within the one Business Day following the date of receipt of such Smaller Supply Point Enquiry;
- (b) between 50 and 100 Supply Meter Point Reference Number reports, within the two Business Days following the date of receipt of such Smaller Supply Point Enquiry;
- (c) between 101 and 1000 Supply Meter Point Reference Number reports, within the five Business Days following the date of receipt of such Smaller Supply Point Enquiry;
- (d) for more than 1000 Supply Meter Point Reference Number reports, on a reasonable endeavours basis.

1.17.9 A User submitting a Smaller Supply Point Enquiry shall:

- (a) ensure that prior to such submission it will obtain the written consent of the consumer of the Smaller Supply Point (whether directly or indirectly through the Supplier of the Smaller Supply Point);
- (b) retain evidence of such consent;
- (c) promptly provide such evidence to the Transporters following a request to do so which is made at any time after the Smaller Supply Point Enquiry.

1.17.10 For the purposes of paragraph 1.17.1, an Enquiring User shall be taken to be contemplating submitting a Supply Point Nomination where:

- (a) prior to submitting a Supply Point Enquiry, it has obtained written or verbal consent of the consumer of the Larger Supply Point or the New Smaller Supply Point (whether directly or indirectly through the Supplier of the Larger Supply Point or the New Smaller Supply Point as the case may be);
- (b) retained evidence of such consent; and
- (c) where applicable, promptly provided such evidence to the Transporters following a request to do so which may be made at any time after the Supply Point Enquiry.

1.17.11 For the purposes of paragraph 1.17.6, a “**non-domestic**” Supply Point shall mean a Supply Point where the supply of gas is not taken wholly or mainly for domestic purposes.

1.17.12 For the purposes of paragraph 1.17.6, an “**online portal**” shall mean an internet site which functions as a point of access to information held on the UK Link System.

1.18 Site visit Appointments

1.18.1 This paragraph 1.18 applies where:

- (a) the User believes that the information set out in the Supply Point Register that:
 - (i) has been provided by the Transporter pursuant to the Code; or
 - (ii) subject to paragraph (e) below, relates to Meter assets

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is incorrect;

(b) the User has so notified the Transporter, providing details of the information which the User believes to be incorrect, what the User believes to be the correct information and the contact details for the consumer at the Supply Point Premises (the "**relevant consumer**");

(c) following such notification, the Transporter has been unable (after examining the details contained in the Supply Point Register) to resolve the matter notified by the User (the "**relevant matter**");

(d) subject to paragraph (e) below, the User has accordingly requested the Transporter and the Transporter has agreed to endeavour to contact the relevant consumer and has consequently arranged with such consumer a time and date when the Transporter may visit the Supply Point Premises to investigate the relevant matter (a "**Site Visit Appointment**");

(e) a Site Visit Appointment shall not include any visit (whether undertaken or not) to the consumer's premises which:

(i) is subject to the standards of performance set out in the Gas (Standards of Performance) Regulations 2002;

(ii) after the Metering Separation Date, relates to Meter assets.

1.18.2 Where a Site Visit Appointment has been arranged as set out in paragraph 1.18.1, subject to paragraph 1.18.3, the Transporter will during normal business hours (08:30 hours to 17:00 hours), or on such date and time as the Transporter and the consumer may agree, visit the Supply Point Premises and (subject to being given the required access) investigate the relevant matter.

1.18.3 Where a Site Visit Appointment has been arranged, the Transporter may require that the User attend at the Supply Point Premises at such time and date, and where the Transporter so requires, the Transporter will not be required to investigate the relevant matter if the User does not so attend and such Site Visit Appointment shall be deemed to be a completed Site Visit Appointment for the purposes of paragraph 4.3.1.

1.18.4 If the Transporter is unable (upon such a visit) to obtain the access required to investigate the relevant matter, the Transporter shall not be required to revisit the Supply Point Premises; and

(a) if the Transporter did not require (pursuant to paragraph 1.18.3) the User to attend, the Transporter will so inform the User as soon as reasonably practicable after making such visit; and

(b) such Site Visit Appointment shall be deemed to be a completed Site Visit Appointment for the purposes of paragraph 4.3.1.

1.19 DNO Users

In this Section G references to Users exclude DNO Users.

1.20 Reduction of Offtake at Firm Supply Points

1.20.1 Where, in relation to any Firm Supply Point (but without prejudice to Section C in relation to Renominations), the Registered User or supplier:

- (a) exercises (other than pursuant to an instruction from a Transporter pursuant to Section Q) any entitlement to require the consumer to discontinue consuming gas offtaken from the Total System on a Day; or
- (b) having exercised such an entitlement, authorises the consumer to resume such consumption

the Registered User will as soon as reasonably practicable, and in accordance with paragraph 1.20.3, inform the Transporter of the matters set out in paragraph 1.20.2, provided that the Registered User shall use reasonable endeavours to inform the Transporter not more than one hour after such discontinuance and/or not less than one hour before such resumption.

1.20.2 The matters to be informed by the Registered User to the Transporter pursuant to paragraph 1.20.1 are:

- (a) the identity of the Firm Supply Point;
- (b) the time with effect from which the consumer will be required to discontinue, or authorised to resume, consumption; and

an estimate of the amount by which the quantity of gas offtaken will increase or decrease as a result of such discontinuance or resumption.

1.20.3 For the purposes of paragraph 1.20.1 the User will give the relevant information to the Transporter by means of telephone or facsimile, unless it has given to the Transporter not less than one month's notice of its intention to give such information by Batch Transfer Communication, in which case such User will give information to the Transporter for the purposes of paragraph 1.20.1 only by Batch Transfer Communication, and will promptly inform the Transporter by telephone or facsimile of the transmission of each such Batch Transfer Communication.

1.20.4 Where the Transporter notifies a User that it is unable satisfactorily to access a Batch Transfer Communication transmitted pursuant to paragraph 1.20.3, that User will promptly send to the Transporter by facsimile the information contained in that Batch Transfer Communication.⁶

2 SUPPLY POINT REGISTRATION

2.1 Introduction

2.1.1 A User may apply to become the Registered User in respect of a Supply Point in accordance with this paragraph 2.

⁶ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.21.

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2.1.2 In order for a User (the "**Proposing User**") to become the Registered User in respect of a Supply Point:

(a) where the Proposed Supply Point is a Larger Supply Point ~~or a New Smaller Supply Point and there is more than one Supply Meter Point comprised in the Proposed New Smaller Supply Point~~, then the User must make a Supply Point Nomination in accordance with paragraph 2.3, in response to which the Transporter will (subject as provided in this Section G) submit to the Proposing User a Supply Point Offer in accordance with paragraph 2.4; and

(b) the Proposing User must make a Supply Point Confirmation in accordance with paragraphs 2.5 to 2.7 which become effective in accordance with paragraphs 2.8 to 2.11.

2.1.3 For the purposes of this paragraph 2 a "**Proposed**" Supply Point is the Supply Point which is the subject of a Proposed Supply Point Registration.

2.1.4 In respect of a Proposed Supply Point Registration:

(a) a "**Supply Point Nomination**" is a communication by a Proposing User in respect of a Larger Supply Point ~~or, where required, a New Smaller Supply Point~~ requesting a Supply Point Offer from the Transporter;

(b) a "**Supply Point Offer**" is a communication by the Transporter to a Proposing User providing information in respect of a Larger Supply Point ~~or, where required, a New Smaller Supply Point~~; and

(c) a "**Supply Point Confirmation**" is a communication by a Proposing User to the Transporter requesting Supply Point Registration in respect of a Proposed Supply Point.

2.1.5 The Code provides that the Transporter will or may reject in certain cases a Supply Point Nomination or Supply Point Confirmation; and any reference in this Section G to such a rejection by the Transporter is to a rejection in accordance with any such provision of the Code.

2.1.6 Where the Transporter has given a Termination Notice (under Section V4) to a User, the Transporter may decide:

(a) to reduce any of the periods and/or curtail any of the procedures provided for in this Section G in relation to any Supply Point Nomination or Supply Point Confirmation by any other User in respect of; or

(b) to implement any other procedure for the registration in the name of any other User (who wishes to become the Registered User) of

any Supply Meter Points of which the Discontinuing User was the Registered User.

2.1.7 For the purposes of paragraphs 2.1.8, 2.1.9, 2.1.10, 2.1.11, 2.1.12 and 2.1.13:

(a) where a User has been given a Termination Notice by National Grid NTS (under Section V4), all Supply Meter Points in respect of which the Discontinuing User was the Registered User immediately prior to the User Discontinuance Date shall be known as the "**Terminated Supply Meter Points**";

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(b) a "**Supplier of Last Resort**" is a supplier whom by virtue of Standard Condition 29 of the Supplier's Licence has been directed by the Authority to supply gas in accordance with that condition in respect of any or all of the Terminated Supply Meter Points;

(c) "**the Last Resort User**" is a User who is the first User, following the appointment of the Supplier(s) of Last Resort, to become the Registered User of all of the Terminated Supply Meter Points;

(d) "**day of issue**" is the Day following the day of notification;

(e) "**day of notification**" is the Day on which the Transporter receives written notice from the Authority of the appointment and identity of the Last Resort User; and

(f) "**TSMP Information**" is relevant information (including, but not limited to, Protected Information) relating to the Terminated Supply Meter Points to which the Discontinuing User would have had access through UK Link, immediately prior to the User Discontinuance Date.

2.1.8 Where National Grid NTS has given a Termination Notice (under Section V4) to a User and the Authority directs a Supplier of Last Resort in respect of a Terminated Supply Meter Point, then notwithstanding any other provision of Code, the Last Resort User shall become the Registered User of the Terminated Supply Meter Points, thereby accepting the benefit of the rights and the burden of obligations under Code, the Framework Agreement and any relevant Ancillary Agreement, in respect of the Terminated Supply Meter Points (including without limitation the payment of Transportation Charges and Energy Balancing Charges in respect thereof) with effect from and including the date of the appointment of the Supplier of Last Resort.

2.1.9 To assist the Last Resort User in exercising its rights and discharging its obligations in respect of the Terminated Supply Meter Points the Transporter shall use reasonable endeavours, subject to paragraphs 2.1.11, 2.1.12 and 2.1.13, to provide to the Last Resort User on the day of issue a copy of the TSMP Information which can be accessed by the Last Resort User through UK Link.

2.1.10

(a) The Transporter shall undertake a review of the Last Resort User's Code Credit Limit and (in the case of National Grid NTS) Secured Credit Limit as soon as reasonably practicable following the day of notification, and shall advise the Last Resort User, as soon as reasonably practicable thereafter but in any event not later than 3 Days after the day of notification, of any further security that will be required to be provided by the Last Resort User in accordance with paragraph 2.1.10(b).

(b) In the event that following the review referred to in paragraph 2.1.10 the Transporter notifies the Last Resort User that additional security is required, then the Last Resort User shall be obliged to provide the requisite security in accordance with the Code or Energy Balancing Credit Rules (as appropriate) in favour of the Transporter (or National Grid NTS) as soon as reasonably practicable thereafter but in any event no later than 14 Days of the day of notification and upon receipt of that security the Transporter shall revise the Last Resort User's Code Credit Limit (and/or in the case of National Grid NTS)

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Secured Credit Limit (as appropriate) as soon as reasonably practicable thereafter but in any event no later than 14 Days after the date of notification to take effect from the date of that revision.

- (c) In the event that security is required to be provided by the Last Resort User pursuant to paragraph 2.1.10 but the Last Resort User fails to provide the security in accordance with paragraph 2.1.10(b), then the Code Credit Limit and/or Secured Credit Limit (as appropriate) shall not be revised pursuant to this paragraph 2.1.10 and the Transporter shall be entitled to exercise those rights and remedies available to it pursuant to V3.3 or Section X, as appropriate.

2.1.11 By virtue of this paragraph 2.1.11 the Discontinuing User hereby is deemed to have given its written consent for the purposes of both paragraph V5.5.2(a) and Section 105 of the Utilities Act 2000 (as amended from time to time) to the Transporter to disclose to the Last Resort User the TSMP Information pursuant to paragraph 2.1.9 above.

2.1.12 It is acknowledged that the TSMP Information contains information which has been provided to the Transporter by the Discontinuing User and accordingly the Last Resort User hereby acknowledges and agrees that:

- (a) the TSMP Information disclosed to it pursuant to paragraph 2.1.9 above shall not have been independently verified;
- (b) it shall be solely responsible for making its own judgement and decision on the TSMP Information disclosed to it;
- (c) neither the Transporter, nor any of its employees, agents, consultants, advisers or directors, accept responsibility for, or make any representation or warranty (express or implied) regarding, the accuracy or completeness of the content of the TSMP Information; and
- (d) the Transporter shall have no liability to the Last Resort User, in respect of any of the contents of the TSMP Information.

2.1.13 For the purposes only of enabling the Transporter to comply with the provisions of paragraph 2.1.9, the Last Resort User shall execute all such documents, deeds and assignments and perform such acts as the Transporter may reasonably require, including, without limitation, executing any relevant documents, deeds and assignments, or perform such acts, necessary to ensure compliance with the provisions of the Data Protection Act 1998 (as may be amended from time to time).

2.1.14 Unless the context otherwise requires, references in this Section G to details to be included in a Supply Point Nomination, Supply Point Offer or Supply Point Confirmation are to details which would (if the Proposing User submits a Supply Point Confirmation and/or if the Supply Point Confirmation becomes effective) apply in respect of the Proposed Supply Point Registration.

2.2 Current, New and Existing Supply Points

~~2.2.1 Subject to paragraph 1.4, a Proposed Supply Point may be a Current Supply Point or a New Supply Point.~~

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~~2.2.2~~ For the purposes of Section G:

~~(a) A "Current Supply Point" is a Proposed Supply Point all of the Supply Meter Points comprised in which are (at the relevant time) all of the Supply Meter Points comprised in one Existing Supply Point;~~

~~(b) a "New Supply Point" is any other Proposed Supply Point (including for the avoidance of doubt a Proposed Supply Point which includes a New Supply Meter Point) and~~

~~(c) a "New Smaller Supply Point" is where, in relation to a New Supply Point, the relevant Proposed Supply Point is a Smaller Supply Point.~~

2.2.1 In relation to a Proposed Supply Point Registration:

(a) an "Existing Supply Point" is a Supply Point which (at the relevant time):

(i) is the subject of an existing Supply Point Registration (which may be a registration in the name of the Proposing User); and

(ii) ~~includes one or more~~ comprises the Supply Meter Points which ~~is~~are comprised in the Proposed Supply Point; and

(b) an "Existing Registered User" is a User (who may be the Proposing User) who is the Registered User in respect of an Existing Supply Point.

2.2.2 Subject to paragraph 2.8.3, the Proposing User will not be entitled to have access to the identity of the Existing Registered User(s).

2.2.3 A "Supply Point Reconfirmation" or a "Supply Point Renomination" is a Supply Point Confirmation or (as the case may be) Supply Point Nomination submitted by the Existing Registered User of ~~an Existing~~ the Current Supply Point; and where the Code provides for a Supply Point Reconfirmation to be made in respect of a Larger Supply Point, the Code shall be deemed also to provide for an appropriate Supply Point Renomination to be made.

2.2.4 A "Supply Point Commodity Rate Renomination" is, where the Existing Registered User had previously confirmed in accordance with Section B3.12.7 that the Applicable Commodity Rate in respect of the ~~Existing~~ Current Supply Point was to be the NTS Optional Commodity Rate, a Supply Point Nomination submitted by the Existing Registered User of the ~~Existing~~ Current Supply Point where:

(a) the Existing Registered User nominates that the Applicable Commodity Rate at the ~~Existing~~ Current Supply Point is not to be the NTS Optional Commodity Rate; or

(b) the NTS Optional Commodity Rate having previously been de-applied in accordance with sub-paragraph (a) above, the Existing Registered User wishes to re-apply for the NTS Optional Commodity Rate at the ~~Existing~~ Current Supply Point.

2.3 Supply Point Nomination

2.3.1 A User may make a Supply Point Nomination in respect of a Larger Supply Point ~~or may, where required, make a Supply Point Nomination in respect of a New Smaller~~

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Supply Point in accordance with paragraph 2.1.2 and this paragraph 2.3. Where a Proposing User wishes to make a Supply Point Nomination in respect of a Larger Supply Point for the purpose of:

(a) — in the case of an LDZ Supply Point increasing Supply Point Capacity for such Supply Point;

(b) — changing the Supply Point Component of any Supply Meter Point;

(c) — specifying a New Supply Point

then the Proposing User may use the following process:

(a)(i) (provided that the Proposed Supply Point will be an Existing-Current Supply Point) the User may submit, as appropriate, one or more Supply Point Nominations in accordance with paragraph 2.3 to nominate:

(1) — in the case of an LDZ Supply Point the prevailing Supply Point Capacity;

(2) — the existing Supply Point Component of each Supply Meter Point; or

(3) — the Current Supply Point

(any such Supply Point Nomination shall be referred to as a "Supply Point First Nomination"); and

(b)(ii) at any time up to the date of the Supply Point Offer in respect of the Supply Point First Nomination the User may also submit, as appropriate, in accordance with paragraph 2.3, one or more Supply Point Nominations to:

(1) — in the case of an LDZ Supply Point increase the Supply Point Capacity;

(2) — change the Supply Point Component of any Supply Meter Point; or

(3) — specify a New Supply Point

(and any such Supply Point nomination shall be referred to as "Supply Point Second Nomination").

2.3.2 A Supply Point Nomination which is a Supply Point Commodity Rate Renomination shall comply with the provisions of paragraph 2.3.9 and any other Supply Point Nomination shall specify:

(a) the identity of the Proposing User;

(b) — whether the Proposed Supply Point is a Current Supply Point or a New Supply Point, and in the case of a New Supply Point a description of the basis on which the Single Premises Requirement is satisfied;

(b) the Supply Meter Point Reference Number in respect of the Supply Meter Point comprised in the Proposed Supply Point;=

(i) in the case of a Current Larger Supply Point, either one or all of the Supply Meter Points comprised in the Proposed Supply Point; or

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- (ii) in the case of a New Supply Point, all of the Supply Meter Points comprised in the Proposed Supply Point;
- (c) the Meter Post Code in respect of ~~that each~~ Supply Meter Point ~~for which the Supply Meter Point Reference Number is specified under paragraph (b);~~
- (d) in the case of an LDZ Supply Point where the Proposed Supply Point ~~includes is an~~ one or more DM Supply Meter Points, the proposed Supply Point Capacity and proposed Supply Point Offtake Rate in respect of the DM Supply Point ~~Component~~, in compliance with the requirements of paragraph 5;
- (e) where the Proposed Supply Point ~~includes is an~~ NDM Supply Meter Point and where the Annual Quantity of the NDM Supply Point ~~Component~~ is less than 293,000 kWh (10,000 therms) but in excess of 73,200 kWh (2,500 therms), whether the relevant Supply Meters ~~is~~ are proposed to be a Monthly Read Meter;
- (f) ~~the Supply Meter Point Reference Number of any~~ whether Supply Meter Point ~~comprised in the Proposed Supply Point which is to become or (as the case may be) ceased to be a DM Supply Meter Point; and~~
- (g) any other details which are required to be specified in any particular case pursuant to any provision of this Section G; or
- (h) where a User wishes to apply for the NTS Optional Commodity Rate at an Eligible Exit Point, the Specified Exit Point and the Specified Entry Point; or
- (i) where a User wishes to apply for the LDZ Optional Capacity Rate, the LDZ Specified Exit Point.

2.3.3 In this Section G "**Nominated**" means proposed in a Supply Point Nomination.

2.3.4 Where a User makes a Supply Point Nomination:

- (a) the Transporter will submit a Supply Point Offer (in accordance with paragraph 2.4), or reject the Supply Point Nomination (in accordance with paragraph 2.3.6), or submit a referral notice (in accordance with paragraph 2.3.8), within 2 Business Days after the Supply Point Nomination was submitted;
- (b) where (in accordance with paragraph 2.3.8) the Transporter submitted a referral notice, the Transporter will submit a Supply Point Offer within 12 Business Days after the Supply Point Nomination was submitted.

2.3.5 If the Transporter does not comply with paragraph 2.3.4 it will in any event reject the Supply Point Nomination or make a Supply Point Offer or submit a referral notice as soon as reasonably practicable.

2.3.6 The Transporter will reject the Supply Point Nomination where:

- (a) ~~Not Used~~the Transporter is not reasonably satisfied that the ~~Single Premises Requirement is complied with in respect of the Proposed Supply Point; or~~
- (b) the Supply Point Nomination is not made strictly in accordance with the requirements of paragraph 2.3.2 and /or 2.3.9 (as the case may be); or

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(c) ~~any of the Supply Meter Point Reference Number(s) specified pursuant to paragraph 2.3.2(b)-2.3.2(b)~~ is not identified in the Supply Point Register with the Meter Post Code(s) specified pursuant to paragraph ~~2.3.2(c)-2.3.2(e)~~;

(d) in relation to User Daily Read Equipment:

(i) the Proposed Supply Point has an Annual Quantity less than 732,000 kWh (25,000 therms); and/or

(ii) the Ceiling Limit in relation to User Daily Read Equipment has already been attained; and/or

(iii) ~~a User attempts to make a Supply Point Nomination for a DM Supply Meter Point where User Daily Read Equipment is to be installed where the Daily Read Requirement applies in relation to such Supply Meter Point.~~

and the Transporter may reject the Supply Point Nomination where the Supply Point Nomination does not comply with any other requirement provided for in this Section G or in accordance with Section V3 or in any other case where such rejection is provided for in the Code.

2.3.7 Where the Transporter rejects the Supply Point Nomination the Transporter will inform the Proposing User of the reason (under paragraph 2.3.6) for such rejection (and where such rejection was pursuant to paragraph 2.3.6(b), the requirement of paragraph 2.3.2 and /or 2.3.9 (as the case may be) which was not complied with)).

2.3.8 ~~Where the Proposed Supply Point comprises is a New Supply Point, or includes a New Supply Meter Point, or (in accordance with the further provisions of this Section G) it is necessary for the Transporter to assess the feasibility of making gas available for offtake from the Total System at the Proposed Supply Point, the Transporter may (unless it rejects the Supply Point Nomination) give notice (a "referral notice") to that effect to the Proposing User.~~

2.3.9 A Supply Point Nomination which is a Supply Point Commodity Rate Renomination shall specify:

(a) the identity of the Proposing User;

(b) the Supply Meter Point Reference Number in respect of the Supply Meter Points comprised in the Proposed Supply Point;

(c) the Applicable Commodity Rate that the User wishes to be applied being either:

(i) the NTS Optional Commodity Rate; or

(ii) the Applicable Commodity Rate other than the NTS Optional Commodity Rate determined pursuant to paragraph B1.8.1;

(d) the Proposed Supply Point Registration Date; and

(e) any other details which are required to be specified in any particular case pursuant to any provision of this Section G.

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2.4 Supply Point Offers

2.4.1 Where the Transporter does not reject (in accordance with paragraph 2.3.4) a Supply Point Nomination, the Transporter will submit to the Proposing User a Supply Point Offer in accordance with this paragraph 2.4.

2.4.2 A Supply Point Offer will specify in relation to the Proposed Supply Point:

- (a) the identity of the Proposing User;
- (b) the address(es) of the Supply Point Premises;
- (c) the Supply Meter Point Reference Number, manufacturer's serial number, and (where the Proposed Supply Point comprises a Sub-deduct Supply Meter Point) Meter Link Code of ~~the~~ each Supply Meter Point comprised in the Proposed Supply Point Registration;
- (d) where the Proposed Supply Point ~~includes one or more~~ is an NDM Supply Meter Points:
 - (i) the Applicable End User Category in accordance with Section H1.7;
 - (ii) in the case of an LDZ Supply Point, Supply Point Capacity (in accordance with Section H4.1); and
 - (iii) the Nominated Meter Reading Frequency or (where more frequent) the minimum Meter Reading Frequency required under Section M3 in respect of ~~the~~ each relevant Supply Meter;
- (e) in the case of an LDZ Supply Point where the Proposed Supply Point is ~~includes one or more~~ DM Supply Meter Points:
 - (i) details in respect of Supply Point Capacity and Supply Point Offtake Rate in accordance with paragraph 2.4.3;
 - (ii) whether the Proposed Supply Point is a Firm Supply Point or an Interruptible Supply Point, and (if Interruptible) whether ~~(as respects the DM Supply Point Component)~~ SDMC(I) provided that no details of the Interruptible Tranches will be specified;
 - (iii) details of the Daily Read Equipment installed and the Supply Meter Point Reference Number of each Supply Meter Point at which any such Daily Read Equipment is installed;
- (f) the Exit Zone and (where applicable) LDZ in which the Proposed Supply Point is located;
- (g) the Annual Quantity for ~~the~~ each Supply Meter Point;
- (h) the relevant Supply Point Transportation Charges;
- (i) ~~Not Used~~ the Supply Meter Point Reference Number of any Supply Meter Point comprised in the Proposed Supply Point which has been Isolated;

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(j) a number by which the Supply Point Offer may uniquely be identified; or

(k) where a User has made a Supply Point Nomination in accordance with paragraph 2.3.2(g) ~~2.3.2(g)~~ or 0, the distance between the Specified Entry Point and the Proposed Supply Point, the six figure grid references, the capacity of the Proposed Supply Point and the NTS Optional Commodity Rate; or

(l) where a User has made a Supply Point Nomination in accordance with paragraph 2.3.2(g) ~~2.3.2(g)~~ the Notional NTS Connection Point, the distance between the Notional NTS Connection Point and the Proposed Supply Point, the eight figure grid references, the capacity of the Proposal Supply Point and the LDZ Optional Capacity Rate;

(m) the identity of the Gas Act Owner;

(n) the identity of the Meter Asset Manager.

2.4.3 In the case of an LDZ Supply Point where the Proposed Supply Point is ~~includes~~ a DM Supply Point ~~Component~~:

(a) the Supply Point Capacity ("**Offered Supply Point Capacity**") specified in the Supply Point Offer shall be:

(i) where the Nominated Supply Point Capacity is less than the Bottom-Stop Supply Point Capacity, the Bottom-Stop Supply Point Capacity;

(ii) otherwise, but subject to paragraph 5.5, the Nominated Supply Point Capacity (provided that where the Nominated Supply Point Capacity is not less than the Bottom-Stop Supply Point Capacity but less than the Prevailing Supply Point Capacity, paragraph 2.7.3 shall apply);

(b) subject to paragraph 5.5, the Supply Point Offtake Rate specified in the Supply Point Offer shall be the Nominated Supply Point Offtake Rate; and

(c) the Supply Point Offer will also specify (for information purposes, where not specified under paragraph (a)) the Bottom-Stop Supply Point Capacity.

2.4.4 Subject to paragraphs 1.9.9(b), 2.4.5 and 2.7.3, and unless and until a Supply Point Confirmation is made which becomes effective, a Supply Point Offer will remain valid for a period of six (6) months after it was made.

2.4.5 In the case of an LDZ Supply Point where the Proposed Supply Point is ~~includes~~ a DM Supply Point ~~Component~~, at any time at which the Proposing User has not submitted a Supply Point Confirmation:

(a) if:

(i) the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of the occurrence in any month of a Supply Point Ratchet (pursuant to Section B4.7) in respect of any Existing Supply Point; or

(ii) at the start of a Gas Year, the Bottom-Stop Supply Point Capacity becomes (pursuant to paragraph 5.2) greater than the Offered Supply Point Capacity

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the Transporter will so notify the Proposing User whereupon the Supply Point Offer will lapse (but without prejudice to any Supply Point Confirmation submitted before such notification was given, in respect of which paragraph 2.7.4 will apply);

(b) save for the circumstances specified in paragraph 1.5.12, if the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of a Capacity Revision Application (in accordance with paragraph 5.1.4) made by the Registered User for an increase in Supply Point Capacity in respect of any Existing Supply Point, paragraph 2.7.3 shall apply.

2.4.6 The Transporter will inform the Proposing User of the application of paragraph 2.7.3 pursuant to paragraph 2.4.5(b) within 5 Business Days after the occurrence of the event giving rise to the application of paragraph 2.7.3.

2.4.7 Where during the period for which a Supply Point Offer remains valid:

(a) in the case of an NDM Supply Point, the Annual Quantity of the NDM Supply Point Component (if any) of the Proposed Supply Point is revised (including a revision to the Annual Quantity pursuant to a notice by an Existing Registered User under paragraph 1.6.8(a)), or such NDM Supply Point Component belongs to a different End User Category, from the Annual Quantity or End User Category specified in the Supply Point Offer:

(i) the Transporter will notify the Proposing User of the revised Annual Quantity or End User Category;

(ii) the Supply Point Offer shall be deemed to be modified accordingly (and shall remain valid);

(b) the details of the Supply Point Transportation Charges are (upon a change in Annual Quantity or End User Category of any Supply Meter Point or the coming into force of a new Transportation Statement or otherwise) revised,

the Transporter will not and is not required to notify the Proposing User of such change, and the Proposing User will be informed of the revised details only if it makes a Supply Point Confirmation which becomes effective.

2.4.8 There may be any number of Supply Point Offers outstanding, to different Proposing Users, in respect of a Proposed Supply Point or Proposed Supply Points comprising some or all of the same Supply Meter Points.

2.4.9 The details contained in a Supply Point Offer of the matters set out in paragraph 2.4.10 shall be binding upon the Transporter and the Proposing User where the User submits a Supply Point Confirmation in respect of such Supply Point Offer, notwithstanding any error in the details so stated (but without prejudice to the ability of the Transporter to withdraw a Supply Point Offer containing such erroneous details before a Supply Point Confirmation has been submitted).

2.4.10 The matters referred to in paragraph 2.4.9 are:

(a) the Supply Meter Points comprised in the Proposed Supply Point;

(b) the Annual Quantity, End User Category and, in the case of an LDZ Supply Point, the Supply Point Capacity of the Proposed Supply Point.

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2.4.11 Except as provided in paragraph 2.4.9, where any detail contained in a Supply Point Offer is incorrectly stated:

(a) such error shall not bind the Transporter or the Proposing User and shall not prejudice the proper determination of such detail; and

(b) a Supply Point Confirmation made on the basis of such Supply Point Offer shall be valid notwithstanding such error.

2.4.12 Where the User disputes the distance specified by the Transporter under paragraph 2.4.2(k) or paragraph 2.4.2(l), the User may resubmit a Supply Point Nomination for the Proposed Supply Point stating alternative eight figure grid references for the Proposed Supply Point and the Notional NTS Connection Point as appropriate with supporting evidence of calculation.

2.4.13 For the purposes of the Code:

(a) **"Gas Act Owner"** is the consumer, holder of a Gas Transporter's Licence or relevant supplier that owns the meter (and for the purposes of this definition owner includes a lessee) and which in accordance with the Gas Code is responsible for keeping it in proper order for correctly registering the quantity of gas supplied;

(b) **"Meter Asset Manager"** is an organisation that works on behalf of another to install, replace, repair and maintain a Supply Meter Installation.

2.5 Supply Point Confirmations: General

2.5.1 A User may submit a Supply Point Confirmation to the Transporter:

(a) in respect of an Existing ~~Current~~ Smaller Supply Point or a New Smaller Supply Point comprising of one Supply Meter Point (pursuant to the establishment of a New Supply Meter Point in accordance with G0), in accordance with paragraph 2.6, at any time;

(b) in respect of a Larger Supply Point ~~or New Smaller Supply Point comprising of more than one Supply Meter Point~~, in accordance with paragraph 2.7, after making a Supply Point Nomination, at any time where the condition in paragraph 2.5.2 is satisfied; or

(c) in respect of a Supply Point where information has been specified in accordance with paragraph 2.4.2(k) or paragraph 2.4.2(l) provided that a Supply Point Offer made in respect of paragraphs 2.4.2(a) to 2.4.2(j) and has been or, is simultaneously being confirmed by the User under this paragraph 2.5.1.

2.5.2 The condition referred to in paragraph 2.5.1(b) is that:

(a) the Supply Point Confirmation is made at a time at which the Supply Point Offer remains (in accordance with paragraph 2.4.4) valid; and

(b) in the circumstances in paragraph 2.7.3, the Proposed Supply Point Registration Date is within the Capacity Reduction Period.

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2.5.3 By making a Supply Point Confirmation in respect of a Proposed Supply Point the Proposing User:

- (a) warrants to the Transporter:
 - (i) that; or
 - (ii) where the User will not be the supplier, that the supplier (or if there is more than one supplier, the suppliers between them) has (or have) warranted to the User that

as at the Proposed Supply Point Registration Date there will be in force a contract or contracts (including a deemed contract pursuant to paragraph 8(1) or 8(2) of the Gas Code) for the supply to the consumer of the gas oftaken by such User from the Total System at the Proposed Supply Point; and

- (b) agrees (if the confirmation becomes effective):
 - (i) to be the Registered User in respect of the Proposed Supply Point; and
 - (ii) to be registered as holding at an LDZ Supply Point:

- (1) ~~in the case of an~~ ~~as to the~~ NDM Supply Point Component (if any), Supply Point Capacity (and accordingly LDZ Capacity) determined in accordance with Section H4;

- (2) ~~in the case of a~~ ~~as to the~~ DM Supply Point Component (if any), the Confirmed Supply Point Capacity (and accordingly LDZ Capacity);

- (iii) that it consents to the disclosure of the information by the Transporter in accordance with paragraph 2.8.8(b).

2.5.4 In the case of an LDZ Supply Point that is also a DM Supply Point subject to paragraph 2.7.4(a), the "Confirmed Supply Point Capacity" in respect of the DM Supply Point Component of a Proposed Supply Point (for which the Supply Point Confirmation becomes effective) is the Offered Supply Point Capacity.

2.5.5 A Supply Point Confirmation may not be made, and the Transporter will reject any Supply Point Confirmation submitted:

- (a) (except in respect of a Shared Supply Meter Point), in respect of a Proposed Supply Point comprising ~~any~~ Supply Meter Point comprised in a Proposed Supply Point in respect of which any other Supply Point Confirmation has been made and is (in accordance with paragraph 2.5.9) outstanding; and

- (b) in respect of a Proposed Supply Point comprising ~~any~~ Supply Meter Point (other than a New Supply Meter Point) in respect of which there is any request for Siteworks outstanding or any Siteworks Contract which has not been completed, and for which the Siteworks Applicant is a gas shipper other than the Proposing User.

2.5.6 The Transporter may reject a Supply Point Confirmation in accordance with Section V3.

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- 2.5.7 The "**Proposed Supply Point Registration Date**" in respect of a Supply Point Confirmation is the date with effect from which the Proposing User wishes to become the Registered User in respect of the Proposed Supply Point.
- 2.5.8 The Proposed Supply Point Registration Date shall be:
- (a) not more than 30 Business Days after the Supply Point Confirmation is submitted; and
 - (b) not less than 15 Business Days after the Supply Point Confirmation is submitted unless:⁷
 - (i) at the time that the Supply Point Confirmation is submitted a Supply Point Withdrawal has been submitted by the Existing Registered User in respect of each Existing Supply Point in which case the Proposed Supply Point Registration Date shall not be less than 8 Business Days;
 - (ii) there is no change in the identity of the Registered User in respect of the Supply Point, the Proposed Supply Point is an Existing Supply Point and does not comprise a Shared Supply Meter Point, in which case the Proposed Supply Point Registration Date shall not be less than 8 Business Days; or
 - (iii) where the Supply Point Confirmation is resulting from a Supply Point Commodity Rate Renomination (a "**Supply Point Commodity Rate Confirmation**") in which case the Proposed Supply Point Registration Date shall not be less than 4 Business Days; and
 - (c) not earlier than 2 months (or such lesser period as the Transporter may specify) after the Supply Point Confirmation is submitted, where such Supply Point ceases to be, or becomes, a category of Special Metering Supply Point described in paragraph 7.1.1(d)(2), 7.1.1(d)(3), or 0.
- 2.5.9 A Supply Point Confirmation shall be outstanding until it is rejected by the Transporter in accordance with this paragraph 2 or lapses in accordance with paragraph 2.8.6, or (where it becomes effective) until the Supply Point Registration Date.
- 2.5.10 Every Supply Point Confirmation shall specify (in addition to what is required in paragraphs 2.6 and 2.7) the identity of the proposed supplier; and in any case where upon a change of the identity of the supplier a User continues to be a Registered User in respect of a Supply Point, such User shall either submit a Supply Point Confirmation or notify the Transporter, by such method as the Transporter shall require, (such method to be notified to Users from time to time) the identity of the new supplier as soon as reasonably practicable after such change of identity. By notifying the Transporter of the identity of the new supplier, such User warrants to the Transporter that such new supplier (or if there is more than one supplier, the suppliers between them) has (or have) warranted to the User that there will be in force a contract or contracts (including a deemed contract pursuant to paragraph 8(1) or 8(2) of the Gas Code) for the supply to the consumer of the gas offtaken by such User from the Total System at the Proposed Supply Point.

⁷ Implementation of modification 0403 effective 06:00hrs on 04/11/2013, will amend paragraph 2.5.8(b).

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2.5.11 Where the Transporter does not reject the Supply Point Confirmation it will within 2 Business Days after the Supply Point Confirmation was communicated, give notice to the Proposing User acknowledging the Supply Point Confirmation.⁸

~~2.5.12 By making a Supply Point Confirmation in respect of a New Smaller Supply Point comprising one Supply Meter Point then the Proposing User shall be deemed to have included within the Supply Point Confirmation such relevant information as described under paragraph 2.4.2 as may be contained in the Supply Point Register in relation to the Proposed Supply Point.~~

2.6 Supply Point Confirmations: Smaller Supply Points

2.6.1 A Supply Point Confirmation in respect of a Smaller Supply Point shall specify:

- (a) the identity of the Proposing User;
- (b) the Supply Meter Point Reference Number in respect of ~~the~~ the Supply Meter Point comprised in the Proposed Supply Point, and the Meter Post Code of such Supply Meter Point;
- (c) the Proposed Supply Point Registration Date; and
- (d) the proposed Meter Reading Frequency.

2.6.2 the Transporter will reject the Supply Point Confirmation where:

- (a) the Supply Point Confirmation is not made strictly in accordance with the requirements of paragraph 2.6.1; or
- (b) in the case of paragraph 2.6.1(b), the Supply Meter Point Reference Number specified is not identified in the Supply Point Register with the specified Meter Post Code

and the Transporter may reject the Supply Point Confirmation where the Supply Point Confirmation does not comply with any other requirement provided for in this Section G or in any other case where such rejection is provided for in the Code.

2.6.3 Where the Transporter rejects the Supply Point Confirmation the Transporter will within 2 Business Days after the Supply Point Confirmation was communicated, inform the Proposing User of the provision of the Code pursuant to which the Supply Point Confirmation was rejected (and where such rejection was pursuant to paragraph 2.6.2(a), the requirement of paragraph 2.6.1 which was not complied with).

2.6.4 The Proposing User may in respect of a Smaller Supply Point cancel its Supply Point Confirmation in accordance with paragraph 2.8.1(c), where:

- (a) a Consumer has cancelled the contract, or contracts, for the supply to the Consumer of the gas offtaken by such User from the Total System at the Proposed Supply Point, or where the Proposing User will not be the supplier, the supplier has informed the Proposing User that a cancellation of such contract or contracts has occurred; or

⁸ Implementation of modification 0403 effective 06:00hrs on 04/11/2013, will amend paragraph 2.5.11.

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(b) the Proposing User has submitted a Supply Point Confirmation which is made in error.

2.6.5 The Proposing User will not submit a Confirmation in accordance with this paragraph 2.6 (in respect of a New Smaller Supply Point comprising one Supply Meter Point) where such Proposing User is aware that the Annual Quantity in respect of such Supply Point is greater than 73,200 kWh (2,5000 therms) and in such case any application in respect of the same shall be made in accordance with paragraph 2.3.

2.7 Supply Point Confirmations: Larger Supply Points and Smaller Supply Points subject to nomination

2.7.1 A Supply Point Confirmation in respect of a Larger Supply Point or Smaller Supply Point subject pursuant to paragraph 2.1.2(a) to the requirement to be Nominated shall specify:

(a) the Supply Point Offer in respect of which it is made;

(b) the Proposed Supply Point Registration Date; and

(c) where the Annual Quantity in respect of the Supply Point is greater than 732,000 kWh (25,000 therms), the details (for making contact in an Emergency) required under Section Q2.3.

2.7.2 Subject to paragraphs 2.4.7(b) and 2.4.10, the details (other than any expressly required in this Section to be included) which are the subject of the Supply Point Confirmation are those specified in the Supply Point Offer, and no other detail may be specified in the Supply Point Confirmation which would conflict with or qualify any such details.

2.7.3 In the case of an LDZ Supply Point where:

(a) the Proposed Supply Point ~~is includes~~ a DM Supply Point ~~Component~~; and

(b) the Prevailing Supply Point Capacity is, or (in accordance with paragraph 2.4.5(b)) at any time before a Supply Point Confirmation is submitted becomes, greater than the Offered Supply Point Capacity

a Supply Point Confirmation may be submitted only for a Proposed Supply Point Registration Date falling within the Capacity Reduction Period.

2.7.4 In the case of an LDZ Supply Point where the Proposed Supply Point ~~is includes~~ a DM Supply Point ~~Component~~, at any time after a Supply Point Confirmation is submitted but before the Supply Point Registration Date:

(a) if:

(i) the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of the occurrence of a Supply Point Ratchet (pursuant to Section B4.7.1) in respect of any Existing Supply Point; or

(ii) at the start of a Gas Year, the Bottom-Stop Supply Point Capacity becomes (pursuant to paragraph 0) greater than the Offered Supply Point Capacity

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the Confirmed Supply Point Capacity will be the increased Prevailing Supply Point Capacity or (as the case may be) Bottom-Stop Supply Point Capacity;

- (b) if the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of the Registered User in respect of any Existing Supply Point applying for an increase in its Registered Supply Point Capacity, the Confirmed Supply Point Capacity will be the Offered Supply Point Capacity.

2.7.5 In the circumstances in paragraph 2.7.42.7.4(a) the Transporter may, but is not required to, notify the Proposing User of the increased Confirmed Supply Point Capacity before the Supply Point Registration Date, but will not later than the 5th Business Day after the Supply Point Registration Date notify to the Proposing User the revised Confirmed Supply Point Capacity and revised details of Supply Point Transportation Charges (and the Transporter's notification under paragraph 2.8.8 or 2.9.2 shall to that extent be provisional).

2.7.6 Without prejudice to paragraph 2.7.1 a Supply Point Commodity Rate Confirmation shall specify:

- (a) the Supply Point Offer in respect of which it is made;
- (b) the Supply Meter Point Reference Number in respect of the Supply Meter Points comprised in the Proposed Supply Point; and
- (c) the Proposed Supply Point Registration Date.

2.8 Effect of Confirmation: Existing Supply Points not already withdrawn

2.8.1 Where, at the time a User submits a Supply Point Confirmation which is not rejected by the Transporter, there is any Existing Supply Point in respect of which a Supply Point Withdrawal has not been submitted:

- (a) the Transporter will, within 2 Business Days after the Supply Point Confirmation was submitted, notify the Existing Registered User of the submission of the Supply Point Confirmation and the Proposed Supply Point Registration Date, but not the identity of the Proposing User;
- (b) the Existing Registered User may, up to but not after the 7th Business Day after the date of notification to the Existing Registered User of the submission of the Supply Point Confirmation ("**Objection Deadline**"), submit to the Transporter an objection ("**Supply Point Objection**") in respect of such Existing Supply Point provided that the Existing Registered User shall not submit such Supply Point Objection where a domestic consumer supplied with gas at the Existing Supply Point has ceased or is to cease to own or occupy the relevant premises; and
- (c) the Proposing User may, subject to paragraph 2.8.8 (in the case of a Smaller Supply Point) up to but not after the 8th Business Day before the Proposed Supply Point Registration Date (the Objection Deadline) submit to the

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Transporter a cancellation ("**Supply Point Confirmation Cancellation**") in respect of such Supply Point Confirmation.⁹

- 2.8.2 No Supply Point Objection may be submitted, nor (if purportedly submitted) shall be effective:
- (a) by an Existing Registered User, after the Objection Deadline; nor
 - (b) (for the avoidance of doubt) in respect of an Existing Supply Point in respect of which the Existing Registered User has submitted a Supply Point Withdrawal.
- 2.8.3 Where a User submits a Supply Point Objection to the Transporter:
- (a) the objecting User is required to declare its identity in the objection;
 - (b) the Transporter will, within 2 Business Days after the Supply Point Objection was submitted, notify such objection, including (where declared in the objection) the identity of the objecting User, to the Proposing User;
 - (c) where the objecting User did not comply with the requirement in paragraph (a):
 - (i) the Transporter will not reject the Supply Point Objection (which will accordingly be effective for the purposes of paragraph 2.8.6);
 - (ii) the Transporter will, if requested by the Proposing User, provide to the Proposing User the identity of the objecting User as soon as is reasonably practicable but (as is acknowledged by each User) does not undertake to do so before the Objection Deadline; and
 - (d) the objecting User will declare in the objection the reason for its objection and if the objecting User fails to do so the Transporter may reject such Supply Point Objection which accordingly will not be effective for the purposes of paragraph 2.8.6;
 - (e) and that Supply Point Objection was raised at the request (whether directly or indirectly) of the Consumer in respect of the affected Existing Supply Point, the Transporter will, where the reasons for the objection have been provided to the Transporter by the objecting User, within 2 Business Days after the Supply Point Objection was submitted, notify such reasons to the Proposing User.¹⁰
- 2.8.4 The Transporter:
- (a) will not be concerned with the reason for any Supply Point Objection nor with any question as to whether such an objection is well founded;
 - (b) shall, for the purposes of paragraph 2.8.1(b), notify the Existing Registered User of any notification received by the Transporter from the Proposing User that a domestic consumer supplied with gas at the Existing Supply Point has ceased or is to cease to own or occupy the relevant premises and the Transporter will not be concerned with the reason for such notification nor with any question as to whether such notification is well founded.

⁹ Implementation of modification 0403 effective 06:00hrs on 04/11/2013, will amend paragraphs 2.8.1(a), (b) & (c).

¹⁰ Implementation of modification 0403 effective 06:00hrs on 04/11/2013, will amend paragraph 2.8.3(b) & (e).

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- 2.8.5 A User may withdraw a Supply Point Objection up to but not after:
- (a) the 7th Business Day after the Supply Point Objection was made; or
 - (b) if earlier, the Objection Deadline.
- 2.8.6 Where a Supply Point Objection is made and is not withdrawn in accordance with paragraph 2.8.5, the Supply Point Confirmation shall lapse and be of no effect, and the Transporter will so inform each Existing Registered User not later than the fifth Day before the Proposed Supply Point Registration Date.
- 2.8.7 Where no Supply Point Objection is made, or all (if any) Supply Point Objections made are withdrawn, or where the Supply Point Objection has been rejected by the Transporter in accordance with paragraph 2.8.3(d):
- (a) subject to paragraph 2.11, the Supply Point Confirmation shall be effective and the Supply Meter Points comprised in the Proposed Supply Point shall be registered in the name of the Proposing User with effect from the Proposed Supply Point Registration Date; and
 - (b) each Existing Registered User shall be deemed to have submitted a Supply Point Withdrawal in accordance with paragraph 3 in respect of the relevant Existing Supply Point.
- 2.8.8 In the case of a Supply Point Confirmation within paragraph 2.8.1, after the Objection Deadline and not later than the fifth Day before the Proposed Supply Point Registration Date:
- (a) the Transporter will notify the Proposing User whether the Supply Point Confirmation has become effective, setting out (where it has become effective, and without prejudice to paragraph 2.7.5) the details of the Supply Point to be recorded in the Supply Point Register;
 - (b) (where the Supply Point Confirmation has become effective) the Transporter will notify the User (which was the Existing Registered User immediately preceding the effective date of the Supply Point Confirmation) of the identity of the Proposing User (that has become the Registered User) and the identity of the supplier (that has become the supplier) in respect of the Supply Point recorded in the Supply Point Register and which is the subject of such Supply Point Confirmation.
- 2.9 Effect of Confirmation: Existing Supply Points already withdrawn**
- 2.9.1 Where at the time a User submits a Supply Point Confirmation which is not rejected by the Transporter, a Supply Point Withdrawal has been submitted by the Existing Registered User in respect of each Existing Supply Point, subject to paragraph 2.11 the Supply Point Confirmation shall be effective and the Supply Meter Points comprised in the Proposed Supply Point shall be registered in the name of the Proposing User with effect from the Proposed Supply Point Registration Date.
- 2.9.2 In the case of a Supply Point Confirmation within paragraph 2.9.1, the Transporter will notify the Proposing User, as soon as reasonably practicable and not later than the fifth Day before the Proposed Supply Point Registration Date, that the Supply Point

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Confirmation has become effective, setting out (without prejudice to paragraph 2.7.5) the details of the Supply Point to be recorded in the Supply Point Register.

2.10 Supply Point Confirmation: Effect of Isolation

2.10.1 A Supply Meter Point comprised in a Proposed Supply Point for which a Supply Point Confirmation has been submitted may, at the request of the Existing Registered User, be Isolated on any Day before (but not on or after) the Proposed Supply Point Registration Date.

2.10.2 Where a Supply Meter Point comprised in a Proposed Supply Point (for which a Supply Point Confirmation has been submitted) has been Isolated the Supply Point Confirmation may (in accordance with paragraph 2.8.7(a) or 2.9.1) become effective and the Proposing User will be the Registered User of a Supply Point which comprises includes the Isolated Supply Meter Point.

2.11 ~~Not Used~~Effect of Confirmation: New Supply Point

2.11.1 ~~— A Supply Point Confirmation in respect of a New Supply Point (other than one which comprises only New Supply Meter Points) shall not become effective and shall lapse (whether or not any Existing Registered User submitted or withdrew a Supply Point Objection) unless the requirement in paragraph 2.11.2 is satisfied.~~

2.11.2 ~~— The requirement referred to in paragraph 2.11.1 is that Supply Point Confirmations (whether submitted by the Existing Registered User or another User as Proposing User), for Proposed Supply Point Registration Date(s) the same as that for such New Supply Point, become effective for Proposed Supply Points which comprise all (if any) and only the Supply Meter Points (including any which are or are to be Isolated) which are comprised in each Existing Supply Point, other than that or those comprised in such New Supply Point.~~

2.11.3 ~~— the Transporter will not be concerned with the fact that, or the reason for which, any Existing Registered User may not submit a Supply Point Confirmation for the purposes of paragraph 2.11.1.~~

2.11.4 ~~— For the avoidance of doubt, it will be necessary for the Existing Registered User(s) to have submitted a Supply Point Nomination in sufficient time to have received a Supply Point Offer to allow any Supply Point Confirmation required under paragraph 2.11.1 to be submitted.~~

3 SUPPLY POINT WITHDRAWAL AND ISOLATION

3.1 Supply Point Withdrawal

3.1.1 In order for a User to cease to be the Registered User in respect of a Supply Point:

- (a) a User must submit, or be deemed in accordance with paragraph 2.8.7(b) to submit, a request ("**Supply Point Withdrawal**") for withdrawal; and
- (b) the Supply Point Withdrawal must become effective

in accordance with this paragraph 3.

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- 3.1.2 The Registered User in respect of a Supply Point (the "**Withdrawing Supply Point**") may at any time submit to the Transporter a Supply Point Withdrawal specifying:
- (a) the identity of the User (the "**Withdrawing User**"); and
 - (b) the Supply Point Registration Number of, and the Supply Meter Point Reference Number of ~~one of~~ the Supply Meter Points (the "**Withdrawing Supply Meter Points**") comprised in, the Withdrawing Supply Point.
- 3.1.3 Where a User submits or is deemed to submit a Supply Point Withdrawal, subject to paragraph 2.10.1, the User may but is not obliged to secure Isolation of ~~any of the~~ Withdrawing Supply Meter Points.
- 3.1.4 The Transporter will make available to all Users details of those Withdrawing Supply Meter Points which at any time have not become comprised in a Proposed Supply Point in respect of which a Supply Point Confirmation has become effective, identifying each Supply Meter Point (if any) which is or is to be Isolated.
- 3.1.5 Where a Withdrawing Supply Meter Point is comprised in a Proposed Supply Point for which the Supply Point Confirmation becomes effective, the Transporter will so notify the Withdrawing User not later than 2 Business Days after the date on which it is known that the Supply Point Confirmation will become effective.
- 3.1.6 Where a User submits a Supply Point Withdrawal in respect of a Supply Point which comprises a Shared Supply Meter Point~~(s)~~ the Transporter will inform each other Sharing Registered User of the submission of such withdrawal.

3.2 Effect of withdrawal

- 3.2.1 A Supply Point Withdrawal shall become effective ("**Effective Supply Point Withdrawal**") only where ~~each of~~ the Withdrawing Supply Meter Points:
- (a) is comprised in another Supply Point (of which the Registered User may be the Withdrawing User); and/or
 - (b) has been Isolated in accordance with paragraph 3.4

and the date of the Effective Supply Point Withdrawal shall be:

- (i) in the case of paragraph (a), the Supply Point Registration Date (of such other Supply Point); and
 - (ii) in the case of paragraph (b), the later of the date of such Isolation and the date of the Supply Point Withdrawal, or in the case of (a) and (b) the latest of any such date.
- 3.2.2 For so long as a Supply Point Withdrawal has not become effective in accordance with paragraph 3.2.1, the Withdrawing User shall remain liable for Supply Point Transportation Charges in respect of the Withdrawing Supply Point determined on the basis of the Supply Point Capacity and LDZ Capacity held immediately before the submission of the Supply Point Withdrawal (or in the case of an NDM Supply Point Component such capacity~~ies~~ as revised with effect from 1 October in any Gas Year in accordance with Section H4 by reference to the new Annual Quantity~~ies~~ and End User

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Categories) and for the purposes of Aggregate NDM Reconciliation the Annual Quantity of the Withdrawing Supply Point will continue to be included for the purposes of Section E7.2.2.

3.2.3 When a Supply Point Withdrawal has become effective in accordance with paragraph 3.2.1, the User shall cease to be the Registered User and the Supply Point (and the Supply Point Registration) shall be cancelled.

3.2.4 A Supply Point Withdrawal in respect of a Supply Point which comprises a Shared Supply Meter Point(s) shall be effective on the 15th Business Day after submission thereof, irrespective of whether ~~the~~any Shared Supply Meter Point has been Isolated, except where all of the Sharing Registered Users submit Supply Point Withdrawals on the same Day, in which case such withdrawals shall become effective only in accordance with paragraph 3.2.1.

3.3 Withdrawal: Closing Meter Read

3.3.1 Where a Supply Point Withdrawal becomes effective (under paragraph 3.2.1) in respect of an NDM Supply Meter Point and the Proposing User provides an Opening Meter Reading in accordance with Section M3.8, the Transporter will, within 5 Business Days after such Meter Reading was provided to it, notify such Meter Reading to the Withdrawing User and inform the Withdrawing User whether it passed the validation referred to in Section M3.3.8.

3.3.2 In accordance with Section M3.8.2 an Opening Meter Reading for an NDM Supply Meter Point obtained within a period of 5 Business Days commencing on the Day 2 Business Days before the Supply Point Registration Date will be deemed for all purposes of the Code to have been obtained on the Supply Point Registration Date (and the Reconciliation Values determined accordingly).

3.4 Isolation: General

3.4.1 For the purposes of the Code and subject to paragraph 3.8:

(a) **"Isolation"** of a Supply Meter Point shall mean the amendment of the Supply Point Register in accordance with paragraph 3.5.4 for the purposes of securing that gas cannot be offtaken from the Total System at such point and **"Isolate"** shall be construed accordingly;

(b) **"Re-establish"** shall mean the re-setting by the Transporter of the previously recorded Isolation status of a Supply Meter Point to indicate that gas can be offtaken from the Total System at such Point and **"Re-established"** and **"Re-establishment"** shall each be construed accordingly; and

(c) **"T/PR/GT4"** is the document relating to the cessation of the flow of gas entitled Transporters Sealing of Equipment to Protect against Theft of Gas and Tampering, as published by the Transporters from time to time.

3.4.2 For the avoidance of doubt and subject to paragraph 3.4.3, where a Supply Meter Point has been Isolated (and unless and until an Effective Supply Point Withdrawal) the Registered User of the Supply Point in which it is comprised shall continue to be responsible for gas offtaken from the Total System at the Supply Meter Point.

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3.4.3 In the case of a NDM Supply Meter-Point comprising a Supply Meter Point which has been Isolated (and unless and until it is Re-established in accordance with paragraph 3.7) NDM Supply Meter-Point Demand will cease to be determined in respect of that NDM Supply Meter-Point in accordance with Section H2.

3.5 Isolation request

3.5.1 A Registered Supply Meter Point may be Isolated subject to and in accordance with this paragraph 3.5.

3.5.2 For the purposes of paragraph 3.5.1 the User shall:

- (a) provide to the Transporter a notification complying with the following:
 - (i) specify the identity of the User;
 - (ii) specify the relevant Supply Point Registration Number, and the Supply Meter Point Reference Number of the Supply Meter Point;
 - (iii) specify the date on which gas ceased to flow;
 - (iv) contain a Valid Meter Reading obtained on the date set out in sub-paragraph (iii) above;
 - (v) specify whether the Supply Meter Installation remains connected at the Supply Meter Point;
- (b) have complied with paragraph 3.5.5.

3.5.3 Subject to paragraph 3.5.4, within one Day of receipt of a notice complying with paragraph 3.5.2 the Transporter will amend the Supply Point Register to set the status of the Supply Meter Point to **"Isolated"**.

3.5.4 Where the Supply Meter Point is a Shared Supply Meter Point the Transporter will not amend the Supply Point Register pursuant to paragraph 3.5.3 unless all Sharing Registered Users warrant that gas flow at ~~the~~ Supply Meter Points has ceased.

3.5.5 Where a User provides a notification in accordance with paragraph 3.5.2 such User shall have taken all reasonable steps to ensure that all work to cease the flow of gas has been carried out by suitably competent personnel using that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person complying with applicable law, recognised industry standards and T/PR/GT4, engaged in the same type of undertaking and the Transporter will be entitled to assume that the User has complied with such obligation.

3.5.6 The Transporter will not amend the Supply Point Register pursuant to paragraph 3.5.3 in the event that:

- (a) the notification submitted pursuant to paragraph 3.5.2 does not comply with the requirements set out in such paragraph; or
- (b) the User submitting the notification is not the Registered User for the relevant Supply Meter Point on the Day that the notice is received by the Transporter.

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3.5.7 A Supply Meter Point will be treated as Isolated for the purposes of the Code (until and unless Re-established in accordance with paragraph 3.7) with effect from the Day on which the Supply Point Register was amended pursuant to paragraph 3.5.3.

3.6 Urgent Cessation of Flow of Gas

3.6.1 Nothing in the Code shall prevent the Transporter from ceasing the flow of gas at any Supply Meter Point where it appears to the Transporter that it is necessary to do so for the purposes of ensuring safety; and, for the avoidance of doubt, where it does so the Transporter shall not be in breach of its obligation to make gas available for offtake.

3.6.2 Where pursuant to paragraph 3.6.1 the Transporter undertakes work to cease the flow of gas at a Supply Meter Point other than at the request of the Registered User:

(a) the Transporter will inform the Registered User as soon as reasonably practicable after undertaking work to cease the flow of gas;

(b) nothing in the Code shall make the Registered User liable to make any payment to the Transporter in respect of the undertaking work to cease the flow of gas.

3.7 Re-establishment

3.7.1 Where a Supply Meter Point has been Isolated in accordance with paragraph 3.5.4 and the Transporter becomes aware that gas is capable of being offtaken at that time (without further action being taken) from the Total System at such point then the Transporter shall notify the Registered User of such fact.

3.7.2 Where a Supply Meter Point has been Isolated and the Registered User becomes aware (whether pursuant to paragraph 3.7.1 or otherwise) that gas is capable of being offtaken at that time (without further action being taken) from the Total System at such point it shall forthwith notify the Transporter of such fact and the Transporter shall Re-establish such Supply Meter Point.

3.7.3 For the avoidance of doubt, in the case of an NDM Supply Meter Point comprising a Supply Meter Point which has been Re-established, NDM Supply Meter Point Demand will be determined in respect of that NDM Supply Meter Point in accordance with Section H2 from the date of such Re-establishment.

3.7.4 Where a Supply Meter Point has been Isolated and is Re-established, and an Effective Supply Point Withdrawal has not occurred and the Supply Meter continues to remain physically connected to a System during the period from the date of Isolation to the date of Re-establishment then where gas was or is being offtaken from the Total System during such period, each Registered User in respect of the period for which it is or was the Registered User shall be liable for all charges (including without limitation Transportation Charges) associated with such Supply Meter Point as if it had not been so Isolated.

3.7.5 Without prejudice to the generality of paragraph 3.7.4 where a Supply Meter Point has been Isolated and an Effective Supply Point Withdrawal has occurred and the Supply Meter continues to remain physically connected to a System then:

(a) where gas was or is being offtaken at such Supply Meter Point during such period the Relevant Registered User at the time of Isolation shall be liable for all

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charges (including without limitation Transportation Charges) associated with such Supply Meter Point, as if an Isolation or Effective Supply Point Withdrawal had not occurred;

(b) where gas has not been offtaken (but is capable of being offtaken without further action being taken) at such Supply Meter Point during such period then the Relevant Registered User shall be liable for Capacity Charges and Customer Charges associated with such Supply Meter Point, as if an Isolation or Effective Supply Point Withdrawal had not occurred.

3.7.6 **"Relevant Registered User"** is the Registered User for the period commencing on the date of Isolation and ending on the next Supply Point Registration Date.

3.7.7 Charges payable in accordance with paragraph 3.7.5 shall cease to accrue on the date when a notice has been received by the Transporter that suitable works have been undertaken to ensure that the Supply Meter Point is no longer capable of offtaking gas (without further action being taken) or until Re-establishment, provided that the Transporter will be entitled to levy such charges where the Transporter discovers that suitable works have not been undertaken.

3.8 Disablement of Supply

3.8.1 In the event that a Supply Meter Point is Isolated and:

(a) the Supply Meter Installation remains physically connected to a System, the User who is the Registered User at the time of such Isolation shall ensure that upon Effective Supply Point Withdrawal such Supply Meter Installation is physically disconnected from the System within 12 months from the date of such Effective Supply Point Withdrawal; and

(b) in the event that the Supply Meter Installation is not physically disconnected within the period specified in sub-paragraph (a) above the Transporter will (where no supply of gas is required at the Supply Meter Point) take such actions to disable the flow of gas and the User who was the Registered User at the time of Effective Supply Point Withdrawal shall pay the Transporter's costs (as contained in the Transporter's Transportation Statement) in respect thereof.

4 Compensation Rules

4.1 Responding to Supply Point Nominations

4.1.1 For the purposes of this paragraph 4.1:

(a) the Transporter **"responds"** to a Supply Point Nomination by rejecting such nomination (in accordance with paragraph 2.3.6) or submitting a Supply Point Offer (in accordance with paragraph 2.4.1) or submitting a referral notice (in accordance with paragraph 2.3.8); and the Transporter **"further"** responds to a referred Supply Point Nomination by submitting a Supply Point Offer (in accordance with paragraph 2.4.1);

(b) periods within which the Transporter is to respond to a Supply Point Nomination run from the Business Day after the Supply Point Nomination was submitted; and

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(c) a Supply Point Nomination is "**referred**" where paragraph 2.3.8 applies in relation thereto.

4.1.2 The Transporters will respond within 12 Business Days to not less than 97% of the referred Supply Point Nominations submitted by each User in any calendar month.

4.1.3 If, in respect of the referred Supply Point Nominations submitted by a User in any calendar month, the Transporters do not comply with the requirement in paragraph 4.1.2, the Transporters will (subject to the further provisions of the Code) pay to the User an amount calculated as:

$$((0.97 * A) - B - C) * £30$$

where for the relevant month:

- A is the number of referred Supply Point Nominations submitted by the User in that month;
- B is the number of referred Supply Point Nominations submitted by the User in that month to which the Transporters did respond within 12 Business Days; and
- C is the number of referred Supply Point Nominations where:
- (a) the Transporter reasonably considered that a site visit was necessary (in accordance with the further provisions of this Section G); and
 - (b) the Transporter was unable to perform such site visit within 12 Business Days as a result of failure, acting reasonably, to obtain any consents necessary to undertake such site visit (and the Transporter shall not be required to seek any such consent after the 10th Business Day).

4.1.4 The Transporter will (subject to the further provisions of this paragraph 4) pay to the User £50 in respect of each referred Supply Point Nomination submitted by a User, if the Transporter does not respond within 17 Business Days provided that the Transporter will not be liable to pay such amounts where:

- (a) the Transporter reasonably considered that a site visit was necessary (in accordance with the further provisions of this Section G); and
- (b) the Transporter was unable to perform such site visit within 17 Business Days as a result of failure, acting reasonably, to obtain any consents necessary to undertake such site visit (and the Transporter shall not be required to seek any such consent after the 15th Business Day).

4.1.5 Amounts payable under paragraph 4.1.4 are in addition to and irrespective of any amounts which may become payable in respect of any month under paragraph 4.1.3.

4.1.6 For the purposes of Section V10 the rules in paragraphs 4.1.3 and 4.1.4, are Compensation Rules within Compensation Group G; and in relation thereto the 'payment month' is the second month following that in which the relevant Supply Point Nomination was submitted.

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4.2 Rejected Supply Point Confirmations

4.2.1 Where:

- (a) a Supply Point Offer submitted by the Transporter does not comply with the applicable requirements of Section G2.4 and the UK Link Manual;
- (b) the Proposing User submitted a Supply Point Confirmation (on the basis of such Supply Point Offer) in accordance with the requirements of this Section G; and
- (c) as a result of the Supply Point Offer's non-compliance (referred to in paragraph (a)) such Supply Point Confirmation was rejected

then paragraph 4.2.2 shall apply.

4.2.2 Where this paragraph 4.2.2 applies, the Transporter will (subject to the further provisions of the Code) pay to the Proposing User an amount of £50 for each Supply Point Confirmation rejected as described in paragraph 4.2.14.2.1(c).

4.2.3 For the purposes of Section V10, the rule in paragraph 4.2.2 is a Compensation Rule within Compensation Group E, and in relation thereto and subject to paragraph 4.2.4 the 'payment month' is the second month following that in which the Supply Point Confirmation was submitted.

4.2.4 The Transporter will not and is not required to monitor its performance in relation to the Compensation Rules under this paragraph 4.2, and will not be required to make any payment under this paragraph 4.2 unless the User in question notifies to the Transporter the circumstances in which such payment is due not later than the expiry of the second month following that in which the Supply Point Confirmation was submitted, in which case the payment month becomes the second month after the month of such notification.

4.3 Site visits

4.3.1 The Transporter shall be taken to have completed a Site Visit Appointment where the Transporter attends at the Supply Point Premises on a date which complies with paragraph 1.18; and

- (a) the Transporter investigates the relevant matter (as described in paragraph 1.18); or
- (b) the User did not attend if required to do so in accordance with paragraph 1.18.3; or
- (c) the Transporter was unable (after reasonable attempts to do so at the time of its visit) to obtain access to the Supply Point Premises.

4.3.2 If the Transporter does not complete all Site Visit Appointments in a calendar month, the Transporter will (subject to the further provisions of the Code) pay to the User an amount calculated as:

$$(A) - B) * £20$$

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where for the relevant month:

- A is the number of Site Visit Appointments due to be carried out in that month;
- B is the number of Site Visit Appointments completed in accordance with paragraph 4.3.1.

4.3.3 For the purposes of Section V10, the rule in paragraph 4.3.2 is a Compensation Rule within Compensation Group H; and in relation thereto the 'payment month' is the second month following that in which the relevant Site Visit Appointment was due to be carried out.

4.4 Conventional Notices

This paragraph 4 shall not apply in respect of a User who has elected under paragraph 1.13.1 to give Code Communications as Conventional Notices.

5 DM SUPPLY POINT CAPACITY AND OFFTAKE RATE

5.1 Introduction

5.1.1 Except for paragraph 5.6, this paragraph 5 applies only in respect of DM Supply Points Components comprised in an ~~LDZ Supply Points~~ and nothing in this paragraph 5 shall apply in respect of an NTS Supply Point Component.

5.1.2 The Supply Point Capacity which a User is registered as holding at a DM Supply Point Component shall be subject to minimum and maximum requirements in accordance with this paragraph 5.

5.1.3 Subject to the provisions of this paragraph 5, the Registered User of a DM Supply Point Component may apply to reduce or increase its Registered DM Supply Point Capacity by making a Capacity Revision Application.

5.1.4 An application ("**Capacity Revision Application**") to revise (by increasing or decreasing) Registered DM Supply Point Capacity shall specify:

- (a) the Supply Point Registration Number;
- (b) the Supply Meter Point Reference Number of the DM Supply Meter Point, or (where there is more than one DM Supply Meter Point) the relevant DM Supply Meter Point, comprised in the Supply Point Component;
- (c) the revised Supply Point Capacity and (in accordance with paragraph 5.3.2) Supply Point Offtake Rate;
- (d) the date in accordance with paragraph 5.1.5 with effect from which the revision is to take effect;
- (e) the proposed Annual Quantity for the DM Supply Meter Point, or (where there is more than one DM Supply Meter Point) the relevant DM Supply Meter Point, comprised in such Supply Point Component;

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(f) whether a Compressor or Booster will be installed in respect of such Supply Point Component; and

(g) the identity of the relevant Registered User making the Capacity Revision Application and the telephone number and email address of its contact representative.

5.1.5 The date under paragraph 5.1.4(d) shall be:

(a) except in paragraph (b), 5 Business Days; or

(b) where it will (in accordance with paragraph 5.5) be necessary for the Transporter to assess the feasibility of making gas available for offtake, 21 Business Days,

after the date upon which the application is submitted.

5.1.6 A User may withdraw a Capacity Revision Application by notice to the Transporter not less than 2 Business Days before the date specified pursuant to paragraph 5.1.4(d).

5.1.7 The Transporter may reject a Capacity Revision Application or an application (in accordance with paragraph 5.3.2) for a revised Supply Point Offtake Rate:

(a) in the case of a Capacity Revision Application, where the requirements of paragraph 5.1.4 are not complied with, or (in the case of an application for an increase in Supply Point Capacity) in accordance with Section V3; and

(b) where any other requirement of this paragraph 5 is not complied with, or in accordance with any provision of this paragraph 5 which provides for such rejection.

5.1.8 Subject to paragraph 5.1.7, the Transporter will approve a Capacity Revision Application or (pursuant to paragraph 5.3.2) an application for a revised Supply Point Offtake Rate, and will inform the Registered User where such application is approved.

5.1.9 For the purposes of assessing the feasibility of making gas available for offtake, the Transporter may request the Registered User to provide any of the following information:

~~(a) the amount, resulting from such increase, of any reduction in the Supply Point Capacity relating to any other DM Supply Meter Point(s) comprised in the DM Supply Point Component and the MPRN Number of such affected DM Supply Meter Point(s);~~

~~(a)~~ the proposed Annual Load Profile and Daily Load Profile;

~~(b)~~ the date from which the load profile is required;

and following such request the Registered User shall promptly provide the same to the Transporter.

5.1.10 Where it is necessary for the Transporter to assess the feasibility of making gas available for offtake in accordance with paragraph 5.1.5(b), the Transporter will provide a response in accordance with paragraph 5.1.7 or 5.1.8 no later than the 18th Business Day following the date of receipt of the Capacity Revision Application.

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assess the Capacity Revision Application, the Registered User will promptly procure permission for the Transporter to visit the premises at which the DM Supply Meter Point is situated and access thereto.

5.1.12 Requests for information by the Transporter in accordance with paragraph 5.1.9 and provision of information by the Registered User in accordance with paragraph 5.1.4(e), (f) and (g) and paragraph 5.1.9(a) ~~and~~, (b) ~~and~~ (c) shall be communicated by facsimile or email.

5.1.13 For the purposes of paragraph 5.1:

(a) **“Annual Load Profile”** is the quantity (in MWh) of gas which it is anticipated will be offtaken at the DM Supply Point ~~Component~~ for each month of the Gas Year so as to show the within year variation of demand on a monthly basis.

(b) **“Booster”** is a device (typically a centrifugal fan arrangement), located downstream of the outlet of the customer control valve, used to raise the pressure of gas by up to 200 mbar across the device.

(c) **“Compressor”** is a device (typically a reciprocating or screw type arrangement), located downstream of the outlet of the customer control valve on the service pipe, used to raise the pressure of gas by up to 40 mbar across the device.

(d) **“Daily Load Profile”** is the rate (in kWh/hour) at which it is anticipated that gas will be offtaken at the DM Supply Point ~~Component~~ for each hour within the Day so as to show the within day variation of demand on an hourly basis.

(e) **“relevant DM Supply Meter Point”** is:

~~in the case of an application to increase capacity, the DM Supply Meter Point through which gas will be offtaken in respect of such increase,~~

~~where a decrease only is required (other than as a result of an increase at another DM Supply Meter Point comprised in the DM Supply Point Component) the DM Supply Meter Point through which gas will be offtaken in respect of such decrease.~~

5.2 Minimum capacity requirements

5.2.1 Subject to paragraph 5.2.8 a Registered User's Supply Point Capacity at a DM Supply Point ~~Component~~:

(a) shall not at any time be less than the Bottom-Stop Supply Point Capacity; and

(b) except within the Capacity Reduction Period or in accordance with paragraph 2.7.4(b), shall not upon the Supply Point Registration Date be less than, or thereafter be reduced below, the Prevailing Supply Point Capacity.

5.2.2 For the purposes of the Code **“Capacity Reduction Period”** means the months of October, November, December and January in any Gas Year.

5.2.3 Subject to paragraph 5.2.4, at any time in the Gas Year:

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(a) subject to paragraph (d), the "**Bottom-Stop**" Supply Point Capacity in respect of a DM Supply Point ~~Component~~ is:

- (i) the amount (the "**Preceding Year Maximum Capacity**") which is the highest User SPDQ for any Day (other than a Day in the months of June to September inclusive) in the Preceding Year, but not exceeding the Maximum Supply Point Capacity; or
- (ii) if higher, where there has been a Supply Point Ratchet (in accordance with Section B4.7) in the Gas Year, the amount of the Prevailing Supply Point Capacity (subject to and in accordance with paragraph 5.5.5) following such (or if more than one, the most recent) Supply Point Ratchet;

(b) until the Gas Year which commences next after the first month of June which falls after the First Supply Point Registration Date there shall be no Preceding Year Maximum Capacity for a Supply Point which comprises any New Supply Meter Point, and any Supply Meter Point which has become comprised in a DM Supply Meter Point or a Supply Meter Point which has become DM; ~~shall be disregarded in determining the Preceding Year Maximum Capacity of a DM Supply Point Component until the Gas Year which commences next after the first month of June which falls after the First Supply Point Registration Date or (as the case may be) the date on which the Supply Meter Point became DM;~~

(c) subject to paragraphs 5.2.5 and 5.2.4, the "**Prevailing**" Supply Point Capacity in respect of ~~the~~ DM Supply Point ~~Component~~ of a Supply Point is the Supply Point Capacity for the time being held by the Registered User; and

(d) in the case of a DM Supply Point ~~Component~~ which comprises a Shared Supply Meter Point(s):

- (i) the "**Aggregate Bottom-Stop Capacity**" shall be the amount determined (irrespective of whether there were, or which Users were, Sharing Registered Users at any relevant time) as the aggregate of the Bottom-Stop Supply Point Capacities in accordance with paragraphs 0 and 0 for ~~the all~~ DM Supply Points ~~Component(s)~~ which comprised such Shared Supply Meter Point(s);
- (ii) for the purposes of paragraph 0 the Day by reference to which the Preceding Year Maximum Capacities are determined shall be the Day of the highest aggregate User SPDQs in respect of ~~the all~~ relevant DM Supply Points ~~Component(s)~~;
- (iii) the Sharing Registered Users jointly, or a User Agent on their behalf, may from time to time notify to the Transporter the amounts, and changes in the amounts, which are to be the Bottom-Stop Supply Point Capacities in respect of their respective DM Supply Point ~~Components~~, provided that in aggregate such amounts are equal to the Aggregate Bottom-Stop Capacity; and
- (iv) upon any change in the Users who are Sharing Registered Users, unless Bottom-Stop Supply Point Capacities are notified to the Transporter in accordance with paragraph 0 not later than such change, the Bottom-Stop Supply Point Capacity in respect of each DM Supply Point ~~Component~~ shall be the Aggregate Bottom-Stop Capacity divided by the number of Firm DM Supply Points ~~Components~~.

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~~5.2.4~~ In respect of the DM Supply Point Component of a Proposed Supply Point which is a New Supply Point:

(a) the Preceding Year Maximum Capacity shall be determined as the highest relevant daily quantity (in accordance with paragraph 5.2.5(a)) in respect of any Day (other than a Day in the months of June to September inclusive) in the Preceding Year, but shall not exceed the Maximum Supply Point Capacity; and

(b) the Prevailing Supply Point Capacity shall be determined as the sum of the scaled relevant daily quantities (in accordance with paragraph 5.2.5(b)) for each DM Supply Meter Point comprised in the Proposed Supply Point.

~~5.2.5~~ For the purposes of paragraph 5.2.4:

(a) the relevant daily quantity in respect of a Day is the sum of the Supply Meter Point Daily Quantities (or, in the case of a Shared Supply Meter Point, the relevant proportion thereof) for each DM Supply Meter Point comprised in the Proposed Supply Point in respect of that Day;

(b) the scaled relevant daily quantity in respect of a DM Supply Meter Point comprised in an Existing Supply Point is the selected daily quantity (under paragraph (c)), multiplied by the Prevailing Supply Point Capacity, divided by the Preceding Year Maximum Capacity, in respect of the Existing Supply Point;

(c) for the purposes of paragraph (b), the selected daily quantity is the Supply Meter Point Daily Quantity (or, in the case of a Shared Supply Meter Point, the relevant proportion thereof) for the Supply Meter Point in respect of the Day by reference to which the Preceding Year Maximum Capacity was determined under paragraph 5.2.4(a);

(d) a New Supply Meter Point comprised in the Proposed Supply Point shall be disregarded; and

(e) for the purposes of paragraphs (a) and (c), the relevant proportion is such proportion as the Sharing Registered Users jointly or a User Agent on their behalf may notify to the Transporter before the Proposed Supply Point Registration Date, provided that such proportions aggregate unity, failing which such proportion shall be one divided by the number of DM Supply Point Components which comprise the Shared Supply Meter Point.

5.2.4 At any time at which a Supply Point Offer is outstanding in respect of a Proposed Supply Point which is includes a DM Supply Point Component:

(a) the Proposing User may before submitting a Supply Point Confirmation notify the Transporter that the User considers that the circumstances in paragraph 5.2.5 apply;

(b) where a User so notifies the Transporter:

(i) the User shall at the same time provide to the Transporter details of the User's reasons for its view and of the Supply Point Capacity which the User considers should be the Prevailing Supply Point Capacity, and evidence therefor;

(ii) the Transporter will consider the details and evidence provided by the User, and where it is reasonably satisfied that the circumstances in paragraph 5.2.5

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do apply, will (after consultation with the User) notify the User of a reduced Supply Point Capacity; and

- (iii) if the User submits a further Nomination (for the purpose of this paragraph 5.2.4) in respect of the Proposed Supply Point, the reduced Supply Point Capacity under paragraph 0 will be the Prevailing Supply Point Capacity for the purposes of the application of paragraph 2.7.3 in respect of any Supply Point Confirmation submitted by the User; and

(c) where in the meantime the User has submitted a Supply Point Confirmation which has become effective, the User may by submitting a Supply Point Reconfirmation revise (consistently with such reduced Prevailing Supply Point Capacity) the Supply Point Capacity which it holds at the DM Supply Point Component, and (where the User does so) any Transportation Charges already invoiced and/or paid will be redetermined (but subject to paragraph 5.2.7) on the basis that the revised Supply Point Capacity was held with effect from the Supply Point Registration Date and appropriate invoicing adjustments made in accordance with Section S.

5.2.5 The circumstances referred to in paragraph 5.2.4 are that:

- (a) in applying for, or for an increase in, Supply Point Capacity, or in failing (in the Capacity Reduction Period) to apply for a reduction in Supply Point Capacity, an Existing Registered User acted either:
 - (i) in bad faith, in anticipation of or in consequence of the Proposing User's (or any other User's) Proposed Supply Point Registration; or
 - (ii) in good faith but in a manner which cannot reasonably be considered to have been commercially prudent for the Existing Registered User in the circumstances applicable to the Existing Registered User at the time; and
- (b) as a result, the Prevailing Supply Point Capacity is substantially higher than necessary.

5.2.6 For the purposes of paragraph 5.2.5:

- (a) the circumstances therein described do not include a change, since the application by the Existing Registered User for Supply Point Capacity or (as the case may be) an increase therein or the Capacity Reduction Period, in the nature or extent of the consumer's requirements for the supply of gas;
- (b) where the consumer's consumption of gas is weather-dependent, it shall not be considered commercially imprudent for the Existing Registered User to have held Supply Point Capacity equal to 1-in-20 peak day demand.

5.2.7 For the purposes of paragraph 5.2.4(c), no adjustment will be made in respect of any change in the Applicable Commodity Rate (where a function of Supply Point Capacity) in relation to any relevant Transportation Charge already invoiced or paid.

5.2.8 Where:

- (a) one of the Sharing Registered Users of a Shared Supply Meter Point applies to increase its Registered Supply Point Capacity at Supply Point a DM Supply Point Component which comprises includes such Supply Meter Point; and

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(b) another of such Sharing Registered Users applies to reduce its Registered Supply Point Capacity at such a DM Supply Point-Component with effect from the same date as, and by an amount which does not exceed the amount of, the increase applied for under paragraph (a).

then paragraph 5.2.1 shall not apply in respect of the application under paragraph (b).

5.3 Supply Point Offtake Rate

5.3.1 The "**Supply Point Offtake Rate**" in respect of a DM Supply Meter Point Component is the maximum instantaneous rate (in kWh/hour) at which a User is permitted to offtake gas from the Total System at that Supply Meter Point-Component.

5.3.2 A User shall apply for a Supply Point Offtake Rate or revised Supply Point Offtake Rate:

(a) when submitting a Supply Point Nomination (as a Proposing User) in respect of a Proposed Supply Point which ~~includes~~ a DM Supply Point-Component;

(b) when submitting a Capacity Revision Application (whether to increase or in the Capacity Reduction Period to reduce its Supply Point Capacity) in respect of a Registered DM Supply Point-Component; and

(c) whenever the User becomes aware that the maximum offtake rate at a Registered DM Supply Point-Component may be or has been subject to any increase or decrease;

5.3.3 Wherever a User applies for a Supply Point Offtake Rate or a revised Supply Point Offtake Rate:

(a) the User shall estimate the maximum offtake rate, in good faith and after all appropriate enquiries of the consumer and on the basis of reasonable skill and care; and

(b) the Supply Point Offtake Rate for which the User applies shall be not less than, nor substantially more than, such estimate.

5.3.4 A User shall take all reasonable steps to secure that it becomes aware of any increase or decrease (whether by reason of a change in the size or nature of, or the nature of the use of, the Consumer's Plant or otherwise) in the maximum offtake rate before and (in any event) as soon as reasonably practicable after such increase or decrease occurs (without prejudice to paragraph 5.5.4(c) or Section J3.8).

5.3.5 The Supply Point Offtake Rate prevailing at any time in respect of any DM Supply Point-Component will be the Supply Point Offtake Rate specified in the Supply Point Offer, subject to any increase or decrease in such Supply Point Offtake Rate which has (at such time) been approved pursuant to paragraph 5.5.4.

5.3.6 In this paragraph 5.3, the "**maximum offtake rate**" is the maximum instantaneous rate (in kWh/hour) at which gas is or is likely to be offtaken from the Total System at a Registered DM Supply Point-Component.

5.3.7 In relation to a DM Supply Point-Component which comprises a Shared Supply Meter Point(s), the maximum offtake rate is to be determined as at the time of the

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expected greatest instantaneous rate of offtake in aggregate at all of the DM Supply Point ~~Components~~ which comprises such Shared Supply Meter Point(s).

5.4 Absolute requirement

5.4.1 A User's Supply Point Capacity in respect of a DM Supply Point ~~Component~~ shall not be greater than 24 times, or less than 4 times, the Supply Point Offtake Rate; provided that in the case of an NTS Supply Point ~~Component~~ the User's Supply Point Capacity shall be equal to 24 times the Supply Point Offtake Rate.

5.4.2 The Transporter will reject any Supply Point Nomination in respect of a Proposed Supply Point which is also includes a DM Supply Point ~~Component~~ where the Nominated Supply Point Capacity and Supply Point Offtake Rate are not in compliance with paragraph 5.4.1.

5.4.3 the Transporter will reject any Capacity Revision Application by the Registered User of a DM Supply Point ~~Component~~ where the Supply Point Offtake Rate (prevailing or applied for under paragraph 5.3.2(b)) and the increased or reduced Supply Point Capacity are not in compliance with paragraph 5.4.1.

5.4.4 In relation to a DM Supply Point ~~Component~~ which comprises a Shared Supply Meter Point(s), the requirements in paragraph 5.4.1 shall apply by reference to the aggregate Supply Point Capacity held and the aggregate of the Supply Point Offtake Rates in respect of all the DM Supply Points ~~Components~~ which comprise such Shared Supply Meter Point(s).

5.5 Other requirements

5.5.1 For the purposes of this Section G, in respect of a DM Supply Point ~~Component~~:

(a) the "**Maximum Supply Point Capacity**" is the quantity which (where it is necessary to do so under this Section G) the Transporter determines to be the maximum quantity which it is feasible to make available for offtake in a 24 hour period at the DM Supply Point ~~Component~~; and

(b) the "**Maximum Supply Point Offtake Rate**" is the instantaneous rate of offtake (in kWh/hour) which (where it is necessary to do so under this Section G) the Transporter determines to be the maximum instantaneous rate at which it is feasible to make gas available for offtake at the DM Supply Point ~~Component~~

in each case consistently with the requirements of paragraph 5.4.

5.5.2 The "**Provisional Maximum Supply Point Capacity**" in respect of the DM Supply Point ~~Component of a Supply Point~~ (other than a Proposed Supply Point which is a New Supply Point and other than an NTS Supply Point) is whichever is the lesser of:

(a) 2 times the Prevailing Supply Point Capacity; and

(b) 16 times the Supply Point Offtake Rate or (in the case of a Proposed Supply Point) Nominated Supply Point Offtake Rate.

5.5.3 Where a Proposing User submits a Supply Point Nomination (i) for an Existing ~~Current~~ Supply Point, in which the Nominated Supply Point Capacity exceeds the

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Provisional Maximum Supply Point Capacity, or the Nominated Supply Point Offtake Rate exceeds the Supply Point Offtake Rate for the Existing Supply Point, or (ii) for a New Supply Point:

- (a) a Supply Point Offer will not be made until the Transporter has assessed whether it is feasible to make available gas for offtake at the Nominated Supply Point Offtake Rate or (in a 24 hour period) in the amount of the Nominated Supply Point Capacity;
- (b) where the Transporter determines that the Nominated Supply Point Capacity exceeds the Maximum Supply Point Capacity, the Supply Point Capacity specified in the Supply Point Offer will be the Maximum Supply Point Capacity; and
- (c) where the Transporter determines that the Nominated Supply Point Offtake Rate exceeds the Maximum Supply Point Offtake Rate, the Supply Point Offtake Rate specified in the Supply Point Offer will be the Maximum Supply Point Offtake Rate.

5.5.4 Where the Registered User of a DM Supply Point Component (i) submits a Capacity Revision Application (for an increase) in which the increased Supply Point Capacity exceeds the Provisional Maximum Supply Point Capacity, or the Supply Point Offtake Rate (applied for under paragraph 5.3.2(b)) exceeds the prevailing Supply Point Offtake Rate, or (ii) applies for an increased Supply Point Offtake Rate pursuant to paragraph 5.3.2(c):

- (a) the application will not be approved until the Transporter has assessed whether it is feasible to make available gas for offtake at the proposed Supply Point Offtake Rate or (in a 24 hour period) in the amount of the proposed Supply Point Capacity;
- (b) where the Transporter determines that the increased Supply Point Capacity applied for exceeds the Maximum Supply Point Capacity, the application will be approved (if otherwise approved under this paragraph 5) for the Maximum Supply Point Capacity;
- (c) where the Transporter determines that the proposed Supply Point Offtake Rate exceeds the Maximum Supply Point Offtake Rate, the application will be approved (if otherwise approved under this paragraph 5, where relevant) for the Maximum Supply Point Offtake Rate.

5.5.5 Where, following the occurrence of a Supply Point Ratchet in relation to a DM Supply Point Component, the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity would exceed the Provisional Maximum Supply Point Capacity:

- (a) with effect from the following Day, and until the Transporter has assessed whether it is feasible to make available gas for offtake (in a 24 hour period) in the amount of such sum, the Ratcheted Supply Point Capacity shall be equal to the Provisional Maximum Supply Point Capacity;
- (b) with effect from the time at which the Transporter has assessed such feasibility, the Ratcheted Supply Point Capacity shall be equal to the lesser of:
 - (i) the Maximum Supply Point Capacity; and

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- (ii) the sum of the User's Registered Supply Point Capacity (immediately before the Supply Point Ratchet) and the Capacity Ratchet Amount; and
- (c) the Transporter will inform the Registered User of the Ratchettted Supply Point Capacity determined under paragraph (b) as soon as reasonably practicable after assessing such feasibility.

5.5.6 In relation to a DM Supply Point-~~Component~~ which comprises a Shared Supply Meter Point(s), this paragraph 5.5 and paragraph 6.5.3 shall apply by reference to the aggregate of the Supply Point Capacities and Supply Point Offtake Rates, and the rates and quantities at and in which it is feasible to make gas available for offtake in aggregate, at or in respect of all the DM Supply Points-~~Components~~ which comprise such Shared Supply Meter Point(s); and accordingly any determination pursuant to this paragraph 5.5 or paragraph 6.5.3 will be made by reference to the expected increment in the aggregate offtake of gas from the Total System at the relevant Shared Supply Meter Point(s).

5.6 Maximum NDM offtake rate

5.6.1 This paragraph 5.6 applies in respect of NDM Supply Points-~~Components~~.

5.6.2 Where the Registered User becomes aware that (as a result in any change in the extent or nature of the consumer's requirements for consumption of gas) there will be or there has been a threshold rate increase in respect of an NDM Supply Point-~~Component~~ whose Annual Quantity exceeds 732,000 kWh (25,000 therms) paragraph 5.6.5 shall apply.

5.6.3 For the purposes of this paragraph 5.6, a "threshold rate increase" is an increase in the maximum rate at which gas is from time to time offtaken from the Total System at the NDM Supply Point-~~Component~~ of more than:

- (a) where the Annual Quantity does not exceed 2,196,000 kWh (75,000 therms), 100 kW;
- (b) where the Annual Quantity exceeds 2,196,000 kWh (75,000 therms), 300 kW.

5.6.4 The Registered User shall take all reasonable steps to secure that it is made aware of any threshold rate increase before such increase occurs.

5.6.5 In the circumstances in paragraph 5.6.2, the Registered User shall:

- (a) notify the Transporter not less than 21 Business Days before the first time at which the threshold rate increase will occur, or if later as soon as possible after becoming aware of such increase, providing reasonable details of the amount of or reason for the increase;
- (b) take reasonable steps to secure that no threshold rate increase, or no further offtake at the rate of the threshold rate increase, occurs until such time as the Transporter has either:
 - (i) provided to the User the notice referred to in paragraph (c); or

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- (ii) notified the User that it is feasible to make gas available for offtake at the Supply Point-Component at the increased rate notified under paragraph (a); and
- (c) where the Transporter notifies to the User a rate which the Transporter determines as being the maximum instantaneous rate at which it is feasible to make gas available for offtake at the Supply Point-Component, secure that the rate of offtake of gas does not exceed such rate.

5.6.6 The Transporter will not be obliged under any provision of the Code to make gas available for offtake at an NDM Supply Point-Component at any rate in excess of a rate in respect of which the requirements of this paragraph 5.6 have been complied with.

5.7 Supply Point Offtake Rate Review Process

5.7.1 In accordance with this paragraph 5.7, Transporters and Users undertake, in relation to DM Supply_Points-Components, to annually review the Supply Point Offtake Rate at a DM Supply Point (the “**SPOR Review Process**”).

5.7.2 The relevant Transporter, in respect of a DM Supply Point-Component comprised in which is also a LDZ Supply Point, shall provide to the Registered User of the DM Supply Point-Component, prior to the last Business Day in April of each Gas Year, an annual report, detailing the information specified in paragraph 5.7.3 (the “**Transporter SPOR Report**”).

5.7.3 The Transporter SPOR Report shall be compiled in April of each Gas Year and shall specify (where the data is available and where the Transporter considers appropriate) for each DM Supply Point-Component:

- (a) the existing Supply Point Offtake Rate for the time being held by the Registered User (the “**Existing Supply Point Offtake Rate**”);
- (b) the single highest hourly offtake rate (in kWh/hour) recorded at the DM Supply Point during a period covering the months from October to March (inclusive) during the current Gas Year;
- (c) the Meter Point Reference Number;
- (d) the Supply Point Reference Number;
- (e) the address details; and
- (f) any further information relating to the DM Supply Point-Component that the Transporter considers would assist the Registered User during the SPOR Review Process.

5.7.4 On receipt of the Transporter SPOR Report, the Registered User will enter into discussions with the relevant consumer or consumer’s representative at each DM Supply Point and will endeavour to discuss the information detailed within the Transporter SPOR with a view to propose an appropriate Supply Offtake Rate (“**Proposed Supply Offtake Rate**”) which is reflective of consumer requirements at the DM Supply Point.

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5.7.5 For each DM Supply Point Component specified on the Transporter SPOR Report the Registered User shall provide to the relevant Transporter, prior to the last Business Day in July of each Gas Year, a report specifying:

- (a) the Proposed Supply Point Offtake Rate; and
- (b) where the Proposed revised Supply Point Offtake Rate is:
 - (i) less than or greater than the single highest hourly offtake rate provided to the Registered User in accordance with paragraph 5.7.3(b); or
 - (ii) is the same as the Existing Supply Point Offtake Rate provided to the Registered User in accordance with paragraph 5.7.3(a);

the reason or reasons (communicated to the User by the consumer) for this difference (the “**Registered User SPOR Report**”).

5.7.6 Where the Proposed Supply Point Offtake Rate specified under paragraph 5.7.5(a) is different to the Existing Supply Point Offtake Rate, the Registered User shall amend the Existing Supply Point Offtake Rate by applying for a revised Supply Point Offtake Rate in accordance with paragraph 5.3.2(b), prior to the last Business Day in August in the Gas Year, save for where a reduction in the Supply Point Capacity is also required at the DM Supply Point, then the Registered User shall apply for a revised Supply Point Offtake Rate in accordance with paragraph 5.3.2(b) during the period from 1 October to 31 January (inclusive) of the following Gas Year)

5.7.7 The Transporter will reject any Proposed Supply Point Offtake Rate by the Registered User of a DM Supply Point Component where the Supply Point Offtake Rate applied for under paragraph 5.3.2(b) and the increased or reduced Supply Point Capacity are not in compliance with paragraph 5.4.1. For these purposes the Supply Point Offtake Rate shall remain unchanged, however shall be subject to the SPOR Review Process in the following Gas Year.

6 INTERRUPTION

6.1 Introduction

6.1.1 This paragraph 6 contains provisions in relation to:

- (a) the designation of Supply Point Capacity at eligible Supply Points as Interruptible, pursuant to invitation to submit, submission and acceptance of Interruption Offers;
- (b) requirements to be satisfied by Users in respect of Interruptible Supply Points;
- (c) the Interruption by a DN Operator of the offtake of gas from an LDZ at Interruptible Supply Points; and
- (d) the consequences of a failure to Interrupt.

6.1.2 For the purposes of the Code:

- (a) Supply Point Capacity at an LDZ Supply Point is "**Interruptible**" in relation to an Interruptible Period where it is subject to Interruption in accordance with this

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paragraph 6 and is "**Firm**" where it is not subject to Interruption;

- (b) Supply Point Capacity at an eligible Supply Point may be designated as Interruptible:
- (i) pursuant to the acceptance of an Interruption Offer under paragraph 6.4; or
 - (ii) (upon a Supply Point Confirmation becoming effective) in accordance with paragraph 6.1.5(a) or a designation under paragraph 6.1.5(c);
- (c) an "**Interruptible Tranche**" of Supply Point Capacity at an LDZ Supply Point is a tranche (in kWh/Day) of DM Supply Point Capacity, designated as Interruptible, defined by the Registered User consistent with the requirements in paragraph 6.1.3, with an associated Interruption Allowance, Interruption Option Price and Interruption Exercise Price; and a "**proposed**" Interruptible Tranche is such a tranche which is the subject of an Interruption Offer;
- (d) "**Interruption**" in respect of a tranche of Supply Point Capacity at an LDZ Supply Point means interruption on the DN Operator's instruction (for one or more Days or parts of a Day) of the offtake of gas from the LDZ at each Supply Meter Point comprised in the LDZ Supply Point to the extent required under paragraph 6.7, and references to an Interruptible Tranche being Interrupted and to the DN Operator's right to Interrupt an Interruptible Tranche shall be construed accordingly;
- (e) an "**Interruptible Period**" is a Gas Year or other period in which Supply Point Capacity at a Supply Point is designated as Interruptible;
- (f) an LDZ Supply Point is an "**Interruptible**" Supply Point in an Interruptible Period where the Registered User holds Interruptible Supply Point Capacity at the LDZ Supply Point in that period;
- (g) in relation to an Interruptible Tranche of Supply Point Capacity at a Supply Point and an Interruptible Period:
- (i) the "**Interruption Option Price**" is the amount (if any) that the DN Operator is required (irrespective of Interruption) to pay to the User, in respect of each Day of the Interruptible Period, in respect of the designation of such Supply Point Capacity as Interruptible;
 - (ii) the "**Interruption Exercise Price**" is the amount (if any) that the DN Operator is required to pay to the User in respect of each Day upon which the DN Operator Interrupts such Interruptible Tranche;
 - (iii) the "**Overall Interruption Price**" is the amount (if any) that the DN Operator would pay in total by way of Interruption Exercise Price (on the assumption of Interruption on every Day of the Interruption Allowance) and Interruption Option Price
- each expressed in pence per kWh/Day of Supply Point Capacity;
- (h) the "**Interruption Allowance**" is the number of Days in an Interruptible Period on which an Interruptible Tranche of Supply Point Capacity may be Interrupted;
- (i) the "**Minimum Interruptible Amount**" is the minimum amount of Supply

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Point Capacity which may be comprised in an Interruptible Tranche, determined (in relation to an Interruption Zone) in accordance with the Interruptible Capacity Methodology and specified in an Interruption Invitation, subject to paragraph 6.2.5;

(j) an **"eligible"** Supply Point is an LDZ Supply Point for which the Annual Quantity is greater than 5,860,000 kWh (200,000 therms).

6.1.3 References in this paragraph 6 to Supply Point Capacity are to DM Supply Point Capacity; and NDM Supply Point Capacity and quantities of gas offtaken at an NDM Supply Point Component of an Interruptible Supply Point shall be disregarded for the purposes of this paragraph 6.

6.1.4 The designation of Interruptible Tranches of Supply Point Capacity in respect of any Interruptible Period at an LDZ Supply Point must satisfy the following requirements:

- (a) the number of Interruptible Tranches shall not exceed nine (9);
- (b) the aggregate amount of the Interruptible Tranches shall not exceed (but need not be equal to) the amount of the Registered Supply Point Capacity;
- (c) the amount of each Interruptible Tranche shall not be less than the Minimum Interruptible Amount.

6.1.5 Where a User submits a Supply Point Confirmation in respect of a Proposed Supply Point which ~~comprises~~ includes any Supply Meter Point that is comprised in an Existing Supply Point which is Interruptible in any Interruptible Period (an **"existing"** Interruptible Supply Point):

(a) the DN Operator will provide details of the Interruptible Tranches of the existing Interruptible Supply Point to the User within two (2) days after submission of the Supply Point Confirmation (and such details will not have been provided earlier in the Supply Point Offer);

(b) if the Proposed Supply Point is a Current Supply Point, the Proposed Supply Point shall be an Interruptible Supply Point in relation to such Interruptible Period, having the same Interruptible Tranches of Supply Point Capacity (with the same Interruption Allowances, Interruption Option Prices and Interruption Exercise Prices) as the existing Interruptible Supply Point, subject to paragraph 6.1.6;

~~(c) if the Proposed Supply Point is a New Supply Point, the DN Operator may reject the Supply Point Confirmation unless:~~

~~(i) not less than seven (7) days before the Proposed Supply Point Registration Date, the relevant Users collectively notify to the DN Operator a designation (complying with the requirements in this paragraph 6) of tranches of Supply Point Capacity at the relevant Proposed Supply Points as Interruptible in the Interruptible Period such that there are (at the relevant Proposed Supply Points) Interruptible Tranches having in aggregate the same amounts, and with the same Interruption Allowances, Interruption Option Prices and Interruption Exercise Prices, as those at the Current Supply Point, subject to paragraph 6.1.6(b)(v); and~~

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~~(ii) the Supply Point Confirmations in respect of all relevant Proposed Supply Points become effective;~~

~~(where a relevant Proposed Supply Point is any Proposed Supply Point which includes any Supply Meter Point comprised in the Interruptible Existing Supply Point, and a relevant User is the Proposing User of any relevant Proposed Supply Point).~~

6.1.6 Where in relation to an Interruptible Supply Point:

(a) the amount of Supply Point Capacity held by the Registered User is subject to an increase pursuant to any provision of the Code, or in relation to a Supply Point Confirmation the Confirmed Supply Point Capacity is greater than the Prevailing Supply Point Capacity, the increased amount of Supply Point Capacity shall be Firm and there shall be no effect on the Interruptible Tranches of Supply Point Capacity in any Interruptible Period;

(b) the amount of Supply Point Capacity held by the Registered User is subject to a decrease pursuant to any provision of the Code, or in relation to a Supply Point Confirmation the Confirmed Supply Point Capacity is less than the Prevailing Supply Point Capacity, the amount of the decrease shall be applied in relation to each Interruptible Period so as to reduce or extinguish the Interruptible Tranches and/or reduce the Firm Supply Point Capacity in such manner as may be agreed between the DN Operator and the Registered User (or, in the case of a Supply Point Confirmation, the Proposing User) or, in the absence of such agreement, in accordance with the following provisions:

(i) the Interruptible Tranches in relation to such Interruptible Period shall be ranked in order of Overall Interruption Price, highest priced first;

(ii) the amount of the decrease in Supply Point Capacity shall be applied (so as to reduce or extinguish each such tranche) against the Interruptible Tranches in the order ranked, until the amount of the decrease has been fully applied or all Interruptible Tranches have been extinguished;

(iii) the remaining amount (if any) of the decrease in Supply Point Capacity shall be applied so as to reduce the amount of the Firm Supply Point Capacity;

(iv) if (pursuant to paragraph (ii) the residual amount of any Interruptible Tranche is less than the Minimum Interruptible Amount, such amount shall be redesignated as Firm;

~~(v) in the case of a Supply Point Confirmation for a New Supply Point:~~

~~(1) the provisions of paragraphs (i) to (iv) shall be applied in relation to the existing Interruptible Supply Point(s) (in aggregate, if more than one); and~~

~~(2) paragraph 6.1.5(e) shall apply after, and on the basis of the Interruptible Tranches as determined pursuant to, paragraph (1).~~

6.1.7 If at any time an Interruptible Supply Point ceases to be an eligible Supply Point, the DN Operator may elect, by giving not less than two (2) months' notice to the Registered

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User, that the Supply Point shall cease to be Interruptible, in which case all Interruptible Tranches of Supply Point Capacity (in respect of any Interruptible Period) shall be redesignated as Firm with effect from the date of such election.

6.1.8 The Interruption Option Price in respect of any Interruptible Tranche:

(a) shall be determined Daily in respect of the amount of the Interruptible Tranche on each Day of the Interruptible Period to which it relates, after taking account of any decrease in such amount pursuant to paragraph 6.1.6(b) and any redesignation of Supply Point Capacity as Firm in accordance with paragraph 6.5 or 0;

(b) shall be invoiced and is payable (irrespective of whether the DN Operator exercises its right of Interruption) monthly in arrears, in accordance with Section S.

~~6.1.9 Subject to paragraph 1.5.4 (and without prejudice to the requirement for a Supply Point Reconfirmation), the Registered User of an Interruptible Supply Point may require that any Supply Meter Point whose Annual Quantity is not less than 2,196,000 kWh (75,000 therms) comprised in the DM Supply Point Component of such Interruptible Supply Point with effect from the start of an Interruptible Period.~~

~~6.1.9 Without prejudice to the generality thereof, the indemnity provided for in Section V11.1.1 shall apply in respect of the taking of any steps or the exercise by the Transporter of any entitlement provided for in this paragraph 6.~~

6.2 Interruption Invitations

6.2.1 For the purposes of this paragraph 6:

(a) an **"Interruption Offer"** is an offer by a User to designate one or more tranches of DM Supply Point Capacity at an eligible Supply Point as Interruptible in any Interruptible Period;

(b) an **"Interruption Invitation"** is an invitation by a DN Operator to Users to submit Interruption Offers in relation to Supply Points in an LDZ or part of an LDZ;

(c) an **"invitation date"** is a date on which Users may submit Interruption Offers pursuant to an Interruption Invitation;

(d) the **"Interruptible Capacity Methodology"** is the methodology established by each DN Operator and approved by the Authority setting out:

(i) the financial terms (including terms as to Interruption Option Price and Interruption Exercise Price) on which Interruption Offers may be made;

(ii) the basis on which Interruption Offers will be ranked for selection;

(iii) the basis on which Interruption Zones within an LDZ may be defined;

(iv) different numbers of Days in an Interruptible Period which may comprise an Interruption Allowance;

(v) the basis on which Minimum Interruptible Amounts will be determined;

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(vi) such further matters as may be contemplated by this paragraph 6 or otherwise which the DN Operator may (with the approval of the Authority) decide to include;

(e) an "**Interruption Zone**" is the LDZ or part of an LDZ (determined in accordance with the Interruptible Capacity Methodology) in respect of which an Interruption Invitation is issued.

6.2.2 In each Gas Year (Y) a DN Operator shall invite Interruption Offers by Users in respect of each of Gas Years Y+4 to Y+8 inclusive, and may invite Interruption Offers in respect of Gas Years Y+1 to Y+3 inclusive (each a separate Interruptible Period) by an "**annual**" Interruption Invitation, in relation to which:

(a) the invitation dates shall be ten (10) consecutive Business Days in June of Gas Year Y;

(b) the first such invitation date shall be not less than twenty eight (28) Days after the Interruption Invitation is issued.

6.2.3 A DN Operator may invite Interruption Offers at any other time and in respect of any other Interruptible Period (whether comprising all of part of any Gas Year), by an "**ad-hoc**" Interruption Invitation, in relation to which the invitation date(s) shall be such date or dates as the DN Operator may decide.

6.2.4 An Interruption Invitation shall specify:

(a) the identity of the DN Operator;

(b) the Interruptible Period(s) in respect of which the invitation is issued;

(c) the Interruption Zone(s) in respect of which the invitation is issued;

(d) the invitation date(s);

(e) the Minimum Interruptible Amount in respect of each Interruption Zone, subject to paragraph 6.2.5;

(f) the available Interruption Allowances (in accordance with the Interruptible Capacity Methodology);

(g) in respect of each of the available Interruption Allowances, the amount (if any), as estimated by the DN Operator at the time the Interruption Invitation is issued, of Supply Point Capacity (in excess of the amount which, at the time of the Interruption Invitation, is already Interruptible) in the Interruption Zone required to be Interruptible in each Interruptible Period;

(h) the maximum number (if greater than one) of alternative Interruption Offers which may be submitted in respect of any Supply Point, tranche of Supply Point Capacity and Interruptible Period;

(i) such further terms and conditions of the invitation as may be required or permitted by the Interruptible Capacity Methodology.

6.2.5 The Minimum Interruptible Amount specified in respect of an Interruption Zone in

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an Interruption Invitation relating to any Interruptible Period may not be greater than the Minimum Interruptible Amount in respect of that Interruption Zone (or any other Interruption Zone which falls wholly or partially in that Interruption Zone) in any earlier Interruption Invitation relating to that Interruptible Period.

6.3 Interruption offers

6.3.1 The Registered User of an eligible Supply Point in the relevant Interruption Zone may submit Interruption Offers pursuant to an Interruption Invitation in accordance with this paragraph 6.3.

6.3.2 An Interruption Offer shall specify:

- (a) the identity of the User;
- (b) the Interruption Invitation in respect of which the Interruption Offer is made;
- (c) the Supply Point (within the relevant Interruption Zone) in respect of which the Interruption Offer is made;
- (d) the Interruptible Period(s) in respect of which the Interruption Offer is made;
- (e) the following details (consistent with the requirements in paragraphs 6.1.4 and 6.3.3) of each proposed Interruptible Tranche:
 - (i) the amount (in kWh/Day of Supply Point Capacity) of the proposed Interruptible Tranche;
 - (ii) the Interruption Allowance (being one of the available allowances in the Interruption Invitation);
 - (iii) the Interruption Option Price (in pence per kWh/Day of Interruptible Supply Point Capacity);
 - (iv) the Interruption Exercise Price (in pence per kWh/Day of Supply Point Capacity per Day of Interruption); and
 - (f) such further details as may be permitted or required by the Interruptible Capacity Methodology.

6.3.3 Where (pursuant to an earlier Interruption Invitation) a Supply Point is already an Interruptible Supply Point in an Interruptible Period, an Interruption Offer in relation to that Interruptible Period (or in the case of an ad-hoc Interruption Invitation, an Interruptible Period falling within that period):

- (a) may specify additional proposed Interruptible Tranches, provided that the requirements in paragraph 6.1.4(a) and (b) shall apply in respect of the existing and proposed Interruptible Tranches in aggregate;
- (b) subject to any requirements in the Interruptible Capacity Methodology, may specify an increase in the Interruption Allowance in respect of any existing Interruptible Tranche.

6.3.4 A User may submit an Interruption Offer, and may withdraw or modify an

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Interruption Offer already submitted in respect of the Interruption Invitation, at any time between 08:00 hours and 17:00 hours on an invitation date.

6.3.5 In relation to an Interruption Invitation, Supply Point, proposed Interruptible Tranche and Interruptible Period, a User may have, at any one time, up to but no more than the number prescribed in the Interruption Invitation of Interruption Offers capable of acceptance by a DN Operator.

6.3.6 A DN Operator may reject an Interruption Offer where:

- (a) the Interruption Offer is made in respect of an Supply Point which is not an eligible Supply Point;
- (b) the User submitting the Interruption Offer is not the Registered User of the Supply Point in respect of which the Interruption Offer is made;
- (c) the Interruption Offer does not comply with any of the requirements in paragraphs 6.1.4, 6.3.2 and (if applicable) 6.3.3;
- (d) the Interruption Offer does not comply with any other requirement specified (consistent with the Interruptible Capacity Methodology) in the Interruption Invitation.

6.3.7 The DN Operator will inform the User of the rejection of an Interruption Offer pursuant to paragraph 6.3.6 within two (2) Business Days after the invitation date on which the offer was submitted.

6.4 Acceptance of Interruptible Offers

6.4.1 In relation to each Interruption Invitation, the DN Operator shall:

- (a) select Interruption Offers (from those prevailing at the end of the last invitation date) for acceptance in accordance with the Interruptible Capacity Methodology;
- (b) in the case of an ad-hoc Interruption Invitation, not more than twenty eight (28) days after the last invitation date in respect of such ad-hoc Interruption Invitation, inform each User of which of its Interruption Offers have, and which have not, been accepted; and
- (c) in the case of an annual Interruption Invitation, not later than 31 July in the year of such annual Interruption Invitation, inform each User of which of its Interruption Offers have, and which have not, been accepted.

6.4.2 Where the DN Operator accepts an Interruption Offer:

- (a) the proposed Interruptible Tranche subject to the Interruption Offer shall be designated as Interruptible;
- (b) the DN Operator shall be liable to pay the User the Interruption Option Price in accordance with paragraph 6.1.8.

6.4.3 In relation to each Interruption Invitation, the DN Operator will publish the details set out in paragraph 6.4.4, in respect of the LDZ as a whole, and separately in respect of each Interruption Zone in respect of which Interruption Offers submitted by at least three (3) Users were accepted:

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- (a) in the case of an ad-hoc Interruption Invitation, not more than twenty eight (28) days after the last invitation date in respect of such ad-hoc Interruption Invitation; and
- (b) in the case of an annual Interruption Invitation, not later than 31 July in the year of such annual Interruption Invitation.

6.4.4 The details referred to in paragraph 6.4.3 are:

- (a) the number of Interruption Offers received;
- (b) the number of Interruption Offers accepted by the DN Operator;
- (c) the aggregate amount of Supply Point Capacity in respect of which Interruption Offers were received;
- (d) the aggregate amount of Supply Point Capacity which was designated as Interruptible pursuant to Interruption Offers accepted by the DN Operator;
- (e) the highest and lowest Overall Interruption Prices submitted by Users; and
- (f) the highest and lowest Overall Interruption Prices submitted by Users under Interruption Offers which were accepted.

6.5 Redesignation of Supply Point Capacity as Firm

6.5.1 The Registered User of an Interruptible Supply Point may at any time (other than in a period between the issue of an Interruption Invitation and the last of the invitation dates under such invitation) apply to the DN Operator to redesignate Interruptible Supply Point Capacity as Firm, by notice specifying:

- (a) the identity of the Supply Point;
- (b) the date ("**redesignation date**"), not less than two months after the application is made, with effect from which the redesignation is requested to take effect;
- (c) the quantity of Supply Point Capacity to be redesignated as Firm.

6.5.2 The DN Operator shall accept an application to redesignate Interruptible Supply Point Capacity as Firm with effect from the redesignation date unless the DN Operator determines and notifies the User that the Firm Transportation Requirement will not (at such date or at any time thereafter) be satisfied, in which case the application shall lapse.

6.5.3 For the purposes of the Code the "**Firm Transportation Requirement**" in respect of an Interruptible Tranche of Supply Point Capacity is the requirement that (after taking into account the Transporter's ability to Interrupt at other Interruptible Supply Points) it would be feasible, without the right of Interruption of such Interruptible Tranche, to make gas available for offtake at the Supply Point at a rate not less than the Supply Point Offtake Rate and in quantities (in a twenty-four (24) hour period) in the amount of the Supply Point Capacity.

6.5.4 Where an application to redesignate Interruptible Supply Point Capacity as Firm is accepted, in relation to each relevant Interruptible Period:

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- (a) the Interruptible Tranches of Supply Point Capacity shall be ranked in order of Overall Interruption Price, highest-priced first;
- (b) the Supply Point Capacity in each such tranche, in the order ranked, shall be redesignated as Firm, until the requested amount of Supply Point Capacity has been redesignated or (as the case may be) all of the Interruptible Supply Point Capacity has been redesignated;
- (c) if (pursuant to paragraph (b) the residual amount of any Interruptible Tranche is less than the Minimum Interruptible Amount, such amount shall be redesignated as Firm.

6.5.5 For the purposes of paragraph 6.5.3:

- (a) a relevant Interruptible Period is any Interruptible Period, commencing from the Interruptible Period in which the redesignation date falls, for which there is Interruptible Supply Point Capacity at the Supply Point;
- (b) the redesignation shall take effect with effect from the redesignation date.

6.6 Requirements as to Interruptible Supply Points

6.6.1 By submitting an Interruption Offer in respect of an LDZ Supply Point in relation to any Interruptible Period, or submitting a Supply Point Confirmation in respect of an Interruptible Supply Point, and by not applying to redesignate Supply Point Capacity as Firm at any time, the Registered User represents to the DN Operator that, or where the User is not the supplier that the supplier has represented to the User that, the requirement in paragraph 6.6.2 will be complied with.

6.6.2 The requirement referred to in paragraph 6.6.1 is that the contract or contracts of supply to the consumer, in force at the time of the User's action or omission under paragraph 6.6.1, oblige the consumer to give effect to Interruption (including in the case where the requirement for Interruption is notified by the DN Operator under paragraph 6.8.4) to the extent required on the basis of the Interruptible Tranches of Supply Point Capacity which will exist as a result of such action or omission.

6.6.3 Where a User is or is to become the Registered User of one or more Interruptible Supply Points the User shall:

- (a) not later than the relevant date (in accordance with paragraph 6.6.6) in respect of the first Interruptible Supply Point of which it becomes Registered User, provide to the DN Operator at least one telephone number and at least one (1) facsimile number (but not more than four (4) numbers in total) by means of which the DN Operator may contact, twenty-four (24) hours a Day, a representative of the User, and the name(s) or title(s) of not more than three (3) representatives of the User who may be contacted at such numbers;
- (b) maintain the details provided under paragraph (a) up to date, and notify the DN Operator of any change in such details before such change takes effect; and
- (c) secure that at all times on each Day one of such representatives is available and capable of being so contacted by telephone (with access to facsimile) or by facsimile.

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- 6.6.4 A User shall, in relation to each Interruptible Supply Point of which it is or is to become the Registered User:
- (a) not later than the relevant date (in accordance with paragraph 6.6.6), provide to the DN Operator:
 - (i) in accordance with paragraph (e), the names and/or job titles of representatives of the consumer ("**interruption contacts**") (who, for the avoidance of doubt, may be the same contacts as those referred to in Section Q as "emergency contacts"), provided that the total number of interruption contacts provided for under this paragraph (and emergency contacts provided for under Section Q) shall not exceed five (5) in relation to any Supply Point;
 - (ii) at least one (1) (but not more than four (4)) telephone numbers for each interruption contact by means of which the DN Operator may contact, twenty-four (24) hours a day, at least one interruption contact; and
 - (iii) one (1) facsimile number, for the purposes of receiving communications pursuant to Section G and Section Q, which is able to receive transmissions twenty-four (24) hours a day;
 - (b) take all reasonable steps to secure that the details provided under paragraph (a) are maintained up to date and to notify the DN Operator of any change in such details before such change takes effect;
 - (c) take all reasonable steps to secure that at all times on each Day one of such representatives is available and capable of being so contacted by telephone (with access to facsimile) and by facsimile;
 - (d) secure that the consumer acknowledges the right of the DN Operator to contact the consumer in the circumstances in paragraph 6.8.4 and undertakes to comply with any notification by the DN Operator thereunder; and
 - (e) for the purposes of paragraph (a):
 - (i) in the case of an Interruptible Supply Point in respect of any site which is manned twenty-four (24) hours a day, provide to the DN Operator the name(s) and/or job title(s) of at least one (1) but not more than four (4) interruption contacts; and
 - (ii) in the case of an Interruptible Supply Point in respect of any site which is not manned twenty-four (24) hours a day, provide to the DN Operator the name(s) and/or job title(s) of at least one (1) but not more than two (2) interruption contacts.
- 6.6.5 For the purposes of enabling the DN Operator to plan the exercise of its rights as to Interruption of Interruptible Supply Points, in relation to each Gas Year the Registered User of an Interruptible Supply Point will, if so required by the DN Operator, not later than the relevant date (in accordance with paragraph 6.6.6) and thereafter from time to time upon any significant change in such details, obtain from the consumer or supplier and provide to the DN Operator the consumer's best estimate of the following details:
- (a) whether or not gas is likely in normal circumstances to be offtaken at or

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between particular times of Day specified by the DN Operator for the purposes of this paragraph 6.6.5;

(b) the maximum quantity of gas to be offtaken on any Saturday and on any Sunday; and

(c) holiday periods in each year during which gas will not be offtaken from the LDZ at the Supply Point ~~(or the DM Supply Point Component thereof).~~

6.6.6 For the purposes of paragraphs 6.6.3, 6.6.4 and 6.6.5, the relevant date in respect of an Interruptible Supply Point in relation to a User is:

(a) the day which is twenty eight (28) days before the start of the first Interruptible Period in respect of which the User submitted any Interruption Offer in relation to that Supply Point; or

(b) (as the case may be) the date on which the User submits a Supply Point Confirmation as provided in paragraph 6.1.5.

6.6.7 If the User fails to comply with any of the requirements in paragraphs 6.6.3, 6.6.4 and 6.6.5, then (without prejudice to the User's continuing obligation to comply):

(a) the DN Operator may notify the User of such failure;

(b) if within five (5) Business Days after the DN Operator's notification under paragraph (a) the User has not remedied such failure to comply:

(i) the DN Operator may give notice to the User to the effect that the Supply Point Capacity comprised in all or any of the Interruptible Tranches in relation to any Interruptible Period is redesignated as Firm;

(ii) in any event, the DN Operator shall not be liable to pay the Interruption Option Price in respect of any Interruptible Tranche in respect of any month until the failure to comply is remedied.

6.6.8 Where in relation to any Interruptible Supply Point (but without prejudice to Section C in relation to Renominations), the Registered User or supplier:

(a) exercises (other than pursuant to an Interruption Notice under paragraph 6.8.1) any entitlement to require the consumer to discontinue consuming gas offtaken from the LDZ on a Day; or

(b) having exercised such an entitlement, authorises the consumer to resume such consumption

the Registered User will as soon as reasonably practicable, and in accordance with paragraph 6.6.10, inform the DN Operator of the matters set out in paragraph 6.6.9, provided that the Registered User shall use reasonable endeavours to inform the DN Operator not more than one (1) hour after such discontinuance and/or not less than one (1) hour before such resumption.

6.6.9 The matters to be informed by the Registered User to the DN Operator pursuant to paragraph 6.6.8 are:

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- (a) the identity of the Interruptible Supply Point;
- (b) the time with effect from which the consumer will be required to discontinue, or authorised to resume, consumption; and
- (c) an estimate of the amount by which the quantity of gas offtaken will increase or decrease as a result of such discontinuance or resumption.

6.6.10 For the purposes of paragraph 6.6.8 the User will give the relevant information to the DN Operator by means of telephone or facsimile, unless it has given to the DN Operator not less than one month's notice of its intention to give such information by Batch Transfer Communication, in which case such User will give information to the DN Operator for the purposes of paragraph 6.6.8 only by Batch Transfer Communication, and will promptly inform the DN Operator by telephone or facsimile of the transmission of each such Batch Transfer Communication.

6.6.11 Where the DN Operator notifies a User that it is unable satisfactorily to access a Batch Transfer Communication transmitted pursuant to paragraph 6.6.10, that User will promptly send to the DN Operator by facsimile the information contained in that Batch Transfer Communication.

6.6.12 Where the Transporter reasonably determines, in relation to an Interruptible Supply Point ~~with a DM Supply Point Component~~ whose Annual Quantity does not exceed 58,600,000 kWh (2,000,000 therms), that (by reason of the location or other characteristics of the part of the System in which the Supply Point is located, or the nature of the Consumer's Plant) the operational benefits of the Transporter's ability to Interrupt the Supply Point would be materially diminished unless individual Output Nominations are made in respect of the Supply Point, the Transporter may designate the Supply Point as requiring individual Output Nominations for the purposes of Section A4.5.3.

6.6.13 Any designation under paragraph 6.6.12 shall be:

- (a) in the case of an existing Supply Point Registration, by notice to the Registered User not later than the fifth (5th) Business Day in September in the Gas Year preceding the first Gas Year in which such designation is to be effective; or
- (b) in the case of a Proposed Supply Point Registration, in the Supply Point Offer.

6.7 Interruption

6.7.1 The DN Operator shall be entitled, in accordance with the further provisions of this paragraph 6, to require Interruption on a number of Days in an Interruptible Period not exceeding the Interruption Allowance, in respect of any Interruptible Tranche of Supply Point Capacity at a Supply Point.

6.7.2 Where (in accordance with this paragraph 6) the DN Operator requires Interruption at a Supply Point, the Registered User shall secure that the requirements in paragraph 6.7.3 are complied with.

6.7.3 The requirements are that:

- (a) at all times at which the requirement for Interruption is in force, the rate of

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offtake of gas, in kWh/hour, at the Supply Point does not exceed a rate of offtake determined as follows:

$$\text{SPOR} * (\text{SPC} - \text{IT}) / \text{SPC}$$

and

(b) on each Day or part Day of Interruption the quantity of gas offtaken, in kWh, during the period in which the requirement for interruption is in force, does not exceed a quantity determined as follows:

$$(\text{SPC} - \text{IT}) * \text{H} / 24$$

where

SPOR is the Supply Point Offtake Rate;

SPC is the Registered Supply Point Capacity;

IT is the amount or aggregate amount (in kWh/Day) of the Interruptible Tranche or Interruptible Tranches which were subject to Interruption pursuant to the relevant requirement;

H is the period in hours on the Day during which the requirement for Interruption was in force.

6.7.4 Subject to paragraph 6.7.5, the DN Operator may require Interruption at an Interruptible Supply Point:

- (a) for operational purposes in connection with the management of its System, or
- (b) on not more than three (3) Days in any Gas Year, where the DN Operator has any reasonable doubt as to whether the requirements in paragraph 6.6.2 are satisfied or the provisions of this paragraph 6.7 in relation to Interruption are or are capable of being complied with in respect of the Supply Point, for the purposes of verifying such matters

and the DN Operator may, where it has issued an Interruption Notice pursuant to paragraph (a) or (b), issue a replacement Interruption Notice pursuant to the other subparagraph and from the time at which such replacement notice takes effect all rights, obligations or restrictions applicable to such replacement notice shall apply accordingly and shall supersede those applicable to the replaced notice.

6.7.5 The number of Days (including parts of a Day) in respect of which the DN Operator requires Interruption in respect of an Interruptible Tranche of Supply Point Capacity in any Interruptible Period shall not exceed the Interruption Allowance.

6.7.6 Where the DN Operator requires Interruption in respect of an Interruptible Tranche of Supply Point Capacity, the DN Operator shall pay to the Registered User the Interruption Exercise Price invoiced and payable in accordance with Section S in respect of such Interruptible Tranche, for each Day (including part of a Day) of such Interruption.

6.7.7 For the purposes of paragraphs 6.7.6 and 6.7.7, a Day in respect of which the DN Operator gives more than one Interruption Notice in respect of an Interruptible Tranche shall be counted only as one (1) Day of Interruption of the Interruptible Tranche.

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6.7.8 The exercise by the DN Operator of any right (other than pursuant to this paragraph 6.7) to require or secure the discontinuance or reduction of offtake at any Supply Meter Point shall not count towards the use of any Interruption Allowance or otherwise count as Interruption for the purposes of this paragraph 6.7.

6.7.9 For the purposes of this paragraph 6, where an Interruption Notice is given in relation to an Interruptible Supply Point, the requirement for Interruption pursuant to that notice is "**in force**" with effect from the Interruption Start Time specified in the notice until:

(a) the time specified in the DN Operator's notification under paragraph 6.8.5 or (if no time is specified) the time that such notification is given, or

(b) if earlier, the Interruption Start Time under another Interruption Notice relating to the same Interruptible Supply Point.

6.8 Interruption Notification Requirements

6.8.1 Where the DN Operator requires or has a revised requirement for Interruption in respect of one or more Interruptible Tranches at one or more Supply Points, the DN Operator will give to the Registered User, not less than five (5) hours before the time ("**Interruption Start Time**") with effect from which Interruption is required, notice ("**Interruption Notice**") specifying:

(a) the Supply Points and (for each Supply Point) the Interruptible Tranche(s), to be Interrupted;

(b) the Gas Flow Day;

(c) the Interruption Start Time; and

(d) the DN Operator's estimate (which shall not bind the DN Operator) of the time at which the requirement for Interruption will cease to apply.

6.8.2 The User may request by telephone or facsimile an alteration to the Supply Points and Interruptible Tranches specified in the Interruption Notice; and where not less than five (5) hours before the Interruption Start Time the DN Operator and the User have agreed (but so that the DN Operator shall not be required to agree) upon such an alteration, the Interruption Notice will be revised accordingly and resubmitted by the DN Operator to the User as soon as reasonably practicable.

6.8.3 The User shall, by telephone or facsimile (or otherwise in accordance with this paragraph 6.8):

(a) not later than thirty (30) minutes after Interruption Notice was given, acknowledge receipt of that notice;

(b) not later than five (5) hours after Interruption Notice was given, confirm to the DN Operator that Interruption (in accordance with such notice) has taken place or shall take place; and

(c) as soon as reasonably practicable, notify the DN Operator of any facts or circumstances known to the User that might prevent Interruption from taking place or

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cause Interruption to take place after the Interruption Start Time;

6.8.4 Where the User has not acknowledged receipt of an Interruption Notice within thirty (30) minutes after such notice was given, the DN Operator may not less than four (4) hours before the Interruption Start Time notify the requirement for Interruption at each relevant Supply Point directly to the consumer, specifying the Gas Flow Day, Interruptible Tranches subject to Interruption and Interruption Start Time.

6.8.5 Where the DN Operator has given an Interruption Notice (which has not been superseded by another such notice) in respect of any Interruptible Tranche(s) of Supply Point Capacity, as soon as reasonably practicable after the DN Operator determines that the requirement for Interruption at that Interruptible Tranche no longer applies or will at a certain time cease to apply (having regard to the circumstances in accordance with paragraph 6.7.4 in which such notice was given), the DN Operator will so notify the User specifying the time (where later than the time of such notification) at which the requirement for Interruption will no longer apply.

6.9 Not Used

6.10 Failure to Interrupt

6.10.1 For the purposes of the Code:

(a) subject to paragraph (b), there is a **"failure to Interrupt"** in relation to an Interruptible Tranche of Supply Point Capacity where, on any occasion on which the DN Operator requires Interruption in respect of the Supply Point, either of the requirements in paragraph 6.7.3 is not complied with on any Day (the **"failure Day"**) during which the requirement for Interruption was in force;

(b) a failure to comply with a requirement for Interruption pursuant to paragraph 6.7.4(b) will be counted as a failure to Interrupt for the purposes of paragraph 6.10.2 if:

(i) the User does not demonstrate to the reasonable satisfaction of the DN Operator that all appropriate steps are being taken to ensure that such a failure does not recur at the relevant Supply Point; or

(ii) the failure is the third failure occurring at the relevant Supply Point during the same Gas Year to comply with a requirement for Interruption pursuant to paragraph 6.7.4(b)

but not otherwise; provided that any such failure shall be counted as a failure to interrupt for the purposes of paragraph 6.10.6;

(c) for the purposes of paragraph 6.10.1(b), a Supply Point the subject of a Supply Point Reconfirmation shall be treated as being the same Supply Point as the Existing Supply Point.

6.10.2 Where there is a failure to Interrupt at a Supply Point:

(a) irrespective of whether the failure to Interrupt resulted from Force Majeure, and irrespective of the size and number of the Interruptible Tranches which were subject to Interruption, where the DN Operator determines that the failure to Interrupt results in a significant risk to the security of the relevant System the DN Operator may take any

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steps available to it to isolate or disconnect ~~any or all~~ the Supply Meter Points (irrespective of whether ~~any~~ it is a Shared Supply Meter Point) comprised in the Supply Point; and

(b) save to the extent the failure to Interrupt resulted from Force Majeure, and subject to paragraph 6.10.8, the Registered User shall pay, in respect of each failure Day, a charge determined as the aggregate, for all Interruption Notices under which the requirement for Interruption was in force on that Day, of the following:

$$X = 2 * Y * Z$$

where:

X is the amount payable in respect of each Interruption Notice in respect of the failure Day;

Y is the greater of:

Y1 the aggregate quantity (in kWh) of gas offtaken at the Supply Point, at any time or times on the Day at which the requirement for Interruption was in force, at a rate in excess of the rate permitted in paragraph 6.7.3(a); and

Y2 the quantity (in kWh) offtaken, during the period in the Day in which the requirement for Interruption was in force, in excess of the quantity permitted in paragraph 6.7.3(b);

Z is the greater of:

Z1 the Applicable Annual Rate of the LDZ Capacity Charge in respect of the Supply Point; and

Z2 the weighted average Overall Interruption Price applicable in respect of the Interruptible Tranches which the User is treated as having failed to Interrupt, determined in accordance with paragraph (c);

(c) for the purposes of determining 'Z2':

(i) the Interruptible Tranches which were subject to Interruption shall be ranked in order of Overall Interruption Price, highest-priced first;

(ii) the quantity 'Y' shall be allocated to such Interruptible Tranches in the order ranked, until such quantity has been allocated in full;

(iii) the Interruptible Tranches which the User is treated as having failed to Interrupt shall be the tranches to which the quantity 'Y' was so allocated (and where the amount or remaining unallocated amount of the quantity 'Y' is less than the amount of the relevant Interruptible Tranche, such amount or remaining unallocated amount is the **"failed portion"** of such tranche);

(iv) the weighted average Overall Interruption Price is determined as follows:

$$\frac{\sum_T (QTF_T * OIP_T)}{\sum_T QTF_T}$$

where

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Σ_T is summation by the Interruptible Tranches which the User was treated as failing to Interrupt

and where for each such Interruptible Tranche

QTF_T is the amount (or as the case may be the failed portion) of the Interruptible Tranche

OIP_T is the Overall Interruption Price of such Interruptible Tranche.

6.10.3 The amounts payable under paragraphs 6.10.2(b) and 6.10.4 will be invoiced and are payable in accordance with Section S.

6.10.4 Where the DN Operator takes any such steps as are referred to in paragraph 6.10.2(a) the Registered User will be liable to reimburse to the DN Operator the costs and expenses incurred by the DN Operator in taking such steps and in any subsequent reconnection or restoration of the connection of the Supply Point.

6.10.5 The Registered User shall secure that there is made available to the DN Operator such access to the Supply Point and ~~the~~ Supply Meter Points comprised in the Supply Point as shall be required for the purposes of paragraph 6.10.2(a).

6.10.6 No Day on which there is a failure to Interrupt in respect of an Interruptible Tranche of Supply Point Capacity shall count:

(a) towards use of the Interruption Allowance in respect of that Interruptible Tranche under paragraph 6.7.6, or

(b) as a Day in respect of which the DN Operator is required to pay the Interruption Exercise Price under paragraph 6.7.7.

6.10.7 The following shall not be Force Majeure affecting a User for the purposes of this paragraph 6.10:

(a) the unavailability of any such representative as is referred to in paragraph 6.6.3 or 6.6.4 of the User or the consumer to be contacted by the DN Operator, other than for wholly unforeseeable and unavoidable reasons (which must also satisfy the conditions for being Force Majeure); and

(b) the fact that there is no facility for the Consumer's Plant to operate with a supply of fuel or energy alternative to or in substitution for gas.

6.10.8 Where the Registered User has requested (in compliance with the applicable requirements of paragraph 3) the Isolation of each Supply Meter Point comprised in an Interruptible Supply Point, subject to paragraph 3.7, the User shall not be liable under paragraph 6.10.2(b) in respect of any subsequent failure to Interrupt at such Supply Point (unless and until any such Supply Meter Point is re-established).

6.11 Shared Supply Meter Points

6.11.1 This paragraph 6.11 applies in respect of any Interruptible Supply Point(s) in which a Shared Supply Meter Point is comprised.

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6.11.2 Paragraph 6.7.3 shall apply on an aggregated basis, in respect of all DM Supply Points Components ("relevant" DM Supply Points Components) which comprised in all the relevant Supply Points in which the Shared Supply Meter Point is comprised, and in accordance with the further provisions of this paragraph 6.11.

6.11.3 Where an Interruption Notice is given in respect of any such Interruptible Supply Point:

(a) for the purposes of paragraph 6.7.3(a), the maximum permitted rate of offtake at the (in aggregate at all relevant DM Supply Point Components) shall be:

$$\frac{\sum_F SPOR}{\sum_I SPOR} * (SPC - IT) / SPC$$

(b) for the purposes of paragraph 6.7.3(b), the maximum permitted quantity (in aggregate at all relevant DM Supply Point Components) shall be:

$$\sum_F SPC + \sum_I (SPC - IT) * H / 24$$

where

\sum_F is summation over all (if any) relevant DM Supply Point Components comprised in Firm Supply Points

\sum_I is summation over all (if any) relevant DM Supply Point Components comprised in Interruptible Supply Points

and where SPOR, SPC, IT and H have the meanings in paragraph 6.7.3.

6.11.4 The provisions of paragraph 6.10.2(b) shall apply, irrespective of the allocation (including pursuant to paragraphs 1.7.7 or 1.7.8) among Users of the quantity of gas offtaken on any Day at the relevant DM Supply Points Components, on the following basis:

(a) the quantity 'Y' shall be determined on the basis of the aggregate quantities offtaken at all relevant DM Supply Points Components in excess of the permitted rate or amount in accordance with paragraph 6.11.3;

(b) all Interruptible Tranches subject to Interruption at all relevant DM Supply Points Components in aggregate shall be ranked as provided in paragraph 6.10.2(c)(i), and the aggregate quantity 'Y' allocated to them as provided in paragraph 6.10.2(c)(ii), to determine (under paragraph 6.10.2(c)(iii)) the Interruptible Tranches which the Registered Users are treated in aggregate as having failed to Interrupt;

(c) the Registered Users of the Interruptible Supply Points shall be liable for the aggregate amount payable in respect of a Day pursuant to paragraph 6.10.2(b) (as determined in accordance with this paragraph 6.11.4):

(i) in the prevailing proportions (if any) notified under paragraph 1.7.13(b);

(ii) in the absence of any such notified proportions, in proportion to the Nominated Quantities for the Day in respect of the relevant DM Supply Points Components comprised in the Interruptible Supply Points.

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6.12 Interruptible LDZ Capacity at LDZ CSEPs

6.12.1 Subject to the applicable CSEP Network Exit Provisions and the provisions of any Ancillary Agreement relating to the CSEP, a CSEP User or CSEP Users may designate a tranche or tranches of LDZ Capacity in relation to an LDZ CSEP as interruptible, subject to and in accordance with this paragraph 6.12.

6.12.2 In this paragraph 6.12 references to an LDZ CSEP are to an LDZ System Point as referred to in Section A3.3.1 and not to any separate System Exit Point deemed (pursuant to CSEP Network Exit Provisions) to be comprised in such a System Point as provided in Section A3.3.5.

6.12.3 For the purposes of this paragraph 6.12, paragraphs 6.1 to 6.10 shall apply, subject to the further provisions of this paragraph 6.12, as if references in those paragraphs:

- (a) to an LDZ Supply Point were to an LDZ CSEP;
- (b) to a Supply Meter Point were to an Individual System Exit Point comprised in a CSEP;
- (c) to DM Supply Point Capacity were to LDZ Capacity;
- (d) to the Registered User of a Supply Point were to a CSEP User in relation to a CSEP;
- (e) to a User, in the context of an Interruptible Tranche, were to all of the Interruptible CSEP Users (in accordance with paragraph 6.12.5).

6.12.4 Paragraphs 6.1.5, 6.5, 6.6, 6.7.4(b), 6.8.4, 6.10.2(a) and 6.10.4 shall not apply for the purposes of this paragraph 6.12 (but without prejudice to any equivalent provisions of the CSEP Network Exit Provisions and/or any Ancillary Agreement).

6.12.5 For the purposes of this paragraph 6.12, in relation to each Interruptible Tranche of LDZ Capacity at an LDZ CSEP for an Interruptible Period:

- (a) the CSEP User(s) ("**Interruptible CSEP User(s)**") associated with such Interruptible Tranche, and
- (b) the proportions ("**Interruptible CSEP Proportions**", aggregating one (1)) in which the Interruptible CSEP User(s) have entitlements and liabilities in respect of such Interruptible Tranche

shall be determined in accordance with paragraphs 6.12.6 and 6.12.7.

6.12.6 An Interruption Offer in respect of a CSEP:

- (a) shall specify, in addition to the requirements (construed in accordance with paragraph 6.12.3) in paragraph 6.3.2, in respect of each Interruptible Tranche of LDZ Capacity, the identity of each Interruptible CSEP User and the Interruptible CSEP Proportions (aggregating one (1)) for such CSEP Users;
- (b) shall be submitted by or on behalf of all of the Interruptible CSEP Users.

6.12.7 The identity of the Interruptible CSEP User(s), and/or their respective Interruptible

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CSEP Proportions (aggregating one (1)), in respect of an Interruptible Tranche of LDZ Capacity at an LDZ CSEP, may be varied from time to time by a notice submitted to the DN Operator submitted by or on behalf of each CSEP User which (prior to such notice) is, or (pursuant to such notice) is to become, an Interruptible CSEP User.

- 6.12.8 There is no requirement under the Code that (and the DN Operator will not be concerned with whether) the Interruptible CSEP User(s) at an LDZ CSEP hold or continue to hold LDZ Capacity corresponding to their respective Interruptible CSEP Proportions of the Interruptible Tranches.
- 6.12.9 The amount in aggregate of the Interruptible Tranches at an LDZ CSEP shall not exceed the amount in aggregate of LDZ Capacity held by all of the Interruptible CSEP Users; and paragraph 6.1.6 shall apply on the basis of increases and decreases in the aggregate amounts of LDZ Capacity held by such Interruptible CSEP Users.
- 6.12.10 For the purposes of paragraphs 6.7.3 and 6.10.2 (as they apply for the purposes of this paragraph 6.12):
- (a) references to the Registered Supply Point Capacity shall be references to the aggregate LDZ Capacity held by all CSEP Users at a CSEP;
 - (b) references to the Supply Point Offtake Rate shall be to the maximum aggregate rate of offtake permitted in accordance with the CSEP Network Exit Provisions (as referred to in Section J3.9.2(a)).
- 6.12.11 The Interruptible CSEP Users shall be entitled to be paid the Interruption Option Price and the Interruption Exercise Price in relation to an Interruptible Tranche severally in their Interruptible CSEP Proportions.
- 6.12.12 Where on any Day there is a failure to Interrupt at an Interruptible CSEP, irrespective of the identity of the Interruptible CSEP Users in respect of each Interruptible Tranche and of such Users' UDQOs (pursuant to allocation under Section E3.2) for such Day:
- (a) the Interruptible Tranche(s) which the Interruptible CSEP Users are treated as having failed to Interrupt ("**failed tranches**") shall be determined in accordance with paragraph 6.10.2(c)(iii) (construed in accordance with the foregoing provisions of this paragraph 6.12);
 - (b) following the determination of such failed tranches, the formula in paragraph 6.10.2(b) shall be applied separately in respect of each such failed tranche (or failed portion), and Z2 shall be the overall interruption price of each such failed tranche;
 - (c) in respect of each failed tranche, the Interruptible CSEP Users shall be liable for the amounts so determined severally in their Interruptible CSEP Proportions in respect of that Interruptible Tranche.

7 NEW SUPPLY METER POINTS AND OTHER SITEWORKS

7.1 General

- 7.1.1 For the purposes of the Code:

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- (a) a **"New Supply Meter Point"** is a new Supply Meter Point;
- (b) **"Siteworks"** means works undertaken by the Transporter at the request of a User or other person in connection with a System for the purposes of:
 - (i) the establishment of a New Supply Meter Point;
 - (ii) enabling an increase in the rate or pressure at or quantities in which it is feasible to make gas available for offtake from the Total System at an existing Supply Meter Point;
 - (iii) modifying or replacing any part of a System located at the Supply Point Premises (but not the Supply Meter Installation at an existing Supply Meter Point);
 - (iv) enabling the Firm Transportation Requirement (in accordance with paragraph 6.3.4) to be satisfied in respect of an Interruptible Supply Point; or
 - (v) furnishing, installing, removing, making operational and/or maintaining Daily Read Equipment;
- (c) Siteworks under paragraph (b)0 may be:
 - (i) for the construction and/or installation (and connection to a System) by the Transporter of the service pipe or any part thereof (but not the Supply Meter Installation); or
 - (ii) for the purposes of making a connection to a System of any service pipe constructed or installed by any other person (but not the new Supply Meter Installation).
- (d) **"Special Metering Supply Point"** is any Supply Point:
 - (i) comprising a Supply Meter Point in respect of which a Supply Meter Installation is provided and installed by the Transporter; and
 - (ii) such Supply Meter Point:
 - (1) is a Shared Supply Meter Point; or
 - (2) is comprised within a System Exit Point which is subject to a Special Offtake Arrangement; or
 - (3) which is comprised in an LDZ Specified Exit Point identified within a Supply Point Nomination in respect of which a Supply Point Registration has occurred; or
 - (4) which is comprised in a Notional NTS Connection Point identified within a Supply Point Offer in respect of which a Supply Point Registration has occurred; or
 - (iii) such Supply Meter Installation comprises a Supply Meter to which telemetered equipment has been installed in accordance with Section M4.9.1; or

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- (iv) which the Transporter and the User at such Supply Point have agreed shall be a Special Metering Supply Point.

7.1.2 In respect of any Siteworks:

- (a) the "**Siteworks Applicant**" is the User or other person who has requested that the Siteworks be undertaken;
- (b) the "**Siteworks Contract**" is the contract between the Transporter and the Siteworks Applicant under which the Transporter is to undertake the Siteworks;
- (c) the "**Completion Date**" is the date of substantial completion (as defined or described in the Siteworks Contract) of the Siteworks;
- (d) the "**Target Completion Date**" means the intended Completion Date of the Siteworks as specified in or determined under the Siteworks Contract;
- (e) "**Connections Work**" is the connection of the service pipe (or any part thereof) for the establishment of a New Supply Meter Point on to the relevant System; and
- (f) "**Meter Fix Date**" is the date which has been notified to the Transporter as the date upon which a Supply Meter has been installed at a New Supply Meter Point.

7.1.3 Where the Siteworks Applicant is a User the Siteworks Contract shall not (unless it expressly provides to the contrary) be an Ancillary Agreement and does not form a part of and is not incorporated into the Code.

7.1.4 Where the Siteworks Applicant is not the Registered User of the relevant Supply Meter Point:

- (a) nothing in the Code shall make the Registered User liable for any payment becoming due under the Siteworks Contract; and
- (b) the Transporter will have no liability to the Registered User in respect of any breach of the Siteworks Contract.

7.1.5 The Registered User of a Supply Meter Point will not be liable for any breach of the Code which results from a breach by the Transporter of a Siteworks Contract relating to that Supply Meter Point.

7.1.6 Notwithstanding paragraph 0 and 0 and 0 (which specifically does not include work relating to the Supply Meter Installation) for the purposes of this paragraph 7, "**Siteworks**" includes works undertaken by the Transporter:

- (a) at the request of a Registered User or other person in connection with the System for the purposes of installing, modifying, removing, or replacing a Supply Meter Installation at a Special Metering Supply Point;
- (b) at the request of the Registered User for the purposes of ceasing or enabling the flow of gas at a Special Metering Supply Point.

7.1.7 The Transporter shall not be obliged to undertake work requested in accordance with paragraph 7.1.6(a) or 7.1.6(b), where the Special Metering Supply Point comprises a Special Metering Supply Point unless by no later than the date of such request the

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Registered User has notified the Transporter that it has obtained from those Users at such Shared Supply Meter Point their agreement to undertake such work.

7.2 Siteworks Terms and Procedures

7.2.1 The Transporter will from time to time publish Siteworks Terms and Procedures applicable to different types of Siteworks or Siteworks in relation to different Supply Meter Points.

7.2.2 "**Siteworks Terms and Procedures**" means the procedures by which and terms and conditions on and subject to which a User or other person may request the Transporter to provide a quotation (where the price is not published) for and to undertake Siteworks and a Siteworks Contract may be entered into.

7.2.3 Siteworks Terms and Procedures do not form a part of the Code; and (without prejudice to any Legal Requirement applying to the Transporter) nothing in the Code requires the Transporter to undertake any Siteworks or to do so on any particular terms.

7.2.4 The Transporter agrees to give to Users notice:

- (a) of not less than 2 months of any change in published prices of Siteworks; and
- (b) of not less than 3 months of any other change to contract terms contained in Siteworks Terms and Procedures (other than the addition of terms and procedures for a type of Siteworks not previously covered).

7.3 New Supply Meter Points

7.3.1 Where the Transporter has been notified that Connections Work is to be or has been undertaken then on or as soon as reasonably practical after the relevant date (in accordance with paragraph 7.3.2) the Transporter will:

- (a) enter such New Supply Meter Point and the Supply Meter Point Reference Number for the same on to the Supply Point Register; and
- (b) for the purposes of this Section G treat the same as a Supply Meter Point.

7.3.2 For the purposes of paragraph 7.3.1 the relevant date is the date upon which the Transporter has received notice of the (i) allocation of a specific Supply Meter Point Reference Number to a New Supply Meter Point, or (ii) completion of the Connections Work, from the person who has undertaken the same, where received earlier than such allocation notice.

7.3.3 Subject to paragraph 7.3.7, no person shall be entitled to offtake gas from the Total System at a New Supply Meter Point at any time before the First Supply Point Registration Date.

7.3.4 For the purposes of the Code, the "**First Supply Point Registration Date**" is the Supply Point Registration Date of the first Supply Point Registration to be made for a Supply Point comprising the New Supply Meter Point.

7.3.5 Any User may, at any time after the time at which a New Supply Meter Point was entered in the Supply Point Register, submit a Supply Point Nomination in accordance

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with paragraph 2.3.1 and (subject to having received a Supply Point Offer) submit a Supply Point Confirmation in respect of a Proposed Supply Point which comprises the includes a New Supply Meter Point.

7.3.6 Where a User submits

(a) a Supply Point Nomination in accordance with paragraph 2.3 (in respect of a Larger Supply Point which comprises a New Supply Meter Point, or a New Smaller Supply Point and there is more than one Supply Meter Point comprised in the Proposed New Smaller Supply Point);

(i) the User shall provide to the Transporter the User's estimate of the quantity which the User expects to be offtaken from the Total System at the Supply Meter Point in a 12 month period under seasonal normal conditions, which estimate shall (if the Supply Point Confirmation becomes effective) be the Annual Quantity for the Supply Meter Point;

(ii) where the Proposed Supply Point is there is a LDZDM Supply Point Component comprised in an LDZ Supply Point, the Nominated Supply Point Capacity shall not be less than the User's estimate of the maximum quantity of gas to be offtaken on any Day in the next 12 months on the basis of reasonable assumptions as to weather conditions;

(iii) where the Proposed Supply Point there is an NDM Supply Point Component, the User shall provide to the Transporter the User's estimate of the value of any variable by reference to which any End User Category (to which such Supply Point Component might belong) is in the relevant Gas Year defined in accordance with Section H; and

the User's estimates under paragraphs 0, 0 and 0 shall be made in good faith and after all appropriate enquiries of the consumer and on the basis of reasonable skill and care;

(b) a Supply Point Confirmation in accordance with paragraph 2.6 in respect of a Smaller Supply Point which comprises a New Supply Meter Point, then the User shall be deemed to have provided User's estimate of the quantity which the User expects to be offtaken from the Total System at the Supply ~~Meter~~ Point in a 12 month period under seasonal normal conditions, which estimate shall (if the Supply Point Confirmation becomes effective) be the Annual Quantity for the Supply ~~Meter~~ Point.

7.3.7 In respect of both Smaller and Larger Supply ~~Meter~~ Points:

(a) where a Supply Point Confirmation (including any subsequent Supply Point Confirmation) in respect of a New Supply Meter Point has been submitted then in the absence of a rejection of such Supply Point Confirmation:

(i) where the Meter Fix Date is prior to the date upon which such Supply Point Confirmation is submitted, the Proposing User which submitted such Supply Point Confirmation will be treated as being the Registered User (but not an Existing Registered User) from:

(1) the Meter Fix Date, where such Proposing User is the person that has submitted the Meter Fix Reading as described M3.8.11(a);

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(2) the date such Supply Point Confirmation is submitted, where such Proposing User is not the person that has submitted the Meter Fix Reading as described in M3.8.11(a)

until the Supply Point Registration Date;

(ii) where the Meter Fix Date is after or upon the date on which such Supply Point Confirmation is submitted, the Proposing User which submitted such Supply Point Confirmation will be treated as being the Registered User (but not an Existing Registered User) from the Meter Fix Date until the Supply Point Registration Date;

(b) where the Proposing User is treated as being the Registered User, the Proposing User shall, notwithstanding that there is no Supply Point Registration in respect of the Proposed Supply Point (and irrespective of the Proposed Supply Point Registration Date) be permitted to offtake gas from the Total System at such New Supply Meter Point;

(c) the quantity of gas (if any) so offtaken on any Day will be counted as an UDQO of the User for the purposes of Code (and in particular the User will be liable to pay any appropriate Transportation Charges in relation thereto);

(d) for the purposes of the first NDM Reconciliation the quantity of gas (if any) so offtaken will be counted as part of the Reconciliation Quantity (for which purposes a quantity of zero shall be assumed to have been offtaken); and accordingly the User will be liable to pay Reconciliation Clearing charges and Reconciliation Transportation Charge Adjustments in respect of the quantity of gas (if any) so offtaken; and

(e) where any Supply Point Confirmation (including any subsequent Confirmation) has been rejected by the Transporter then the Proposing User whose Supply Point Confirmation has been rejected shall promptly take steps to ensure gas is not offtaken at the New Supply Meter Point.

7.4 Siteworks Specified Capacity, etc

7.4.1 The Siteworks Terms and Procedures allow for the Siteworks Contract to specify (at the request of the Siteworks Applicant):

(a) a Supply Point or (without prejudice to the requirements of this Section G for submission of a Supply Point Nomination and/or Supply Point Confirmation) a Proposed Supply Point, ~~or a Supply Point Component~~, in which the Supply Meter Point or New Supply Meter Point subject to the request for Siteworks is or is to be comprised; and

(b) in relation to such Supply Point ~~or Supply Point Component~~;

(i) in the case of a ~~DM Supply Point Component~~ comprised in an LDZ ~~DM~~ Supply Point, an amount of Supply Point Capacity and/or a Supply Point Offtake Rate (but without prejudice to the requirement subsequently to apply therefor);

(ii) in the case of an NDM Supply Point ~~Component~~, a threshold rate increase (in accordance with paragraph 5.6.3(b));

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- (iii) a request that the Firm Transportation Requirement be satisfied in respect of an amount of Interruptible Supply Point Capacity

following such Siteworks.

7.4.2 For the purposes of this Section G, in respect of any Siteworks a Supply Point Component, Supply Point Capacity, Supply Point Offtake Rate, threshold rate increase or Firm Transportation Requirement (as the case may be) is "Siteworks Specified" where it is specified in a Siteworks Contract as described in paragraph 7.4.1.

7.4.3 Where in respect of an LDZ Supply Point:

(a) a User submits (in accordance with paragraph 2.3), not later than the Target Completion Date or such later date as the Transporter shall have agreed (for the purposes of this paragraph) with the Siteworks Applicant, a Supply Point Nomination in respect of a Siteworks Specified Proposed Supply Point which includes a Siteworks Specified Supply Point Component which includes comprises a New Supply Meter Point;

(b) the Nominated Supply Point Capacity or Nominated Supply Point Offtake Rate does not exceed the Siteworks Specified Supply Point Capacity or Supply Point Offtake Rate

the Offered Supply Point Capacity or Supply Point Offtake Rate (in respect of the DM Supply Point Component) under a Supply Point Offer will be equal to the Nominated Supply Point Capacity or (as the case may be) Supply Point Offtake Rate.

7.4.4 In the case of an LDZ Supply Point where a User applies, not later than the Target Completion Date or such later date as the Transporter shall have agreed (for the purposes of this paragraph 7.4.4) with the Siteworks Applicant, for increased Supply Point Capacity or an increased Supply Point Offtake Rate (in accordance with paragraph 5) at a Siteworks Specified Supply Point Component, which does not exceed the Siteworks Specified Supply Point Capacity or (as the case may be) Supply Point Offtake Rate, the Transporter will (subject to the provisions of the Code) accept such application.

7.4.5 Where a User notifies (in accordance with paragraph 5.6.5(a)), not later than the Target Completion Date or such other date as the Transporter shall have agreed (for the purposes of this paragraph 7.4.5) with the Siteworks Applicant, a threshold rate increase of not more than the Siteworks Specified threshold rate increase, the Transporter will give to the User the notification described in accordance with paragraph 0.

7.4.6 Where a User requests (in accordance with paragraph 6.5), not later than the Target Completion Date or such other date as the Transporter shall have agreed (for the purposes of this paragraph 7.4.6) with the Siteworks Applicant, that Siteworks Specified Interruptible Supply Point Capacity be redesignated Firm in accordance with the Siteworks Specified Firm Transportation Requirement, the Transporter will accept such request.

7.4.7 A Siteworks Applicant may (subject to the Siteworks Terms and Procedures) request any Siteworks without at the same time requesting Siteworks for any reinforcement of a System that may be required to make it feasible to make gas available for offtake at any relevant Supply Meter Point; and accordingly, except to the

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extent expressly provided in this paragraph 7.4, the fact that the Transporter has entered into a Siteworks Contract or undertaken any Siteworks (for a New Supply Meter Point or otherwise) shall not commit the Transporter to accept a Supply Point Nomination or Supply Point Confirmation for any particular Nominated Supply Point Capacity or Supply Point Offtake Rate, nor any application for Supply Point Capacity or Supply Point Offtake Rate, or an increase therein, made by any User at any DM Supply Point Component nor a notification by any User of any particular threshold rate increase at any NDM Supply Point Component.

7.5 Undertaking Siteworks

7.5.1 The Transporter will not be in breach of its obligation to make gas available for offtake at a Supply Meter Point where or to the extent that its ability to do so is impaired by reason of its carrying out any Siteworks in respect of that Supply Meter Point.

7.5.2 Where the Transporter carries out Siteworks at a Supply Meter Point comprised in a Supply Point whose Annual Quantity exceeds 73,200 kWh (2,500 therms), and the Siteworks Applicant is not the Registered User, the Transporter will, unless the Siteworks Applicant has requested the Transporter not to do so, notify the Registered User of the Siteworks where practicable before and in any event promptly upon completing such Siteworks.

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ANNEX G-1

REVISIONS TO SUPPLY POINT REGISTER NOT REQUIRING RECONFIRMATION

1. Subject to paragraph 2, the following revisions may be made (where and in the manner otherwise permitted under the Code) to the Supply Point Register without a Supply Point Reconfirmation by the Registered User:
 - (i) change in Supply Point Capacity;
 - (ii) change in Supply Point Offtake Rate;
 - (iii) change in Meter Reading Frequency;
 - (iv) change of Meter Reader;
 - (v) change in User emergency contacts;
 - (vi) change in User contacts' details for Interruptible Supply Points;
 - (vii) change in any details maintained pursuant to Standard Special Condition A50(8)(e) of the Transporter's Licence;
 - (viii) Isolation of a Supply Meter Point;
 - (ix) reconnection of a Supply Meter Point;
 - (x) change in supplier where there is no change of Registered User in respect of a Supply Point;
 - (xi) change in the Market Sector Code.
2. The revisions in items (i) and (ii) in paragraph 1 require a Supply Point Reconfirmation where such revisions are made following Siteworks.

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ANNEX G-2

MANDATORY ALLOCATION AGENCY TERMS

THIS AGREEMENT is made on []

BETWEEN

- (1) the persons whose names and addresses are set out in Part 1 of the Schedule hereto (the "**Shippers**"); and
- (2) the person whose name and address are set out in Part 2 of the Schedule hereto (the "**Consumer**").

WHEREAS

- A The Consumer is or is to be supplied with gas at the Premises by each of the persons named in Part 3 of the Schedule.
- B **The Shippers are or will be Sharing Registered Users in respect of the Supply Meter Point(s) and wish to appoint the Consumer as Sharing Registered User Agent.**

IT IS AGREED as follows:

1. Definitions

In this Agreement:

"Supply Contract" means, in relation to each Supplier, the contract between the Consumer and that Supplier for the supply of gas at the Premises, as from time to time in force;

"Premises" means the premises specified in Part 4 of the Schedule hereto;

"Proper Quantity" means, in relation to any Shipper, a quantity of gas which is:

- (a) not more than what the relevant Supplier was obliged to deliver and the Consumer was entitled to take; and
- (b) not less than what the Consumer was obliged to take and the relevant Supplier was entitled to deliver

at the Premises on any Day pursuant to the relevant Supply Contract (having regard to all nominations or other notices given or other things done by or on behalf of the Consumer or the relevant Supplier pursuant to and in accordance with that contract on that or any previous Day);

"relevant Supplier" means in relation to any Shipper, the Supplier (whether or not being such Shipper itself) which supplies or is to supply to the Consumer gas offtaken from the Total System by such Shipper at the Supply Meter Point(s);

"Supplier" means a person specified in Part 3 of the Schedule (whether or not being a User) supplying gas to the Consumer at the Premises;

"Supply Meter Point(s)" means the Supply Meter Point ~~or Points~~ (at the Premises) specified in Part 5 of the Schedule hereto;

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"the Transporter" means [].

Words and expressions defined in the Uniform Network Code and not otherwise defined herein shall have the meanings ascribed thereto in the Uniform Network Code, and references to Sections are to Sections of the Transportation Principal Document.

2. Duration

This Agreement shall become effective at 06:00 hours on the date specified in Part 6 of the Schedule and shall continue in force until and unless terminated by agreement of all of the Shippers.

3. Appointment and undertakings of User Agent

3.1 At the request of the Consumer, the Shippers hereby appoint the Consumer, and the Consumer agrees to act as Sharing Registered User Agent for the purposes of TPD Section G1.7.

3.2 The Consumer undertakes to each Shipper, in relation to each Day while this Agreement is in force:

- (a) that the Consumer (as Sharing Registered User Agent) will notify to the Transporter, in accordance with the requirements of TPD Section G1.7 and the Shared Supply Meter Point Procedures, an allocation (and where so required a revised allocation) between the Shippers of the Supply Meter Point Daily Quantity Offtaken in respect of the Supply Meter Point(s); and
- (b) that the allocation so notified will be such that:
 - (i) TPD Section G1.7.9(b) applies;
 - (ii) the quantity of gas allocated to each Shipper is a Proper Quantity; and
- (c) where any Supplier is a Qualifying Supplier, that the Consumer will not take gas from a Supplier other than a Qualifying Supplier where the quantity of gas which the Consumer takes (by way of supply at the Premises) from any Qualifying Supplier is less than the maximum quantity which the Consumer was entitled, after taking account of any interruption requirement (and any unwillingness of a Qualifying Supplier to supply gas) in relation to the relevant Day, so to take on the Day from such Qualifying Supplier.

3.3 The Consumer undertakes to each Shipper to indemnify the Shipper against:

- (a) any loss (including without limitation by reason of any System Price differing from the price payable to it by the relevant Supplier), liability or damage incurred, by reason of the operation of the Code, by the Shipper;
- (b) where the Shipper is not the relevant Supplier, any liability of the Shipper to the relevant Supplier pursuant to the arrangements from time to time in force between the Shipper and the relevant Supplier

as a result (in either case) of any failure of the Consumer to comply with 3.2.

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- 3.4 Where any Shipper is the relevant Supplier, nothing in this Agreement shall affect or prejudice the Supply Contract or any rights or obligations of the Shipper or Consumer thereunder; and in particular the Shipper shall not be taken, by reason of entering into this Agreement, to have assented to or waived any claim relating to the entering by the Consumer into any other Supply Contract.
- 3.5 The Consumer shall make no charge to any Shippers in respect of its services as Sharing Registered User Agent hereunder, and shall reimburse to each Shipper any amounts which the Shipper is liable to pay to the Transporter pursuant to TPD Section G1.7.18 by virtue of the Supply Meter Point being a Shared Supply Meter Point.
- 3.6 For the purposes of paragraph 3.2(c):
- (a) an "**interruption requirement**" is a requirement, imposed on the consumer by a Qualifying Supplier pursuant to any term of the relevant Supply Contract to limit the quantity of gas taken or not to take gas on a Day;
 - (b) a "**Qualifying Supplier**" is a Supplier whose Supply Contract came into force before 1st January 1998 and who was supplying gas to the Consumer at the Premises pursuant to its Supply Contract before the effective date specified in part 6 of the Schedule.

4. Miscellaneous

- 4.1 If any one or more of the provisions contained in this Agreement shall be invalid, illegal, or unenforceable in any respect the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.
- 4.2 (a) No waiver by any Shipper or the Consumer of any default or defaults by another Shipper or the Consumer in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default or defaults whether of a like or different character.
- (b) No failure or delay by any Shipper or the Consumer in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single partial exercise by such Shipper or the Consumer of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.
- 4.3 This Agreement shall be governed by and construed in all respects in accordance with English law and the Shippers and the Consumer agree to submit to the jurisdiction of the English Courts as regards any claim or matter arising in relation to this Agreement.
- 4.4 This Agreement constitutes the entire agreement and understanding between the Shippers and the Consumer in relation to the Shared Supply Meter Point and no Shipper nor the Consumer has relied on any warranty or representation of the other except as expressly stated or referred to in this Agreement.
- 4.5 (a) Any notice to be given under this Agreement shall be in writing and shall be duly given if signed by or on behalf of a person duly authorised to do so by the person giving the notice and delivered by hand at, or by sending it by first class post or by facsimile transmission to the relevant address, or facsimile number

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set out in Part 1 of the Schedule hereto in the case of the Shippers, and Part 2 of the Schedule hereto, in the case of the Consumer.

(b) Any Shipper and the Consumer shall be entitled to amend in any respect the particulars which relate to it and which are set out in Parts 1 and 2 of the Schedule hereto by notice to the other Shippers and the Consumer.

(c) Any such notice given as aforesaid shall be deemed to have been given or received:

if sent by hand, at the time of delivery;

if sent by facsimile, upon transmission acknowledged by a correct transmission slip at the end of the message; and

if sent by post, 48 hours after posting.

IN WITNESS WHEREOF the parties have entered into this Agreement as of the day and year first above written

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Signed by _____ for
and on behalf of
[INSERT NAMES OF SHIPPERS]

Signed by _____ for
and on behalf of
***[INSERT NAME OF THE
CONSUMER]***

SCHEDULE

Part 1 - the Shippers

[Names and addresses]

Part 2 - the Consumer

[Name and address]

Part 3 - the Suppliers

[Names]

Part 4 - the Premises

[Address]

Part 5 - the Supply Meter Point(s)

Supply Meter Point Reference Number:

Part 6 - effective date

[Date]

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ANNEX G-3

Prospective Erroneous Large AQ Calculation Proforma
for use only where there has been a change of supplier and no meter readings are
available and the AQ value is incorrect
(Domestic Premises above 293,000 kWh use only)

Shipper:			Premise Address:				
M Number:							
Meter Serial Number:							
Property Type:			Flat / Terrace / Semi Detached / Detached / Bungalow				
Number of Bedrooms:			1 / 2 / 3 / 4 / 5 / 6				
Is Gas Central Heating used?			YES / NO				
Additional equipment or extension to the property, e.g. swimming pool, annex (please state)							
Estimated Average annual gas consumption for Domestic Premises in the UK							
Band	House Type	South SW, NT, WS, SO (92%)		Average WN, SE, NW, EA, EM, WM, NE (0%)		North NO, SC (108%)	
		AQ (kWh)	TPA	AQ (kWh)	TPA	AQ (kWh)	TPA
A	1 Bed	8,815	301	9,585	327	10,127	346
B	2BF, 2BT	10,639	363	11,270	385	11,659	398
C	2BS, 2BD, 3BT, 3BF	13,120	448	13,530	462	14,255	486
D	3BS, 2BB	14,348	490	14,611	499	15,871	542
E	3BD, 3BB	16,180	552	17,303	590	19,758	674
F	4BD, 4BT 4BS, 4BB	19,823	676	21,195	723	22,690	774
G	5BD, 5BS 6BD	28,077	958	30,035	1,025	31,176	1,064
Previous Suppliers Last Read & Date							
Change of Supplier Opening Read & Date							
Estimated Annual Quantity:			KWh				
Shipper Representative:							
Shipper Signature:							
Date:							

N.B. INCORRECT OR INSUFFICIENT INFORMATION CAN RESULT IN REJECTION

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UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION H – DEMAND ESTIMATION AND DEMAND FORECASTING

1 DEMAND MODELS AND END USER CATEGORIES

1.1 Introduction

1.1.1 Demand for gas at NDM Supply Point-Components is required to be estimated (in accordance with this Section H) for purposes including determining Supply Point Capacity under Section B, establishing nominations under Section C and daily offtakes under Section E, and determining Annual Quantities under Section G1.6.

1.1.2 For the purposes of such demand estimation, each NDM Supply Point-Component will belong to an End User Category for which a Demand Model will be established in accordance with this paragraph 1.

1.1.3 In accordance with GT Section C2.6, references in this Section H to demand are:

- (a) at the level of any System Exit Point or End User Category, exclusive of shrinkage;
- (b) at the level of an LDZ, inclusive of LDZ shrinkage;
- (c) at the level of LDZ Aggregate NDM Points, exclusive of shrinkage.

1.1.4 Not used.

1.1.5 For the purposes of the Code "**LDZ Aggregate NDM Points**" are in relation to an LDZ all the NDM Supply Point-Components and all relevant Connected System Exit Points in the LDZ.

1.2 End User Categories

1.2.1 An "**End User Category**" is a category of NDM Supply Point-Components in an LDZ defined by rules established in accordance with paragraph 1.1.1; and where appropriate a reference to an End User Category includes reference to the NDM Supply Point-Components for the time being belonging to that category.

1.2.2 End User Categories will be defined:

- (a) by reference only to variables values of which:
 - (i) are maintained in the Supply Point Register; and/or
 - (ii) can be derived from Meter Readings obtained with the Meter Reading Frequency required (in relation to relevant Supply Meters) under Section M3

in respect of NDM Supply Point-Components belonging to the relevant category; and

- (b) so that at any time every NDM Supply Point-Component belongs to one and

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only one such category.

1.2.3 The "**Applicable End User Category**" in respect of an NDM Supply Point Component or NDM Supply Meter Point at any time is the End User Category to which the NDM Supply Point Component (or that in which that Supply Meter Point is comprised) belongs at that time.

1.2.4 The "**EUC Sample**" in relation to an End User Category is the Sampled NDM Supply Point Components (in accordance with paragraph 1.6.4) belonging to that category.

1.3 Demand Models

1.3.1 For the purposes of this Section H a "**Demand Model**" is a mathematical model which estimates, for an LDZ, an End User Category or LDZ Aggregate NDM Points, by reference to variables determined by the relevant Sub-committee for the purposes of the model, daily demand at the System Exit Points in the LDZ or (as the case may be) the EUC Sample or (as the case may be) LDZ Aggregate NDM Points.

1.3.2 The "**Applicable Demand Model**" in relation to an LDZ, an End User Category or LDZ Aggregate NDM Points is the Demand Model applicable in any Gas Year to such LDZ or End User Category or LDZ Aggregate NDM Points in accordance with this paragraph 1.

1.3.3 Notwithstanding GT Section C3.3.1, a Demand Model may estimate demand (for all relevant System Exit Points) on the basis of the flow weighted average calorific value referred to in GT Section C3.3.1(c)(iii).

1.4 Composite Weather Variable

1.4.1 The elements of a Demand Model may (but shall not be required to) include:

- (a) a single variable (the "**Composite Weather Variable**") derived from a formula determined by the relevant Sub-committee and estimated to represent for the relevant LDZ the combined effect on demand of the components of weather which affect demand; and
- (b) a single coefficient ("**Weather Variable Coefficient**") in respect of the element of demand (in the relevant LDZ or End User Category) which varies with weather as represented by the Composite Weather Variable.

1.4.2 The relevant Sub-committee will, at appropriate frequencies determined by it, after consultation with the Uniform Network Code Committee or any other relevant Sub-committee, review and where appropriate revise (with effect from the start of a Gas Year) the formula by which the Composite Weather Variable for an LDZ will be determined.

1.4.3 Daily values of the Composite Weather Variable for an LDZ, required for the purposes of developing Demand Models, will be determined by the relevant Sub-committee.

1.4.4 The Transporters shall:

- (a) provide a copy of the Weather Station Substitution Methodology to any User on request from that User;

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- (b) adjust, in accordance with the Weather Station Substitution Methodology, the historical data in relation to wind speeds and temperatures at weather stations which have ceased operation and have been replaced, for the purposes of the relevant Composite Weather Variable(s), by other weather stations; and
- (c) provide such adjusted data to any User on request.

1.4.5 The Transporters shall provide to any User on request from that User:

- (a) a copy of the Climate Change Methodology; and
- (b) the data in relation to wind speeds and temperatures at weather stations utilised by the Transporters for the purposes of any Composite Weather Variable as such data is adjusted from time to time pursuant to sub-paragraph 1.4.4(b) and as adjusted in accordance with the Climate Change Methodology.

1.4.6 Nothing in paragraphs 1.4.4 and 1.4.5 shall oblige the Transporters to apply the Weather Station Substitution Methodology or Climate Change Methodology so as to revise any Composite Weather Variable.

1.5 Seasonal Normal Demand

1.5.1 For the purposes of this Section H seasonal normal demand ("**SND**") for an LDZ, an EUC Sample or LDZ Aggregate NDM Points for any Day will be determined in accordance with the Applicable Demand Model on the basis of the seasonal normal value of the Composite Weather Variable for the Day in respect of that LDZ.

1.5.2 The "**seasonal normal value**" of the Composite Weather Variable for an LDZ for a Day in any year will be determined by the relevant Sub-committee.

1.5.3 Where the seasonal normal values of the Composite Weather Variable are revised, the relevant Sub-committee will provide to Users the revised values.

1.5.4 The relevant Sub-committee will, at appropriate frequencies determined by it, after consultation with the Uniform Network Code Committee or any other relevant Sub-committee, review and where appropriate revise (with effect from the start of a Gas Year) the seasonal normal value of the Composite Weather Variable for an LDZ.

1.6 NDM Sampling

1.6.1 For the purposes of development of End User Categories and Demand Models and where the relevant Sub-committee determines so the Transporter (other than National Grid NTS) will obtain data (which may, subject to paragraph 1.1.1, include estimates of missing data) as to daily offtakes of gas at the Supply Meter Points comprised in a sample of NDM Supply Point Components in each relevant LDZ.

1.6.2 For the purposes of paragraph 1.6.1:

- (a) the Transporter shall be entitled at its cost to:
 - (i) install, operate and read data recorders or Remote Meter Reading Equipment; and

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- (ii) procure Meter Readings from third parties,

In either case at NDM Supply Meter-Points from time to time selected by the Transporter;

- (b) the Transporter will designate (as sampled for such purposes) NDM Supply Meter-Points at which Remote Meter Reading Equipment is installed, at which it wishes to install Remote Meter Reading Equipment or at which it has, or intends to, procure Meter Readings for;
- (c) the sample will be selected by the Transporter by random sampling from NDM Supply Point-Components having different Annual Quantities and geographical locations.

1.6.3 For the purposes of paragraph 1.6.2:

- (a) a data recorder is a device which captures Meter Readings at the start of each Day, but is capable of being read only at the Supply Point Premises;
- (b) the Transporter will not select any NDM Supply Meter-Point for installing a data recorder or Remote Meter Reading Equipment without the consent of the consumer.

1.6.4 For each Gas Year an NDM Supply Point-Component which is for the time being selected or designated under paragraph 1.6.2 is a "Sampled" NDM Supply Point Component.

1.6.5 The aggregate number of Sampled NDM Supply Point-Components will be determined by a methodology developed by the relevant Sub-committee.

1.6.6 Not used.

1.6.7 The data obtained by the Transporter in accordance with paragraph 1.6.1 will be subject to validation by the relevant Sub-committee.

1.6.8 Not used.

1.6.9 The Registered User will co-operate with the Transporter:

- (a) in enabling access (where required) to Supply Meters for the purposes of establishing the NDM samples of NDM Supply Point-Components and in ensuring that such samples are and will continue to fulfil the requirement to obtain the data as described in paragraphs 1.6.1;
- (b) in obtaining the consent (where required) of any relevant person including the consumer for the installation, operation and reading of the data recorder or Remote Meter Reading Equipment at a NDM Supply Meter-Point.

1.6.10 The Registered User of a NDM Supply Meter-Point at which Remote Meter Reading Equipment specified in paragraph 1.6.2 is or is to be installed will, where requested to do so by the Transporter:

- (a) procure permission and access for the Transporter or the relevant third party to:

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- (i) install and make operational Remote Meter Reading Equipment;
- (ii) attach the Remote Meter Reading Equipment to the Supply Meter Installation;
- (b) facilitate inspection and maintenance and any activity referred to in Sections M4.1.4(a) and (b), in relation to Remote Meter Reading Equipment, by the Transporter or the relevant third party as required for the purposes of keeping such equipment operational (including any requirement for resynchronisation and/or adjustment);
- (c) procure that a suitable site including support, protection and security for the Remote Meter Reading Equipment is available at the Supply Point Premises.

1.6.11 The Registered User of a NDM Supply Meter Point at which Remote Meter Reading Equipment specified in paragraph 1.6.1 is installed shall:

- (a) where it intends, or becomes aware that the consumer or any other person intends, to undertake works on the Supply Meter Installation (or any part of it) which will or is likely to impact on the ability of the Transporter to obtain accurate and timely Meter Readings, use reasonable endeavours to notify the Transporter at least two Business Days prior to the commencement of such works of the date when disconnection of the Remote Meter Reading Equipment from such Supply Meter Installation will occur and the date on which such works will be complete such that the Remote Meter Reading Equipment may or will be reconnected;
- (b) take reasonable steps to secure that the Remote Meter Reading Equipment is not damaged or otherwise mistreated.

1.7 Development of Demand Models and End User Categories

1.7.1 For each Gas Year, the relevant Sub-committee will develop or revise for each LDZ:

- (a) definitions of a number of End User Categories for the LDZ;
- (b) a Demand Model for each such End User Category;
- (c) a Demand Model for LDZ Aggregate NDM Points

1.7.2 Where the relevant Sub-committee has developed or revised for each LDZ the Demand Model and/or End User Categories the Transporter will complete the necessary undertakings to implement the Demand Models and/or End User Categories in accordance with the revisions stipulated and determined by the relevant Sub-committee.

1.7.3 Not used.

1.7.4 The definition of an End User Category may be the same for all or several LDZs, and an EUC Sample may include the Supply Point Components in more than one LDZ.

1.7.5 Not used.

1.8 Consultation on the relevant Sub-committee proposals

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- 1.8.1 The relevant Sub-committee will consult with the Uniform Network Code Committee or any other relevant Sub-committee on proposed End User Category definitions and Demand Models developed under paragraph 1.1.1, and will submit to all Users:
- (a) the proposed End User Category definitions and Demand Models developed under paragraph 1.1.1;
 - (b) values of the Derived Factors (in accordance with paragraph 1.9.3), determined on the basis of such proposals;
 - (c) any alternative End User Category definitions and Demand Models which the relevant Sub-committee (in undertaking the exercise under paragraph 1.1.1) considers to be not significantly inferior to those proposed; and
 - (d) a summary of the relevant Sub-committee's analysis of the performance in the Preceding Year of the End User Categories and Demand Models (applicable in the Preceding Year).
- 1.8.2 Upon the request of any User, the Transporters will provide to that User (by electronic format chosen by the Transporters) the data used in the analysis in a form which does not include the identity of Registered Users, Supply Point Premises, suppliers or consumers, nor details of the individual components of the Composite Weather Variable.
- 1.8.3 Users and Transporters may submit to the relevant Sub-committee representations in respect of the proposed End User Categories and Demand Models.
- 1.8.4 The relevant Sub-committee:
- (a) will review the representations made by Users and Transporters under paragraph 1.8.3;
 - (b) will consult, so far as they deem appropriate, with any User or Transporter in respect of such representations made by them;
 - (c) may convene meetings with any Users or Transporters for the purposes of such consultation.
- 1.8.5 The relevant Sub-committee will make available to Users and Transporters reasonable details of the representations made to them under paragraph 1.8.4(b) and consultations held under paragraph 1.1.1 (but may do so by oral presentation at a meeting of Users and Transporters convened under paragraph 1.8.4(c)); and shall be free to disclose to any User, Transporter and the Authority any such representation and details of any such consultation.
- 1.8.6 The Transporters and Users may at any time convene a meeting of the Uniform Network Code Committee or any relevant Sub-committee for the purposes of consulting on any particular issue which may arise in the development or revision under paragraph 1.1.1 of End User Categories and Demand Models.

1.9 Finalisation of End User Categories and Demand Models

- 1.9.1 Not later than 15 August in the Preceding Year, the Transporters will submit to the

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Authority and all Users the final proposals (in sufficient time to meet Transporter system time constraints) for End User Categories and Demand Models (and corresponding values of the Derived Factors) with such changes as the relevant Sub-committee determine may be appropriate based on Transporter's and Users' representations made under paragraph 1.8.

1.9.2 The End User Categories and Demand Models (and corresponding values of the Derived Factors) applicable to the Gas Year shall be those submitted by the Transporters under paragraph 1.9.1. Where under paragraph 1.7 the relevant Sub-committee is unable to or does not determine in accordance with paragraph 1.11 any changes to the Demand Models and/or the End User Categories for the next Gas Year, the Transporters shall use the End User Category Demand Models applying in the Preceding Year to create corresponding values of the Derived Factors and such End User Categories and Derived Factors shall then apply to the Gas Year.

1.9.3 For the purposes of this Section H the "**Derived Factors**" are:

- (a) for each Day of the Gas Year, the Annual Load Profile and Daily Adjustment Factor (in accordance with paragraph 2) for each End User Category; and
- (b) the EUC peak load factor for each End User Category and the peak load scaling factor (in accordance with paragraph 4).

1.10 DNO Users

1.10.1 In this Section H references to Users exclude DNO Users.

1.11 Relevant Sub-committee Voting Arrangements

1.11.1 Where the relevant Sub-committee referred to in this Section H is required to make a determination in relation to paragraphs 1.3.1, 1.4.1, 1.4.2, 1.4.3, 1.5.2, 1.5.4, 1.6.5, 1.7.2, 1.9.1 and 4.3.1, such determination shall be reached by means of a simple majority by a vote conducted on a show of hands or such other affirmation or consent which may be appropriate. On any vote each Voting Member present shall be entitled to exercise one (1) vote.

1.11.2 For the purposes of this paragraph 1.11 a "**Voting Member**" is any Transporters' Representative and any Users' Representative.

1.11.3 The relevant Sub-committee referred to in this section shall be composed of:

- (a) up to five (5) Transporter Representatives being Voting Members;
- (b) up to five (5) User Representatives being Voting Members.

1.11.4 Where the relevant Sub-committee is unable (for whatever reason) to make a determination in accordance with paragraph 1.11.1 (an "**undetermined matter**"), then the relevant Sub-committee shall refer such undetermined matter to:

- (a) any group (which is permitted to exist pursuant to the relevant Sub-committee's terms of reference as provided for under General Terms Section B General part 4.3.4) to obtain any additional information in order to allow a determination to be made (in accordance with paragraph 1.11.1); or

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- (b) the Uniform Network Code Committee, with a summary of why such determination was not able to be made by the relevant Sub-committee, which shall then make a determination.

1.11.5 The relevant Sub-committee shall continue to refer to any undetermined matter for determination in accordance with paragraph 1.11.4 until such time a determination is made.¹

2 DETERMINATION OF SUPPLY ~~METER~~-POINT DEMAND

2.1 Supply ~~Meter~~-Point Demand

2.1.1 For the purposes of this Section H "**NDM Supply ~~Meter~~-Point Demand**" is the quantity of gas estimated or (as the case may be) deemed to be offtaken on a Day at an NDM Supply ~~Meter~~-Point.

2.1.2 Subject to paragraph 2.1.3 NDM Supply ~~Meter~~-Point Demand will be determined (in accordance with paragraph 2.2):

- (a) before and (as appropriate) during the Gas Flow Day, for the purpose ("**Nomination Determination**") of establishing Output Nominations for NDM Supply Point Groups, in accordance with Section C;
- (b) after the Gas Flow Day, for the purpose ("**Offtake Determination**") of establishing UDQOs for NDM Supply Point-Components, in accordance with Section E.

2.1.3 For the purpose only of establishing an assumed metered volume to carry out individual NDM Reconciliation pursuant to Section E6.1.6, NDM Supply ~~Meter~~-Point Demand will be determined in accordance with paragraph 2.2.2.

2.2 Supply ~~Meter~~-Point Demand Formula

2.2.1 NDM Supply ~~Meter~~-Point Demand ('SPD') for a Day (Day 't') shall be determined according to the following formula:

$$SPD = \frac{AQ}{365} \times ALP_t \times (1 + DAF_t \times WCF_t) \times SF_t$$

where AQ is the Annual Quantity (in kWh) in respect of the relevant NDM Supply ~~Meter~~-Point (in accordance with paragraph 3.1.5(a) in the case of an NDM Supply Point comprising a Shared Supply Meter Point);

and where for Day 't':

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.12.

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- ALP_t is the value of the Annual Load Profile for the Applicable End User Category;
- DAF_t is the value of the Daily Adjustment Factor for the Applicable End User Category;
- WCF_t is the Weather Correction Factor for the relevant LDZ in accordance with paragraph 2.5;
- SF_t is the Scaling Factor for the relevant LDZ in accordance with paragraph 2.5.

2.2.2 For the purposes of paragraph 2.1.3 NDM Supply Meter-Point Demand ('SPD') for a Day (Day 't') shall be determined according to the following formula:

$$SPD = \frac{AQ}{365} \times ALP_t$$

Where AQ is the Annual Quantity (in kWh) in respect of the relevant NDM Supply Meter-Point (in accordance with Paragraph 3.1.5(a) in the case of an NDM Supply Point comprising a Shared Supply Meter Point);

and where for Day 't'

ALP_t is the value of the Annual Load Profile for the Applicable End User Category.

2.3 Annual Load Profile

2.3.1 The "Annual Load Profile" for an End User Category for a Day is a factor representing the Seasonal Normal Demand of the End User Category for that Day as a proportion of the average Seasonal Normal Demand (for all Days of the Gas Year) of the End User Category.

2.3.2 The Annual Load Profile (' ALP_t ') for an End User Category for Day t shall be determined as:

$$ALP_t = \frac{SNDE_t}{\left(\frac{\sum_{t=1}^N SNDE_t}{N} \right)}$$

where:

$SNDE_t$ is seasonal normal demand for the End User Category for Day t

N is the number of Days in the Gas Year.

2.4 Daily Adjustment Factor

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- 2.4.1 The "**Daily Adjustment Factor**" for an End User Category for a Day is a factor representing the weather sensitivity of demand in that End User Category on that Day relative to the weather sensitivity of demand in the LDZ on that Day.
- 2.4.2 The Daily Adjustment Factor ('DAF_t') for an End User Category for a Day shall be determined as:

$$DAF_t = \frac{(WVCE_t / SNDE_t)}{(WVCN_t / SNDN_t)}$$

where for Day t:

- WVCN_t is the value of the Weather Variable Coefficient (in accordance with paragraph 1.4) in the Demand Model for the LDZ Aggregate NDM Points for the relevant LDZ;
- SNDN_t is the value of seasonal normal demand for LDZ Aggregate NDM Points for the relevant LDZ;
- WVCE_t is the value of the Weather Variable Coefficient in the Demand Model for the End User Category;
- SNDE_t is the value of seasonal normal demand for the End User Category.

2.5 Weather Correction Factor and Scaling Factor

- 2.5.1 For the purposes of paragraph 2.2 the "**Weather Correction Factor**" ('WCF_t') and "**Scaling Factor**" ('SF_t') in respect of an LDZ are (respectively) the factors determined as follows:

$$SF_t = ASD_t / NDMD_t$$

$$WCF_t = (ASD_t - \sum ((AQ_{EUC}/365)*ALP)_{LDZ}) / \sum ((AQ_{EUC}/365)*ALP)_{LDZ}$$

ASD_t is:

- (a) for the purposes of Nomination Determination, Forecast LDZ Demand (at the relevant time of Nomination Determination) determined in accordance with paragraph 5.2 less the aggregate sum of DM Output Nominations (at the relevant time of Nomination Determination) at all DM Supply Point Components and relevant Connected System Exit Points in the LDZ and adjusted by deducting LDZ shrinkage;
- (b) for the purposes of Offtake Determination, that quantity comprised in the LDZ Daily Quantity Offtaken attributable to NDM Supply Point Components and relevant Connected System Exit Points (determined as the LDZ Daily Quantity Offtaken less the aggregate sum for quantities offtaken at all DM Supply Point Component and relevant Connected System Exit Points in the LDZ and adjusted by deducting LDZ shrinkage);

SNDN_t has the meaning in paragraph 2.4.2; and

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$NDMD_t$ is the aggregate for all NDM Supply Points ~~Components~~ and for any relevant Connected System Exit Point in the LDZ of the amounts determined by calculating Supply Point Demand for Day t in accordance with paragraph 2.2 with a Scaling Factor equal to one or (as the case may be) calculated in accordance with the relevant provisions of the CSEP Network Exit Provisions.

AQ_{EUC} is the aggregate Annual Quantity for the Applicable End User Category as at 1st October, or as revised from time to time pursuant to paragraph 2.5.3.

- 2.5.2 In respect of each Gas Year, the Transporters will, on a specific date (the “**designated date**”), within:
- (a) the period of 3 calendar months ending on 31 December compare the aggregate NDM Annual Quantity for each LDZ (“**aggregate NDM LDZ AQ**”) with the aggregate NDM LDZ AQ as at 1 October; and
 - (b) the period of 3 calendar months ending on 31 March and 30 June compare the aggregate NDM LDZ AQ with the aggregate NDM LDZ AQ as at:
 - (i) the previous designated date at which the comparison resulted in a revision being made pursuant to paragraph 2.5.3(b); or
 - (ii) where the comparison at the previous designated date does not result in a revision being made pursuant to paragraph 2.5.3(b), 1 October.
- 2.5.3 Where the comparison made in accordance with paragraph 2.5.2 determines that the aggregate NDM LDZ AQ has increased or decreased by an amount of more than 1%, the Transporters will:
- (a) on the first day of the month following the period in which such comparison was performed, publish the revised values that will apply in respect of $\sum ((AQ_{EUC}/365)*ALP_t)$ for each LDZ;
 - (b) apply such revised values from the date referred to in paragraph (a).

3 NDM ANNUAL QUANTITIES

3.1 Introduction

3.1.1 Subject to paragraphs 3.1.2 and 3.1.3, the Annual Quantity or the Provisional Annual Quantity of an NDM Supply Meter-Point for each Gas Year shall be determined (on the basis of a standard 365 Day year) by seasonal normal adjustment of the metered quantity for a period ending before such Gas Year in accordance with this paragraph 3.

3.1.2 Subject to paragraph 3.4.4, in the circumstances in paragraph 3.2.4 the Annual Quantity or the Provisional Annual Quantity of the NDM Supply Meter-Point for a Gas Year shall be that applicable for the Preceding Year.

3.1.3 For the Gas Year in which a New Supply Meter Point is established ~~the~~ its Provisional Annual Quantity in respect of the Supply Point in which it is comprised shall be the quantity specified by the relevant User in accordance with Section G7.3.6.

3.1.4 Upon annual determination thereof in accordance with this paragraph 3, the Annual

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Quantity of an NDM Supply Meter-Point will be notified to the Registered User in accordance with Section G1.6.12.

3.1.5 In the case of a Shared Supply Meter Point which is comprised in an NDM Supply Meter-Point:

(a) the Annual Quantity shall be established for the Supply Meter-Point as a whole (disregarding the Shared Supply Meter Notification);

(b) thereafter a separate Annual Quantity shall be established (in accordance with Section G1.7.1.1) in respect of each Sharing Registered User.

3.2 Relevant Metered Period

3.2.1 For the purposes of this paragraph 3.2 the "**Relevant Metered Period**" in respect of a Gas Year is the period from the Day after the starting Meter Read (in accordance with paragraph 3.2.3) to the ending Meter Read (in accordance with paragraph 3.2.2).

3.2.2 The ending Meter Read is the latest Valid Meter Read (in accordance with Section M3) before 10 August in the Preceding Year.

3.2.3 The starting Meter Read shall be:

(a) the latest Valid Meter Read before the target opening date, or if there was no such Meter Read less than three years before the target opening date;

(b) subject to paragraph 3.2.4, the first Valid Meter Read after the target opening date.

Provided always that where the seasonal normal values of the Composite Weather Variable for an LDZ are revised in accordance with paragraph 1.5.3 the starting Meter Read shall be no earlier than four years prior to 1 October in the Gas Year that the revised seasonal normal values of the Composite Weather Variable are first used (the "**Longstop Date**").

3.2.4 If there was no Valid Meter Read less than three years before the target opening date or more than 6 months before the ending Meter Read, or the first Valid Meter Read after the target opening date was earlier than the Longstop Date, paragraph 3.1.2 shall apply.

3.2.5 For the purposes of this paragraph 3.2 the "**target opening date**" is the date which is:

(a) where the NDM Supply Point Meter is a Monthly Read Meter, 50 weeks; or

(b) where the NDM Supply Point Meter is an Annual Read Meter, 42 weeks before the ending Meter Read.

3.3 Relevant Metered Quantity

The "**Relevant Metered Quantity**" is the Metered Quantity or (if there was one or more intervening Valid Meter Reads in the Relevant Metered Period) the sum of the Metered Quantities for the Relevant Metered Period (in accordance with Section M1.4.4(b)).

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3.4 Annual Quantity

3.4.1 Subject to paragraph 3.4.3, the Annual Quantity ('AQ') for an NDM Supply Meter-Point for a Gas Year shall be determined as follows:

$$AQ = RMQ \times \frac{365}{\sum_{t=1}^M (ALP_t \times (1 + DAF_t \times EWCF_t))}$$

where:

RMQ is the Relevant Metered Quantity;

M is the number of Days in the Relevant Metered Period;

and where for each Day (Day 't') in the Relevant Metered Period:

ALP_t is the value for the year in which Day t falls (the "**relevant year**") of the Annual Load Profile for the Applicable End User Category;

DAF_t is the value for the relevant year of the Daily Adjustment Factor for the Applicable End User Category;

EWCF_t is the value for the relevant year of the Estimated Weather Correction Factor (in accordance with paragraph 3.4.2).

3.4.2 The "**Estimated Weather Correction Factor**" for a Day in respect of an LDZ is the factor determined by calculating the Weather Correction Factor (in accordance with paragraph 2.5) for that Day substituting for the term 'ASD_t' the value of demand for the LDZ Aggregate NDM Points determined from the Applicable Demand Model for the relevant year (on the basis of the value of the Composite Weather Variable).

3.4.3 Where a review has taken place pursuant to paragraphs 1.4.2 and 1.5.2 (for the purposes of this paragraph 3.4.3 and paragraph 3.4.4, the "**Review**") the Annual Quantity for an NDM Supply Meter-Point applicable from the start of the Gas Year in which the Review took effect will use revised Applicable Demand Models derived from the data used to calculate the Applicable Demand Models for the Gas Year immediately prior to the Gas Year that the Review took effect, together with the revised Composite Weather Variables and seasonal normal values, to calculate the values of ALP_t, DAF_t and EWCF_t.

3.4.4 Notwithstanding paragraph 3.1.2, where a Review has taken place and the provisions of paragraph 3.4.3 apply, the Annual Quantity or the Provisional Annual Quantity of the NDM Supply Meter-Point will be calculated as follows:

$$AQ = AQ_1 \times \frac{A}{B}$$

Where:

AQ₁ = the Annual Quantity or the Provisional Annual Quantity of the NDM Supply

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Point applicable for the Preceding Year.

$$A = \sum_{t=1}^{365} SNDE_t$$

Where the values of SNDE_t shall be derived using revised Applicable Demand Models derived from the data used to calculate the Applicable Demand Models for the Gas Year immediately prior to the Gas Year that the Review took effect, together with the revised Composite Weather Variables and seasonal normal values

$$B = \sum_{t=1}^{365} SNDE_t$$

Where the values of SNDE_t shall be derived using the Applicable Demand Models for the Gas Year immediately prior to the Gas Year that the Review took effect.

4 NDM CAPACITY

4.1 Introduction

The Supply Point Capacity ('SPC') which a User is registered as holding at or (as the case may be) in respect of an NDM Supply Point-Component on any Day in the Gas Year will be determined in accordance with the following formula:

$$SPC = AQ/PLF * 365$$

where:

AQ is the Annual Quantity of the NDM Supply Point-Component for the Gas Year;

PLF is the EUC peak load factor in accordance with paragraph 4.2.

4.2 EUC peak load factor

The "EUC peak load factor" is a load factor for the Applicable End User Category determined as follows:

$$PLF = \frac{AAQ}{PDD - 365}$$

where:

AAQ is the sum of the Annual Quantities in respect of the NDM Supply Points Components in the EUC Sample; and

PDD is the 1-in-20 peak day demand of the Applicable End User Category determined under paragraph 4.3.

4.3 1-in-20 peak day demand

4.3.1 The relevant Sub-committee will determine 1-in-20 peak day demand in relation to Section H requirements only.

4.3.2 Not used.

5 DAILY DEMAND FORECASTING

5.1 Weather forecasting

5.1.1 Transporters will obtain (from a reputable meteorological services provider) at certain times within each Day:

- (a) forecasts of temperatures and wind speeds at a number of weather stations at intervals during the remainder of that Day and the following Day;
- (b) details of the temperatures and wind speeds recorded at such weather stations at intervals during that Day and the preceding Day.

5.1.2 The times at which each Transporter will obtain weather data under paragraph 5.1.1 include the following approximate times: 11:30 hours, 15:15 hours and 23:30 hours on the Preceding Day and 07:30 hours, 11:30 hours and 15:15 hours on the Gas Flow Day.

5.2 LDZ Demand Forecasting

5.2.1 The Transporter will (during the Preceding Day and the Gas Flow Day in accordance with paragraph 5.2.3) forecast and notify to Users:

- (a) in the case of a DN Operator, demand in each relevant LDZ;
- (b) in the case of National Grid NTS, demand for the Total System

for the Gas Flow Day, using Short Term Demand Models, on the basis of the weather data most recently obtained in accordance with paragraph 5.1 (in the case of LDZ demand, for the weather station(s) located in or closest to the relevant LDZ).

5.2.2 A "**Short Term Demand Model**" is a mathematical model established by the Transporters on the basis of historic demand and other data, which estimates (at a given time) for an LDZ and the Total System and for any Day demand, by reference to data including:

- (a) forecasts of temperature and wind speeds for the Gas Flow Day or the remainder thereof;
- (b) recorded temperature and wind speeds for the Preceding Day and (where relevant) the Gas Flow Day up to the time of forecasting; and
- (c) actual demand (assessed by reference to gas flows at NTS/LDZ Offtakes adjusted for estimated changes in LDZ stock) for the Preceding Day and (where relevant) the Gas Flow Day up to the time of forecasting.

5.2.3 The Transporter will notify demand under paragraph 5.2.1 after receipt of weather data under paragraph 5.1.1 not later than the following times: 14:00, 18:00 hours, and 02:00 hours on the Preceding Day and 12:00 hours, 15:00 hours, 18:00 hours, 21:30 hours and 02:00 hours on the Gas Flow Day.

5.2.4 The Transporter may in addition and at its discretion notify demand (for a relevant System) at other times for any reason it considers appropriate including, but not limited to, where it appears to the Transporter that the prevailing Forecast LDZ Demand may

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be substantially inaccurate; and where it does so it will inform Users of the reasons for its view.

- 5.2.5 Where there is a delay in the provision of forecast and other information to the Transporter as described in paragraph 5.1, the Transporter may defer the time at which it notifies demand under paragraph 5.2.3 by a commensurate period.
- 5.2.6 For the purposes of the Code:
- (a) **"Forecast LDZ Demand"** means aggregate demand for the Gas Flow Day in an LDZ, forecast in accordance with this paragraph 5;
 - (b) **"Forecast Total System Demand"** means aggregate demand for the Gas Flow Day on the Total System, forecast in accordance with this paragraph 5;
 - (c) **"Demand Forecast Time"** means any time at which (in accordance with paragraph 5.2.3 or 5.2.4) the Transporter notifies Forecast LDZ Demand under paragraph 5.2.1.
- 5.2.7 In forecasting demand under this paragraph 5, the Transporter will act in good faith and will exercise reasonable skill and care, but the Transporter will not be liable (as to any loss or liability incurred by a User or otherwise) to any User in respect of or in consequence of anything done or omitted to be done by the Transporter under this paragraph 5.

6 CLASS A CONTINGENCIES

6.1 Class A Contingencies

- 6.1.1 During the period of a Class A Contingency, notification of demand for the Gas Flow Day pursuant to paragraph 5.2.3 will be provided in accordance with the relevant Contingency Procedures.

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION J – EXIT REQUIREMENTS

1 GENERAL

1.1 Introduction

- 1.1.1 The provisions of this Section J shall apply in respect of the offtake of gas from a System at System Exit Points.
- 1.1.2 Nothing in the Code confers on any person any entitlement to have any premises, pipeline, plant or other installation connected to a System for the purposes of offtaking gas from the Total System.

1.2 System Exit Point

1.2.1 In accordance with Section A3, a System Exit Point may be a Supply Point (or Supply Meter Point or Supply Point Component comprised therein) or a Connected System Exit Point, subject to paragraph 1.2.2.

1.2.2 In this Section J references to System Exit Points include Inter-System Offtakes.

1.2.3 Paragraphs 5, 6 and 7 set out provisions applying (in addition to other applicable provisions of this Section J) in respect of NExA Supply Meter Points, Connected System Exit Points and Inter-System Offtakes respectively.

1.2.4 In this Section J "**Relevant User**" means:

- (a) in relation to a Supply Meter Point or Supply Point, the Registered User (or any of the Joint Registered Users);
- (b) in relation to a Connected System Exit Point, a CSEP User;
- (c) in relation to an Inter-System Offtake, the downstream DN Operator.

1.3 Inter-System Offtakes

- 1.3.1 In relation to any Inter-System Offtake or the flow of gas at an Inter-System Offtake from the NTS or an LDZ to an LDZ, at any time:
- (a) the upstream System is the NTS or (as the case may) the LDZ from which gas flows at such Inter-System Offtake;
 - (b) the downstream System is the LDZ to which gas flows at such Inter-System Offtake;
 - (c) the upstream Transporter is the Transporter which operates the upstream System;
 - (d) the downstream DN Operator is the DN Operator which operates the downstream System (in its capacity, where the context requires, as DNO User).

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1.3.2 Where gas flows at an Inter-System Offtake:

- (a) the gas is (and shall be treated as being) taken out of the upstream System and put into the downstream System by Shipper Users;
- (b) title and risk in such gas shall pass (as the gas is taken out of the upstream System) from the upstream Transporter to Shipper Users (in accordance with paragraph 3.7), and simultaneously (as the gas is put into the downstream System) from the Shipper Users to the downstream DN Operator (for which purposes only Section I3.6.3 shall apply as if the Inter-System Offtake were an LDZ System Entry Point);
- (c) no requirements apply as between any Transporter and any Shipper User as to the composition or pressure of such gas;
- (d) notwithstanding the fact that the upstream Transporter or downstream DN Operator may cause or permit such gas flow, no Transporter shall be treated as taking the gas out of the upstream System or putting it into the downstream System, and nothing in the Code shall be construed as having any contrary effect.

1.3.3 So far as it may be necessary for any purpose to determine the same, in relation to any Inter-System Offtake and any Day, the proportions in which Shipper Users:

- (a) take gas out of the upstream System;
- (b) put gas into the downstream System; and
- (c) have title and risk in such gas

shall be equal to the proportions of the sums respectively of their UDQOs in respect of the LDZ served by that Inter-System Offtake.

1.3.4 In this Section J, references to a downstream DN Operator offtaking gas from the upstream System at an Inter-System Offtake shall be construed as references to the DN Operator causing or permitting the flow, or a change in the flow, of gas from the upstream System to the downstream System, and otherwise in accordance with and subject to paragraph 1.3.2; and references to the offtake of gas (or to the upstream Transporter making gas available for offtake) at an Inter-System Offtake shall be construed accordingly.

1.3.5 For the avoidance of doubt, gas which (in an upstream System) is the subject of rights and obligations (pursuant to this Section J) as between an upstream Transporter and a downstream DN Operator may (in the downstream System) be the subject of rights and obligations (pursuant to this Section J) as between the downstream DN Operator and Users; and (without prejudice to GT Section B3) such rights and obligations shall take effect separately in relation to each System and shall not be affected by any breach or failure in respect of such rights or obligations in relation to any other System.

1.4 Connected System Exit Points

1.4.1 In accordance with Section A3.3, a Connected System Exit Point is a System Exit Point (other than an Inter-System Offtake) comprising one or more Individual System Exit

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Points which are not Supply Meter Points.

- 1.4.2 The Individual System Exit Point or Individual System Exit Points comprised in a Connected System Exit Point will be specified in the applicable Network Exit Provisions.
- 1.4.3 For the purposes of the Code a "**Connected Offtake System**" is a single system or facility (comprising pipeline(s), plant and/or other installations) operated by one person (or jointly operated by several persons) and connected to the relevant System at the Individual System Exit Point(s) comprised in a Connected System Exit Point.
- 1.4.4 Without prejudice to paragraph 1.1.2, a Connected Offtake System may be:
- (a) a facility for the storage of gas;
 - (b) the pipeline system operated by another gas transporter;
 - (c) a pipeline interconnector by which gas is transported to another country;
 - (d) any other pipeline (other than a pipeline connecting the relevant System directly to single premises) or pipeline system; or
 - (e) a facility for commingling gas, at which gas offtaken from the NTS and commingled with other gas prior to the commingled gas being delivered to the NTS.
- 1.4.5 A "**Connected System Operator**" is the operator of a Connected Offtake System.
- 1.4.6 A Connected Offtake System may also be a Connected Delivery Facility where gas can flow in either direction between such system and the Total System (for example in the case of a Storage Facility or a NTS Commingling Facility), in which case the provisions of the Network Entry Agreement and the Network Exit Provisions may be contained in a single document.

1.5 Network Exit Provisions

- 1.5.1 For the purposes of the Code "**Network Exit Provisions**" are provisions relating to or to the offtake of gas from a System at a System Exit Point, made between the Transporter and:
- (a) in the case of a Supply Meter Point, either the consumer (subject to paragraph 1.5.7) or the Registered User (or, if the Transporter shall so agree, both of them);
 - (b) in the case of a Connected System Exit Point, the Connected System Operator; or
 - (c) in the case of an Inter-System Offtake, the downstream DN Operator.
- 1.5.2 Network Exit Provisions are required to be in force in respect of:
- (a) any Connected System Exit Point;
 - (b) unless the Transporter otherwise determines in any case, any Supply Meter

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Point comprised in a VLDMC Supply Point; and

- (c) each Inter-System Offtake;

and where Network Exit Provisions are required to be in force a User will not be entitled to offtake gas from the System at the relevant System Exit Point unless there are such provisions in force.

1.5.3 Network Exit Provisions may be in force in respect of any other Supply Meter Point.

1.5.4 Network Exit Provisions:

- (a) in relation to a Supply Meter Point or Connected System Exit Point, are to be contained in an "**Network Exit Agreement**";
- (b) in relation to an Inter-System Offtake, are to be contained in the Offtake Arrangements Document and the relevant Supplemental Agreement

and references to Network Exit Provisions being in force shall be construed accordingly.

1.5.5 A User shall not (in its capacity as User) be required or entitled to be a party to a Network Exit Agreement in respect of a Connected System Exit Point or a Supply Meter Point where the consumer is already party to a Network Exit Agreement.

1.5.6 Nothing in the Code shall be taken to require the execution of a Network Exit Agreement in respect of any Supply Meter Point which is not a New Supply Meter Point where there is a Registered User for the time being.

1.5.7 A Network Exit Agreement in respect of a Supply Meter Point (where not made with the Registered User) may be made with a person other than or in addition to the consumer, where such person is the operator of the Consumer's Plant; and in such a case references in paragraph 5 to the consumer shall be construed as references to such person.

1.5.8 Where Supply Point Network Exit Provisions are made between the Transporter and the Registered User:

- (a) the Network Exit Agreement shall be an Ancillary Agreement, and Section V1.1.6 shall apply in respect of the Network Exit Agreement as though that Section also referred to Ancillary Agreements in respect of Supply Meter Points; and
- (b) the Registered User shall secure that the consumer is provided with a copy of the Network Exit Provisions and any amendments thereto.

1.5.9 References in this Section J to the termination, suspension or expiry of Network Exit Provisions:

- (a) in the context of a Supply Meter Point or a Connected System Exit Point, are to the termination, suspension or expiry of the relevant Network Exit Agreement;
- (b) in the context of an Inter-System Offtake, are to the upstream Transporter or downstream DN Operator ceasing to be party to the Offtake Arrangements

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Document or (as the case may be) the termination, suspension or expiry of the relevant Supplemental Agreement.

1.5.10 For the purposes of this Section J:

- (a) a "**NExA Supply Meter Point**" is a Supply Meter Point in respect of which there are Network Exit Provisions in force;
- (b) "**Supply Point Network Exit Provisions**" are Network Exit Provisions in respect of a Supply Meter Point;
- (c) "**CSEP Network Exit Provisions**" are Network Exit Provisions in respect of a Connected System Exit Point.

1.6 Offtake metering at Supply Points

Section M applies in respect of the metering of gas offtaken at Supply Points.

1.7 Antifluctuators, etc

1.7.1 Each User shall as soon as reasonably practicable notify the Transporter if such User becomes aware in relation to any Supply Meter Point of which it is the Registered User:

- (a) that any requirement applying to the relevant consumer under paragraph 17 of the Gas Code has not been or is not being complied with; or
- (b) of circumstances in which the relevant Transporter would be entitled to exercise its rights under paragraph 18 of the Gas Code.

1.7.2 Where pursuant to paragraph 17 of the Gas Code the Transporter seeks to give any notice to or exercise any other entitlement in relation to any consumer the Registered User in respect of the relevant Supply Point agrees to extend reasonable cooperation to the Transporter so as to facilitate the exercise of such entitlements (and in particular but without limitation agrees if so requested to secure that there is conveyed on behalf of the Transporter to the relevant consumer any communication to be given by the Transporter pursuant to such paragraph 17).

1.7.3 The Transporter will inform the Registered User before or as soon as reasonably practicable after giving any notice to or exercising any other entitlement in relation to any consumer pursuant to paragraph 17 or 18 of the Gas Code.

1.7.4 Users acknowledge that where Network Exit Provisions are in force in relation to a Supply Point such provisions may provide for additional terms in respect of the matters subject to paragraphs 17 and 18 of the Gas Code.

1.7.5 If so requested on reasonable grounds by the Transporter, the Registered User in respect of any Supply Point shall (within a reasonable period specified by the Transporter) make reasonable enquiries of the consumer or supplier with a view to ascertaining and obtaining reasonable evidence as to whether the requirements of paragraph 17 of the Gas Code are applicable or (where applicable) are being complied with, and inform the Transporter of the outcome of such enquiries; and where the Registered User fails so to make reasonable enquiries or inform the Transporter of such outcome within such period the User shall reimburse to the Transporter any expenses reasonably incurred by

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the Transporter in ascertaining any such matter itself (including without limitation any expenses paid by the Transporter pursuant to paragraph 17(6) of the Gas Code).

1.8 Entitlements under the Act

1.8.1 Nothing in the Code shall prevent a Transporter from exercising any entitlement or discharging any duty under the Gas Code or otherwise under the Act or pursuant to the Transporter's Licence which may involve the disconnection of or refusal to convey gas to or to allow gas to be conveyed to any premises.

1.8.2 Where under the Gas Code or otherwise under the Act or pursuant to the Transporter's Licence a Transporter is not required to connect or to maintain a connection of, or has exercised or is entitled to exercise any right to disconnect, or is required to disconnect, any premises, or (having disconnected them) is not required to reconnect any premises, or is entitled to refuse to convey gas to or to allow gas to be conveyed to any premises, the Transporter will not be in breach of its obligation to make gas available for offtake from the Total System at the relevant System Exit Point(s).

1.8.3 The Transporter will inform the Relevant User(s) as soon as reasonably practicable after exercising an entitlement (as described in paragraph 1.8.2) to disconnect or refuse to convey gas or allow gas to be conveyed.

1.9 DNO Users

In this Section J references to Users shall include DNO Users.¹

2 OFFTAKE REQUIREMENTS

2.1 Applicable Offtake Requirements

2.1.1 For the purposes of the Code, the "**Applicable Offtake Requirements**" are:

- (a) subject to paragraph 2.1.1(b):
 - (i) except as provided in paragraph (ii), the Standard Offtake Requirements;
 - (ii) subject to paragraph 2.1.5, as respects the pressure of gas made available for offtake:
 - (1) at NTS Supply Meter Points, a pressure of 25 bar;
 - (2) at NTS/LDZ Offtakes, the Assured Offtake Pressure in accordance with paragraph 2.5;
- (b) to the extent inconsistent with paragraph 2.1.1(a), but subject to paragraph 2.1.5:
 - (i) any requirement as to the pressure of gas made available for offtake at a Supply Meter Point which applies pursuant to paragraph 2.2.5;
 - (ii) the specification applicable pursuant to any Special Offtake

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.10.

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Arrangement in accordance with paragraph 2.3;

- (iii) any provision contained in Network Exit Provisions as to the pressure of gas made available for offtake at a System Exit Point.

2.1.2 The "**Standard Offtake Requirements**" are the requirements as to gas composition and pressure of the regulations from time to time applying pursuant to Section 16(1) of the Act as they apply in respect of gas made available by the Transporter for offtake at any System Exit Point which requirements shall be treated for the purpose of the Code as applying (subject to paragraph 2.1.1(b)) in respect of any LDZ Connected System Exit Point.

2.1.3 Network Exit Provisions or an Ancillary Agreement may include any tolerances within which (for any periods or in any circumstances) deviation from any of the Applicable Offtake Requirements are permitted.

2.1.4 The "**Applicable Offtake Pressure**" is the requirement as to pressure of gas made available for offtake from the System at an Individual System Exit Point for the time being applicable in accordance with this paragraph 2.1.

2.1.5 Where at any time, by reason of any building, mining or engineering developments (other than a development planned by the Transporter), or changes in population density, in the vicinity of any part of the System, it is not or ceases or will cease to be feasible safely or in accordance with any Recognised Standard to maintain at any Individual System Exit Point a pressure of at least the Applicable Offtake Pressure (applicable at the time in accordance with paragraph 2.1.1, this paragraph 2.1.5, or paragraph 2.2.5):

- (a) the Transporter will, as soon as reasonably practicable after becoming aware that (by reason of such circumstances) such pressure cannot be maintained, so inform the Relevant User(s) specifying the date with effect from which it will be necessary to reduce such pressure and the reduced pressure which can (after such date) be so maintained; and
- (b) with effect from the date specified by the Transporter (and as respects any User who may become the Relevant User), the reduced pressure so specified shall be the Applicable Offtake Pressure.

2.1.6 The Transporter will not be in breach of its obligation to make gas available for offtake from a System at a System Exit Point if for any reason the pressure of the gas immediately downstream of the point of offtake (in accordance with paragraph 3.7) exceeds the Applicable Offtake Pressure.

2.2 Special offtake pressure

2.2.1 Upon the request of the Registered User in respect of a Supply Point, specifying (in respect of a Supply Meter Point comprised in the Supply Point) a particular pressure (the "**specified pressure**") greater than the prevailing Applicable Offtake Pressure, the Transporter will advise the User:

- (a) whether the anticipated normal offtake pressure is greater or less than the specified pressure; and

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- (b) insofar as it is reasonably practicable to do so, of the circumstances (other than Excluded Offtake Circumstances in accordance with paragraph 3.2.2) in which the Transporter anticipates at the time of the request that the pressure of gas available for offtake at the Supply Meter Point may fall below the specified pressure.
 - 2.2.2 Where the Transporter has advised a User under paragraph 2.2.1 that anticipated normal offtake pressure is not less than the specified pressure, the Transporter will advise the User, not less than 24 months (in the case of an LDZ Supply Point) or 36 months (in the case of an NTS Supply Point) before such change, of any reduction in anticipated normal offtake pressure below the specified pressure (but without prejudice to the Applicable Offtake Pressure).
 - 2.2.3 In this paragraph 2.2, "**anticipated normal offtake pressure**" means the pressure or (within a range of pressures) lowest pressure at which the Transporter expects (having regard to the period of notice of any reduction required under paragraph 2.2.2) that, under normal System operating conditions, gas will be available for offtake at a Supply Meter Point.
 - 2.2.4 Where a User makes a request to the Transporter under paragraph 2.2.1, the User may in addition propose to the Transporter to enter into an Ancillary Agreement pursuant to which the Transporter would undertake the works in respect of the relevant System necessary to enable it to make available for offtake under all operating conditions (other than Excluded Offtake Circumstances) gas at the specified pressure.
 - 2.2.5 Where, following the proposal of a User under paragraph 2.2.4, the User and the Transporter so agree, they shall enter into an Ancillary Agreement (upon such terms including terms as to payment by the User as shall be agreed between them), and the Applicable Offtake Pressure will (for such period as may be specified in such Ancillary Agreement) be the specified pressure or such other pressure as shall be specified in such Ancillary Agreement.
- 2.3 Special Offtake Arrangement**
- 2.3.1 Pursuant to an arrangement ("**Special Offtake Arrangement**") provided for in Network Exit Provisions, a Transporter may agree to make gas available for offtake from the System at a System Exit Point in circumstances where the Standard Offtake Requirements are not complied with pursuant to the terms of any Network Exit Provisions, or where the Standard Offtake Requirements are not (and are not treated pursuant to paragraph 2.1.2 as being) appropriate.
 - 2.3.2 Without prejudice to any Legal Requirement, a Special Offtake Arrangement may be in force where, by reason of a Special Delivery Arrangement under Section I3.5, gas available for offtake at a System Exit Point does not or will not comply with the Standard Offtake Requirements.
- 2.4 Notice of specification change**
- 2.4.1 Where:
 - (a) the Registered User wishes to be informed of changes in particular characteristics ("**relevant characteristics**") of gas offtaken from the Total System at a Supply Meter Point comprised therein; and

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- (b) the User so requests the Transporter, specifying the Supply Meter Point and the relevant characteristics,

the Transporter will, where in its reasonable opinion it is feasible to do so, and upon such reasonable terms (if any) as it may notify to the User, agree that paragraph 2.4.3 shall apply.
- 2.4.2 Where the Transporter notifies any terms to the User pursuant to paragraph 2.4.1, paragraph 2.4.3 shall apply only if the User notifies the Transporter of its acceptance of such terms, which terms (if so accepted) shall form an Ancillary Agreement between the Transporter and such User.
- 2.4.3 Where this paragraph applies, the Transporter will use reasonable endeavours to notify the Registered User as soon as reasonably practicable after the Transporter becomes aware that a change in relevant characteristics of gas available for offtake at the Supply Point has occurred or will occur.
- 2.4.4 Where paragraph 2.4.3 applies the Transporter reserves the right at any time and from time to time to make a charge to the User (for so long as it is the Registered User) in respect of the reasonable costs incurred by the Transporter in performing its obligations under that paragraph.

2.5 Assured Offtake Pressure and Significant Offtakes

- 2.5.1 For the purpose of the Code, in relation to an NTS/LDZ Offtake:
 - (a) 0600 and 2200 pressures are pressures at 06:00 hours and 22:00 hours on a Day;
 - (b) for each Day in any Gas Year, the "**Assured Offtake Pressures**" are the 0600 and 2200 pressures specified for that Gas Year in the Offtake Pressure Statement;
 - (c) the requirement to make gas available for offtake at the Assured Offtake Pressure is the requirement that the pressure (of gas made available, at the point of offtake):
 - (i) at 06:00 hours is not less than the 0600 pressure; and
 - (ii) at all other times is not less than the 2200 pressure;comprised in the Assured Offtake Pressure.
- 2.5.2 National Grid NTS shall issue to each DNO User, by not later than 30 September in each Gas Year (Y), a statement ("**Offtake Pressure Statement**") specifying for each DNO User and NTS/LDZ Offtake:
 - (a) the Assured Offtake Pressures for each of Gas Years Y+1 to Y+6 (inclusive); and
 - (b) whether the NTS/LDZ Offtake is a Significant Offtake (as such term is defined in OAD Section I4.1.1) for Gas Year Y+1.
- 2.5.3 The Assured Offtake Pressures (in relation to any NTS/LDZ Offtake) specified in

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respect:

- (a) of any Gas Year in an Offtake Pressure Statement (subject to any amendment in accordance with this paragraph 2.5) shall be the same as the Assured Offtake Pressures specified in the preceding year's statement for such Gas Year;
 - (b) of Gas Year Y+6 in an Offtake Pressure Statement shall be the same as the Assured Offtake Pressures for Gas Year Y+6 in the preceding year's statement.
- 2.5.4 The Assured Offtake Pressures at an NTS/LDZ Offtake may be revised in accordance with this paragraph 2.5 (and where so revised the Offtake Pressure Statement shall be deemed, in respect of the NTS/LDZ Offtake, to be revised accordingly).
- 2.5.5 National Grid NTS may apply for:
- (a) a permanent decrease in the Assured Offtake Pressures in relation to an NTS/LDZ Offtake in April in a Gas Year for Gas Years Y+1 to Y+6;
 - (b) a temporary decrease in the Assured Offtake Pressures in relation to an NTS/LDZ Offtake (for a period in accordance with paragraph 2.5.8(b)).
- 2.5.6 A DNO User may apply for a permanent increase in the Assured Offtake Pressures in relation to an NTS/LDZ Offtake during the period 1 July to 31 July (inclusive) in a Gas Year for Gas Years Y+1 to Y+6.
- 2.5.7 An application under paragraph 2.5.5(a) or 2.5.6 for a permanent increase or decrease to the Assured Offtake Pressures can only be made for a period commencing on the first Day of a Gas Year.
- 2.5.8 An application under paragraph 2.5.5 or 2.5.6 shall be submitted specifying:
- (a) the NTS/LDZ Offtake;
 - (b) where submitted by National Grid NTS, whether the application is for a permanent or temporary decrease, and where the application is for a temporary decrease, the period in respect of which the decrease is applied for (which shall not be less than a Day and no longer than 30 Days);
 - (c) where the application is for a permanent increase or decrease, the first Day of the Gas Year in respect of which the increase or decrease is applied for;
 - (d) where the application is submitted by a DNO User, the increased pressure applied for; and
 - (e) where the application is submitted by National Grid NTS, the decreased pressure applied for.
- 2.5.9 Where a DNO User submits an application in accordance with paragraph 2.5.6 National Grid NTS shall accept such application for an increase in the Assured Offtake Pressures in respect of the NTS/LDZ Offtake by not later than the following 30 September unless National Grid NTS determines it would not be possible (under all credible operating conditions) to operate the NTS in a safe and efficient manner during the relevant period at the increased Assured Offtake Pressures applied for.

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2.5.10 Where National Grid NTS submits an application in accordance with paragraph 2.5.5 the DNO User shall accept such application for a decrease in the Assured Offtake Pressures in respect of the NTS/LDZ Offtake:

- (a) in the case of an application for a permanent decrease, by not later than the following 30 June;
- (b) in the case of an application for a temporary decrease, by not later than ten (10) days following the application

unless the DNO User determines it would not be possible (under all credible operating conditions) to operate the relevant LDZ in a safe and efficient manner during the relevant period at the decreased Assured Offtake Pressures applied for.

2.5.11 For the purposes of paragraphs 2.5.9 and 2.5.10, the reference to all credible operating conditions is to all conditions other than a condition the existence of which would amount to Force Majeure affecting the relevant system.

2.5.12 National Grid NTS and the DNO User agree to cooperate in respect of the application of this paragraph 2.5 for the purposes of optimising the safe and efficient operation of the NTS and the LDZ.

2.5.13 National Grid NTS will in the case of an application under paragraph 2.5.6:

- (a) as soon as reasonably practicable thereafter notify the DNO User where it believes it is unlikely to be able to meet the application in full, providing details of;
 - (i) the circumstances surrounding any restrictions; and
 - (ii) the maximum available increase in the Assured Offtake Pressure;
- (b) within 15 Business Days following the last Day of July in which the application is made provide an indicative statement notifying the DNO User whether its application is accepted in whole or in part, or rejected, specifying the indicative available Assured Offtake Pressure;
- (c) the DNO User will then have an opportunity to seek clarification, reconsider and resubmit its application for an increase in the Assured Offtake Pressure within ten (10) Business Days following notification from National Grid NTS under paragraph (b);
- (d) National Grid NTS will use reasonable endeavours to consider and where necessary discuss an application made under paragraph (c) with the DNO User with a view to agreeing by 30 September an increased Assured Offtake Pressure in the Offtake Pressure Statement to be issued by such date in accordance with paragraph 2.5.2.

2.5.14 National Grid NTS and the DNO User will discuss in good faith which of the NTS/LDZ Offtakes are to be given Significant Offtake status for Gas Year Y+1 with a view to agreeing by 30 September a list of Significant Offtakes for inclusion in the Offtake Pressure Statement to be issued by such date in accordance with paragraph 2.5.2.

2.5.15 At any time following the publication of the Offtake Pressure Statement by National

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Grid NTS pursuant to paragraph 2.5.2 and otherwise during Gas Year Y+1 to which such Offtake Pressure Statement relates either National Grid NTS or the DNO User may notify the other that an NTS/LDZ Offtake shall be given Significant Offtake status from the date specified in such notification and no approval or consent in respect of such change in status shall be required from National Grid NTS or the DNO User (as the case maybe).

3 OFFTAKE OF GAS FROM THE SYSTEM

3.1 Offtaking User

3.1.1 For the purposes of this Section J an "**Offtaking User**" is:

- (a) in respect of a Supply Meter Point, the Registered User of the Supply Point (or, in the case of a Shared Supply Meter Point, of any of the Supply Points) in which the Supply Meter Point is comprised;
- (b) in respect of a Connected System Exit Point, on any Day, any Offtaking CSEP User; and
- (c) in respect of an Inter-System Offtake, the downstream DN Operator.

3.1.2 The "**Offtake Proportion**" of an Offtaking User for a Day in respect of a System Exit Point is:

- (a) in the case of a Supply Meter Point:
 - (i) except as provided in paragraph (ii), one (1);
 - (ii) in the case of a Shared Supply Meter Point, the proportion which the quantity allocated to that User in respect of the Day in accordance with the Shared Supply Meter Notification bears to the Supply Meter Point Daily Quantity;
- (b) in the case of a Connected System Exit Point, that User's UDQO for that Day divided by the CSEP Daily Quantity Offtaken in accordance with Section E3.2; and
- (c) in the case of an Inter-System Offtake, one (1) .

3.1.3 For the purposes of this Section J:

- (a) references to quantities of gas offtaken on a Day at an NDM Supply Meter Point are to the quantities determined to have been offtaken pursuant to Section H2;
- (b) no adjustments to any amount, payment or quantity ascertained under this Section J shall be made by reason of DM Reconciliation, NDM Reconciliation or CSEP Reconciliation;
- (c) references to quantities of gas offtaken on a Day at an Inter-System Offtake are to the quantities determined to have flowed pursuant to the measurement provisions contained in the Network Exit Provisions (and not, for the avoidance of doubt, by reference to quantities treated as offtaken by Shipper

Users from the downstream System pursuant to Section E).

3.2 Obligation to make gas available for offtake

- 3.2.1 Subject to the provisions of the Code, the Transporter will make gas available for offtake by User(s) from the System at the point of offtake (in accordance with paragraph 3.7) in accordance with the requirements of paragraph 3.3.1 at each System Exit Point where the requirements (other than requirements to be complied with by the Transporter) of this Section J are complied with.
- 3.2.2 For the purposes of the Code, "**Excluded Offtake Circumstances**" are circumstances in which, in accordance with the Code, the Transporter is not obliged or not in breach of its obligation to make gas available for offtake at a System Exit Point or is not liable in respect of any failure to do so.
- 3.2.3 For the avoidance of doubt, a User's obligations to pay Capacity Charges shall not be affected by the existence of any Excluded Offtake Circumstances except as provided in paragraph 3.6 in respect of Force Majeure.

3.3 Compliance with offtake requirements

- 3.3.1 Gas made available by the Transporter for offtake at any System Exit Point will comply with the Applicable Offtake Requirements, subject to paragraph 3.3.6.
- 3.3.2 Where non-compliant gas is made available for offtake from the relevant System at a System Exit Point, the Offtaking User(s) may, from time to time until such time as the Applicable Offtake Requirements are complied with in respect of gas made available for offtake at such point, in its or their discretion, either:
- (a) offtake or continue to offtake such gas, in which case paragraph 3.4 shall apply; or
 - (b) decline to offtake or to continue to offtake such gas, in which case paragraph 3.5 shall apply.
- 3.3.3 A User's rights under paragraph 3.3.2 shall not be prejudiced by its election to offtake non-compliant gas (whether or not it is aware that the gas is non-compliant).
- 3.3.4 Subject to paragraph 3.4.7, where non-compliant gas has been offtaken on any Day from the System, the Transporter shall be liable to pay to each Offtaking User an amount determined in accordance with paragraph 3.4.
- 3.3.5 Where the Transporter becomes aware that non-compliant gas is being made available for offtake at any System Exit Point (other than where the failure to comply is not material), the Transporter will endeavour to inform the Relevant User(s) (and, in the case of a Connected System Exit Point, the Connected System Operator) of that fact as soon as reasonably practicable, but in the case of a Supply ~~Meter~~ Point whose Annual Quantity does not exceed 732,000 kWh (25,000 therms) a notice to all Shipper Users generally that gas in any part of the relevant System is non-compliant shall be sufficient.
- 3.3.6 Subject to paragraph 3.4.7, for the purposes of this paragraph 3 "**non-compliant gas**" is gas made available for offtake from a System in respect of which (after taking account of any tolerance referred to in paragraph 2.1.3) any of the Applicable Offtake

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Requirements is not or was not complied with.

- 3.3.7 In assessing whether the hydrocarbon dewpoint and water dewpoint of gas conveyed in the NTS will interfere with the integrity or operation of the pipes comprised in an LDZ, National Grid NTS will (and shall be entitled to) assume that the DNO will operate the LDZ so as to secure that, at all points on the LDZ at which the pressure of gas is reduced, the temperature of the gas does not (at any time during such pressure reduction) fall below zero degrees celcius (0°C).

3.4 Payment in respect of non-compliant gas

- 3.4.1 Subject to paragraphs 3.4.3 and 3.4.4, the amount payable by the Transporter to an Offtaking User under paragraph 3.3.4 shall be all reasonable costs and expenses reasonably incurred by the User in consequence of the offtake of non-compliant gas, including (without limitation) costs and expenses incurred:
- (a) in cleaning or clearing any part of the relevant offtake facility; and/or
 - (b) in taking reasonable measures (excluding in the case of a Connected Offtake System or a downstream System any measures equivalent to Operational Balancing Steps) to secure that:
 - (i) in the case of a Supply Point, the non-compliant gas can be made fit for use in the relevant offtake facility;
 - (ii) in the case of a Connected System Exit Point or Inter-System Offtake, the relevant offtake facility can be operated in accordance with applicable Legal Requirements notwithstanding the offtake or continued offtake of such non-compliant gas; and/or
 - (c) in relation to an Inter-System Offtake (to the extent that, as a result of the offtake of non-compliant gas, the downstream DN Operator as Offtaking User itself makes non-compliant gas available for offtake from the downstream System), by way of liability to Users
 - (i) under paragraphs (a) and (b) (pursuant to paragraph 3.3.2(a)); and/or
 - (ii) under paragraph 3.5 (pursuant to paragraph 3.3.2(b))

provided that (in either case) the downstream DN Operator acts and has acted as a Reasonable and Prudent Operator with a view to avoiding or limiting the effects of its offtake (at the Inter-System Offtake) of non-compliant gas on its ability to make gas (complying with the Applicable Offtake Requirements) available for offtake from the downstream System.

- 3.4.2 For the purposes of paragraph 3.4.1:

- (a) "relevant offtake facility" means:
 - (i) in the case of a Supply Point, the Consumer's Plant;
 - (ii) in the case of a Connected System Exit Point, the Connected Offtake System; and

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- (iii) in the case of an Inter-System Offtake, the downstream System;
 - (b) references to costs and expenses incurred by an Offtaking User include costs and expenses incurred by:
 - (i) in the case of a Supply Point, the supplier or consumer;
 - (ii) in the case of a Connected System Exit Point, the Connected System Operator.
- 3.4.3 The amount payable by the Transporter to an Offtaking User (excluding amounts under paragraph 3.4.1(c)(ii)) shall not exceed 10% of the amount calculated as the User's Offtake Proportion of the total quantity of non-compliant gas offtaken from the System at the relevant System Exit Point on the relevant Day multiplied by the Applicable Liability Gas Price.
- 3.4.4 Where costs and expenses referred to in paragraph 3.4.1 are incurred in consequence of the offtake of non-compliant gas from the relevant System on more than one Day at a Shared Supply Meter Point or Connected System Exit Point:
 - (a) references in paragraphs 3.4.1 and 3.4.3 to a User's Offtake Proportion shall be deemed to be references to a weighted average Offtake Proportion determined for each Offtaking User as the sum, for all such Days, of the User's Offtake Proportion for each Day multiplied by the Supply ~~Meter~~-Point Daily Quantity or (as the case may be) CSEP Daily Quantity Offtaken, divided by the sum of the Supply ~~Meter~~-Point Daily Quantities or (as the case may be) CSEP Daily Quantities Offtaken for all such Days; and
 - (b) the reference in paragraph 3.4.3 to the total quantity of non-compliant gas offtaken on the relevant Day shall be to the total quantity of non-compliant gas offtaken on all such Days.
- 3.4.5 Where any amount has become payable to an Offtaking User pursuant to paragraph 3.3.4:
 - (a) the User shall as soon as reasonably practicable after the Exit Close-out Date so notify the Transporter, specifying:
 - (i) the relevant System Exit Point and the Day or Days on which non-compliant gas was offtaken from the System;
 - (ii) the total quantity of non-compliant gas referred to in paragraph 3.4.3, and reasonable details of the respect(s) in which the non-compliant gas did not comply with the Applicable Offtake Requirements;
 - (iii) reasonable details of the costs and expenses referred to in paragraph 3.4.1 and the person(s) by whom and purposes for which they were incurred;
 - (iv) the Offtaking User's Offtake Proportion; and
 - (b) the amount payable by the Transporter shall be invoiced and paid in accordance with Section S.

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- 3.4.6 Any dispute as to anything specified by a User under paragraph 3.4.5(a) (other than a dispute as to anything specified under paragraph 3.4.5(a)(i) or (ii) which was resolved pursuant to Network Exit Provisions) shall be referred to Expert Determination.
- 3.4.7 Paragraph 3.3.4 and this paragraph 3.4 (with the exception of this paragraph 3.4.7) do not apply and the Transporter shall not be liable thereunder to the extent that the failure (of gas offtaken) to comply with Applicable Offtake Requirements was a failure to comply with the Applicable Offtake Pressure; and references in those paragraphs to non-compliant gas shall be construed accordingly.
- 3.4.8 Where non-compliant gas was offtaken from the Total System and for the purposes of clearing such non-compliant gas from the Consumer's Plant or a Connected Offtake System it is necessary for the consumer or (as the case may be) the Connected System Operator to vent gas from such plant or system, the quantity of gas which each Offtaking User is treated as having offtaken from the Total System on the relevant Day shall be reduced by its Offtake Proportion of the quantity of gas so vented (and the User's UDQO shall be determined accordingly).

3.5 Gas not made available for offtake

3.5.1 Where:

- (a) the Transporter is or has been in breach of its obligation to make gas available for offtake from the System at an LDZ System Exit Point; or
- (b) gas made available for offtake from the System at a System Exit Point does not comply with the Applicable Offtake Requirements and an Offtaking User declined (in accordance with paragraph 3.3.2(b)) to offtake such gas

the further provisions of this paragraph 3.5 shall apply.

3.5.2 Not used.

3.5.3 In the case of a Supply Point Component comprised in an LDZ Supply Point at Non-domestic Premises whose Annual Quantity exceeds 73,200 kWh (2,500 therms) per annum, the Transporter will pay to the Registered User an amount determined as:

- (a) subject to paragraph (b), the amount calculated according to the following formula:

$$C * (1 - X/Y) * P * F$$

where:

C is the amount of the Supply Point Capacity held by the User at the Supply Point Component on the relevant Day, less, in the case of an Interruptible Supply Point Component, and in respect of a Day on which Interruption was required at such Supply Point Component, the aggregate amount of the Interruptible Tranches which were subject to Interruption on the Day;

X is in the case of a DM Supply Point Component, the quantity of gas which was made available for offtake from the System on the relevant

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Day;

Y is in the case of a DM Supply Point-Component, the Nominated Quantity (subject to paragraph 3.5.4) under the Output Nomination for the relevant Supply Point-Component, provided that:

- (i) no account shall be taken of any Renomination, on the Day when the failure occurred or first occurred, made after the time at which the Registered User first became aware of such failure; and
- (ii) **Y shall not exceed the amount of the User's Registered Supply Point Capacity at the Supply Point-Component, disregarding any increase therein applied for after the relevant failure first occurred;**

X/Y is, in the case of an NDM Supply Point-Component, zero;

P is the sum of the Applicable Daily Rates of:

- (i) the Capacity Variable Component of the Customer Charge; and
- (ii) the LDZ Capacity Charge;

F is ten (10) in relation to a Firm Supply Point-Component and five (5) in relation to an Interruptible Supply Point-Component;

(b) where:

- (i) as a result of the relevant failure gas is not available for offtake for a period of 24 hours; and
- (ii) **the amount determined under paragraph (a) would for each consecutive period of 24 hours during which the relevant failure continued to be less than £50 in relation to an NDM Supply Point Component and £250 in relation to a DM Supply Point Component**

for each consecutive period of 24 hours or part of such a period, commencing with the expiry of the first 24 hours of such failure, during which the relevant failure continued, an amount of £50 in relation to an NDM Supply Point Component and an amount of £250 in relation to a DM Supply Point Component.

3.5.4 For the purposes of this paragraph 3.5:

- (a) **in determining 'Y' in paragraph 3.5.3, in the case of a DMA Supply Point Component there shall be deemed to be a Nomination Quantity in respect of each DMA Supply Point-Component in the relevant DMA Supply Point Group, determined by apportioning the Nomination Quantity for such Supply Point Group between such Supply Points-Components in proportion to their respective Annual Quantities;**

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- (b) for the purposes of paragraph 3.5.3(b), any such period of 24 hours as is referred to in Section L4.3.2(e) is concurrent with and not in addition to the first 24 hours referred to in paragraph 3.5.3(b), and accordingly (notwithstanding Section L4.3.1) any period of Programmed Maintenance (in respect of the Supply Point) shall count towards such first 24 hours.

3.5.5 In the case of an LDZ Connected System Exit Point, the Transporter will pay to each CSEP User an amount determined as:

$$C \times (1 - X / Y) \times P$$

where:

C is the amount of the Relevant Exit Capacity held by the CSEP User at the Connected System Exit Point on the relevant Day;

X is the relevant proportion of the quantity of gas which was made available for offtake from the Total System by CSEP Users in aggregate on the relevant Day;

Y is the Nominated Quantity (subject to paragraph 3.5.4) under the CSEP User's Output Nomination for the Connected System Exit Point, provided that:

- (i) no account shall be taken of any Renomination, on the Day when the failure occurred or first occurred, made after the time at which the CSEP User first became aware of such failure; and
- (ii) Y shall not exceed the amount of the User's Relevant Exit Capacity at the Connected System Exit Point, disregarding any increase therein applied for after the relevant failure first occurred;

P is the sum of the Applicable Daily Rates of:

- (i) the CSEP Charge to the extent of any component thereof which varies with Relevant Exit Capacity;
- (ii) in the case of an LDZ Connected System Exit Point, the LDZ Capacity Charge; and
- (iii) the applicable NTS Exit Capacity Charge.

3.5.6 For the purposes of paragraph 3.5.5:

- (a) a CSEP User's "**Relevant Exit Capacity**" is its Registered LDZ Capacity at such Connected System Exit Point; and
- (b) the relevant proportion of a CSEP User is the amount determined as 'Y' for the User on the relevant Day in accordance with paragraph 3.5.5 divided by the aggregate of the amounts so determined as 'Y' for all CSEP Users.

3.5.7 Where paragraph 3.5.1(b) applies in the case of NTS Supply Points and NTS Connected System Exit Points the Transporter will pay to each relevant User holding Available NTS Exit (Flat) Capacity at the relevant NTS Supply Point or NTS Connected System

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Exit Point on the relevant Day, an amount determined as:

$$C * (1 - X / Y) * P * F$$

where:

- C is the amount of Fully Adjusted Available NTS Exit (Flat) Capacity held by the User at the NTS Supply Point or NTS Connected System Exit Point at the time paragraph 3.5.1 first applied on the relevant Day;
- X is the User Daily Exit Quantity;
- Y is, at the time paragraph 3.5.1 first applied, the User's Nominated Quantity;
- P is the weighted average bid price for all accepted capacity bids in respect of which NTS Exit (Flat) Capacity was allocated at the relevant NTS Supply Point or NTS Connected System Exit Point for the Day;
- F is ten (10) in relation to a Firm NTS Exit (Flat) Capacity and five (5) in relation to an Off-peak NTS Exit (Flat) Capacity.

3.5.8 In the case of an Inter-System Offtake, where:

- (a) as a result of the relevant failure the downstream Transporter itself fails to make gas available for offtake (in accordance with its obligations under the Code) at any System Exit Point on the downstream System; and
- (b) the downstream Transporter acts and has acted as a Reasonable and Prudent Operator with a view to avoiding or limiting the effect of such failure (of the upstream Transporter) on its ability so to make gas available for offtake

the Transporter shall pay to the Offtaking User an amount equal to the amounts for which the downstream Transporter was liable pursuant to this paragraph 3.5 in respect of the downstream Transporter's failure to make gas available for offtake, to the extent to which such failure resulted from the relevant failure of the upstream Transporter.

3.5.9 For the purposes of paragraphs 3.4.1(c)(ii), 3.5.8 and 7.4.1, references to amounts for which a downstream DN Operator or National Grid NTS is liable pursuant to this paragraph 3.5:

- (a) (other than in relation to paragraph (b)) shall be determined subject to the effect of Section V10;
- (b) shall be deemed to include amounts for which the downstream DN Operator or National Grid NTS was liable by way of compensation under (and pursuant to regulations made under) Section 33AA of the Act.

3.5.10 For the purposes of Section V10, the rules in paragraphs 3.5.3 and 3.5.5 (but not paragraph 3.5.8, but without prejudice to paragraph 3.5.9(a)) are Compensation Rules within Compensation Group J; and in relation thereto the 'payment month' is the second month following the month in which the relevant failure commenced.

3.5.11 For the purposes of paragraphs 3.5.3, 3.5.5 and 3.5.8, any dispute as to the quantity of gas which was made available for offtake at the relevant DM Supply Point-Component,

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Connected System Exit Point, NTS Exit Point or Inter-System Offtake on the relevant Day shall be referred to Expert Determination.

3.6 Force Majeure

3.6.1 Where:

- (a) by reason of Force Majeure affecting the Transporter, the Transporter is relieved from liability in respect of its obligation to make gas available for offtake from the Total System at a System Exit Point; and
- (b) the occurrence of Force Majeure continues for a period of more than 7 Days,

for each Day after the 7th Day on which the Transporter continues to be relieved of such obligation, the User(s) registered as holding System Capacity at such point will cease to be liable to pay the Capacity Charges referred to in paragraph 3.6.2.

3.6.2 Subject to paragraph 3.6.3, the relevant Capacity Charges are:

- (a) in the case of any System Exit Point, the LDZ Capacity Charges (where relevant) and the Capacity Variable Component of the Customer Charge payable by the User in respect of such point; and
- (b) in the case of a System Exit Point other than an Interruptible Supply Point, NTS Exit Capacity Charges in respect of an amount of NTS Exit Capacity (in respect of the relevant NTS Exit Point) equal to the User's Registered LDZ Capacity.

3.6.3 Where in relation to any Day (after the 7th Day) the effect of the occurrence of Force Majeure is a partial (rather than total) reduction in the availability of gas for offtake from the Total System, the relevant Capacity Charges will be that proportion of those described in paragraph 3.6.2 determined as:

$$(C - X) / C$$

where:

- C is the amount of the User's Registered LDZ Capacity (as at the Day when the occurrence of Force Majeure commenced) at the relevant System Exit Point; and
- X is the quantity of gas which was made available for offtake from the relevant System at the relevant System Exit Point on the Day.

3.7 Point of offtake

3.7.1 The point of offtake in respect of each Individual System Exit Point comprised in any System Exit Point shall be:

- (a) in the case of a Supply Point:

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- (i) except as provided in paragraph (ii), the outlet of the customer control valve on the service pipe;
 - (ii) where there is in force a Network Exit Agreement which identifies (by description or a diagram or both) the point(s) of offtake, the point or points so identified; and
 - (b) in the case of a Connected System Exit Point or Inter-System Offtake, the point of offtake identified in accordance with paragraph 3.7.2.
- 3.7.2 The Network Exit Provisions in force in respect of a Connected System Exit Point or Inter-System Offtake will identify (by description or a diagram or both) a point of offtake in respect of each Individual System Exit Point comprised in the Connected System Exit Point or Inter-System Offtake.
- 3.7.3 Title and (without prejudice to paragraph 3.4) risk in gas offtaken from the relevant System at a System Exit Point (other than an Inter-System Offtake) shall pass to the Offtaking User at the relevant point of offtake in accordance with paragraph 3.7.1.
- 3.7.4 The Transporter warrants to each Shipper User that the Transporter will have title (at the point of offtake) to all gas:
- (a) made available for offtake from the Total System at any System Exit Point by that User; and
 - (b) taken out of the upstream System by that User at an Inter-System Offtake
- and that all such gas will (at such point) be free of any lien, charge, encumbrance or adverse claim (as to title or otherwise), including any claim for any tax, royalty or other charge in respect of the production, gathering, processing and tendering of gas arising on or before offtake thereof from the relevant System.
- 3.7.5 The Transporter shall indemnify each User and hold it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by or made or brought against such User in consequence of any breach of the warranty in paragraph 3.7.4.

3.8 User offtake obligations: LDZ DM Supply Points ~~Components~~

- 3.8.1 A User is not entitled to offtake gas from the Total System at a DM Supply Point ~~Component~~ comprised in an LDZ Supply Point at a rate which exceeds the Supply Point Offtake Rate, and shall take all reasonable steps to ensure that gas is not offtaken at such a rate.
- 3.8.2 Where:
- (a) the Transporter believes on reasonable grounds that gas is being or will be offtaken from the Total System at a DM Supply Point ~~Component~~ comprised in an LDZ Supply Point at a rate which exceeds the Supply Point Offtake Rate; and
 - (b) in the Transporter's reasonable judgement the security of the relevant System may be prejudiced as a result

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the Transporter may take any steps available to it to secure the required reduction in the rate of or the discontinuance of the offtake of gas from the relevant System at the Supply Point ~~Component~~.

3.8.3 The steps referred to in paragraph 3.8.2 include the disconnection of the relevant premises; but (without prejudice to any provision of the Gas Code) the Transporter will endeavour not to take this step where alternative steps are available and adequate in the circumstances.

3.8.4 The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System by a User at a DM Supply Point ~~Component~~ comprised in an LDZ Supply Point:

- (a) at any time, at a rate which exceeds the Permitted Supply Point Offtake Rate; or
- (b) on any Day, in a quantity which exceeds the User's Registered Supply Point Capacity.

3.8.5 In relation to a DM Supply Point ~~Component~~ which comprises a Shared Supply Meter Point(s), a User shall not be in breach of paragraph 3.8.1, and paragraph 3.8.2 shall not apply, if the aggregate rate at which gas is offtaken from the Total System at all of the DM Supply Points ~~Components~~ which comprise such Shared Supply Meter Point does not exceed the aggregate of the Supply Point Offtake Rates in respect of such Supply Points ~~Components~~.

3.9 User offtake obligations: LDZ CSEPs

3.9.1 A CSEP User is not entitled to offtake gas from the Total System at a relevant LDZ Connected System Exit Point at a rate which exceeds the maximum rate permitted (for that CSEP User) in accordance with the CSEP Network Exit Agreement.

3.9.2 Where:

- (a) the Transporter believes on reasonable grounds that gas is being or will be offtaken from the Total System at a rate which exceeds the maximum aggregate rate permitted in accordance with the CSEP Network Exit Agreement; and
- (b) in the Transporter's reasonable judgement the security of the relevant System may be prejudiced as a result,

the Transporter may (subject to and/or in accordance with any provisions of the CSEP Network Exit Agreement) take any steps available to it to secure the required reduction in the rate of or discontinuance of offtake of gas from the LDZ Connected System Exit Point.

3.9.3 The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System at a relevant LDZ Connected System Exit Point:

- (a) by CSEP Users in aggregate, at any time, at a rate which exceeds the maximum aggregate rate permitted in accordance with the CSEP Network Exit

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Agreement; and

- (b) by a CSEP User, on any Day, in a quantity which exceeds the User's Registered LDZ Capacity.

3.10 User offtake obligations: NTS Exit Points and Inter-System Offtakes

3.10.1 A:

- (a) Shipper User is not entitled to offtake gas from an NTS Supply Point or NTS Connected System Exit Point;
- (b) DNO User is not entitled to offtake gas from the upstream System at an Inter-System Offtake

at a rate which exceeds the maximum permitted rate in accordance with paragraph 3.10.2 or 3.10.3 (as applicable), and shall take all reasonable steps to ensure that gas is not offtaken at such a rate.

3.10.2 The maximum permitted rate in respect of:

- (a) an NTS/LDZ Offtake, is a rate calculated as:

$$(C_{\text{FLAT}} / 24) + (C(M)_{\text{FLEX}} / 4)$$

where:

C_{FLAT} is the DNO User's NTS Exit (Flat) Capacity;

$C(M)_{\text{FLEX}}$ is the magnitude of the DNO User's NTS Exit (Flexibility) Capacity;

- (b) an NTS Supply Point or a NTS Connected System Exit Point, is a rate calculated as:

$$(C_{\text{FLAT}} / 24)$$

where C_{FLAT} is the Shipper User's NTS Exit (Flat) Capacity.

3.10.3 The maximum permitted rate in respect of an LDZ/LDZ Offtake is the rate specified in or determined pursuant to the Network Exit Provisions.

3.10.4 Where:

- (a) the upstream Transporter believes on reasonable grounds that gas is being or will be offtaken from the upstream System at an Inter-System Offtake at a rate which exceeds the maximum permitted rate;
- (b) in the upstream Transporter's reasonable judgement the security of the upstream System may be prejudiced as a result;

the upstream Transporter may take any steps available to it in accordance with (and subject to) the provisions of the Offtake Arrangements Document to secure the required reduction in the rate of or the discontinuance of the offtake of gas from the upstream

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System at the Inter-System Offtake.

3.10.5 In the case of an NTS Exit Point National Grid NTS will not be obliged under any provision of the Code to make gas available for offtake from the NTS by a User:

- (a) at any time, at a rate which exceeds the maximum permitted rate (in accordance with paragraph 3.10.2);
- (b) on any Day, in a quantity which exceeds the User's Fully Adjusted Available NTS Exit (Flat) Capacity;
- (c) in the period between 06:00 hours and 22:00 hours on any Day, in a quantity which exceeds $(NEFC + 16/24 * Q_D)$ (as those terms are defined in Section B3.13);
- (d) at any time, at a rate which exceeds the Maximum NTS Exit Point Offtake Rate.

3.10.6 In the case of an LDZ/LDZ Offtake the upstream Transporter will not be obliged under any provision of the Code to make gas available for offtake from the upstream System:

- (a) at any time, at a rate which exceeds the maximum permitted rate (in accordance with paragraph 3.10.3);
- (b) on any Day, in a quantity which exceeds the maximum permitted quantity in accordance with the Network Exit Provisions.

3.11 Alternative arrangements for CSEPs

3.11.1 This paragraph 3.11 shall apply, in addition to and (to the extent in conflict with) in substitution for the provisions of paragraphs 3.4 and 3.5, in the case of an LDZ Connected System Exit Point, where the Connected System Operator is the holder of a Gas Transporter's Licence and the Connected Offtake System is a pipeline system the conveyance of gas in which is either authorised by such licence or exempt (from the requirement to be so licensed) pursuant to an order (under Section 6A of the Act) granting temporary exemption from such requirement.

3.11.2 For the purposes of paragraph 3.4, where the condition in paragraph 3.11.4 is satisfied:

- (a) subject to the limit in paragraph 3.4.3, the costs and expenses referred to in paragraph 3.4.1 shall include costs and expenses incurred in cleaning or clearing plant and/or equipment at Connected System Premises in which the non-compliant gas has been used;
- (b) the limit in paragraph 3.4.3 shall apply only in relation to the amount of the costs and expenses in paragraph 3.11.2(a);
- (c) the amount payable by the Transporter to an Offtaking User in relation to the costs and expenses referred to in paragraph 3.4.1 (including subject to the limit in paragraph 3.4.3 those within paragraph (a)) shall be the User's Offtake Proportion of the CSEP Liability Sharing Proportion of such costs and expenses.

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3.11.3 For the purposes of paragraph 3.5, where the condition in paragraph 3.11.4 is satisfied:

- (a) paragraph 3.5.5 shall not apply;
- (b) the Transporter shall pay to each CSEP User an amount calculated as the CSEP Liability Sharing Proportion of:
 - (i) the amount determined under paragraph 3.11.6, where that paragraph applies; and
 - (ii) the User's Offtake Proportion of any costs and expenses incurred by the Connected System Operator, directly as a consequence of the failure by the Transporter to make gas available for offtake at the Connected System Exit Point, so that the Connected Offtake System can be operated in accordance with applicable Legal Requirements.

3.11.4 The condition referred to in paragraphs 3.11.2 and 3.11.3 is that the Connected System Operator:

- (a) shall (to the maximum extent permitted by law) fully and effectively have waived any claim against the Transporter in respect of any liability (in contract, tort or otherwise) in respect of the making available for offtake from the Total System of non-compliant gas, or (as the case may be) the failure to make gas available for offtake, or (in either case) the event or circumstances giving rise thereto;
- (b) shall have taken all such steps as are reasonable in the circumstances and having regard to any such provisions of the CSEP Network Exit Agreement as are referred to in paragraph 4.3.3(d) to avoid or limit the consequences of the relevant occurrence in relation to which such costs and expenses referred to in paragraph 3.11.2 or 3.11.3 are incurred, and to limit such costs and expenses;
- (c) shall have agreed insofar as is reasonable in the circumstances that, if the Transporter so requires, all or some of the works necessitated by the relevant occurrence shall be undertaken by the Transporter at the Transporter's cost (offsetting the cost of such works against the amounts payable by the Transporter pursuant to paragraphs 3.11.2(c) and 3.11.3(b)(ii)) and on such other terms as shall be reasonable for the Transporter and the Connected System Operator to agree.

3.11.5 Paragraph 3.11.6 applies where:

- (a) in consequence of the failure (for whatever period of time) to make gas available for offtake from the Total System at the Connected System Exit Point, the Connected System Operator fails to make gas available for offtake from the Connected Offtake System at Connected System Premises; and
- (b) a commitment exists on the part of the Connected System Operator or a relevant supplier to make a payment, in consequence of such failure, to the consumer at the Connected System Premises.

3.11.6 Where this paragraph applies, the amount referred to in paragraph 3.11.3(b)(i) is the aggregate, for all of the Connected System Premises to which the CSEP User has (at the

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relevant time) arranged for gas to be conveyed by the Connected System Operator and where the rate at which gas is expected to be supplied to the consumer at those Connected System Premises exceeds 73,200 kWh (2,500 therms) per annum, of the amount (in respect of each such premises) equal to the lesser of the amount which the Connected System Operator or relevant supplier (as described in paragraph 3.11.5(b)) committed to pay to the consumer, and the amount which (if the Connected System Premises were connected to the System at a Supply Point) the Transporter would be required to pay pursuant to paragraph 3.5.3.

3.11.7 For the purposes of this paragraph 3.11:

- (a) the "**CSEP Liability Sharing Proportion**" in relation to a Connected System Exit Point at any time shall be the proportion from time to time specified in or determined pursuant to the CSEP Network Exit Provisions, or determined (for the purposes of this paragraph 3.11) by the Transporter with Condition A11(18) Approval of the Authority (where the CSEP Network Exit Provisions do not so specify or provide for such determination);
- (b) "**Connected System Premises**" are premises connected to the Connected Offtake System.

3.11.8 For the purposes of Section V10, the rule in paragraph 3.11.3 is a Compensation Rule within Compensation Group J; and in relation thereto the "**payment month**" is the second month following the month in which the relevant failure commenced.

4 REQUIREMENTS UNDER NETWORK EXIT PROVISIONS

4.1 General

4.1.1 Requirements (further to those in the foregoing provisions of this Section J) in respect of the plant and equipment to be installed at and the offtake of gas from the relevant System at certain System Exit Points are set out:

- (a) in relation to NExA Supply Meter Points, Connected System Exit Points and Inter-System Offtakes generally, in this paragraph 4;
- (b) in relation to NExA Supply Meter Points specifically, in paragraph 5;
- (c) in relation to Connected System Exit Points specifically, in paragraph 6;
- (d) in relation to Inter-System Offtakes specifically, in paragraph 7.

4.1.2 The relevant requirements referred to in paragraph 4.1.1 apply:

- (a) in the case of a NExA Supply Meter Point, as and to the extent so required by the Transporter pursuant to the Network Exit Provisions (and, in the case of each of paragraphs 4.5 to 4.7 and 5.6 to 5.8, where the Network Exit Provisions contains provisions, whether or not expressly referring to such paragraph, by reference to which such paragraph is capable of applying);
- (b) in the case of a Connected System Exit Point, where the relevant Network Exit Provisions provide for that requirement to apply (or where the application of such requirement is not limited to 'relevant' Connected System Exit Points);

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- (c) in the case of all NTS/LDZ Offtakes, and to the extent provided in the Network Exit Provisions in the case of a LDZ/LDZ Offtake.

4.1.3 For the purposes of any provision of paragraphs 4.5 to 4.7, a "relevant" System Exit Point is an Inter-System Offtake, a NExA Supply Meter Point or a Connected System Exit Point in respect of which such provision is (in accordance with paragraph 4.1.2) to apply.

4.2 Failure to comply

4.2.1 Where and for so long as:

- (a) any requirement applying pursuant to this paragraph 4 or paragraph 5, 6 or 7 (other than a requirement applying to the Transporter) of the Network Exit Provisions is not for the time being complied with or is incapable of being complied with in relation to a NExA Supply Meter Point, Connected System Exit Point or Inter-System Offtake; and
- (b) in the Transporter's reasonable opinion such non-compliance or inability to comply may prejudice the security of the relevant System

the Transporter shall (until such time as it is reasonably satisfied that such non-compliance has been remedied) be entitled to require by notice to the Relevant User that the offtake of gas shall, subject to any contrary provisions in the Network Exit Provisions, be discontinued or its rate reduced, and may in any event take any steps available to it to secure such discontinuance or reduction, provided that where the Transporter takes such steps it will so notify the Relevant User as soon as reasonably practicable after so doing.

4.3 Network Exit Provisions

4.3.1 Network Exit Provisions in respect of a NExA Supply Meter Point, Connected System Exit Point or Inter-System Offtake:

- (a) will specify the point of offtake in accordance with paragraph 3.7.1(a);
- (b) will specify the plant and equipment installed pursuant to paragraph 4.4;
- (c) may provide (whether by express reference to such provisions or otherwise) for the application of any of paragraphs 4.5 to 4.7;
- (d) may provide for a Special Offtake Arrangement in accordance with paragraph 2.3.1;
- (e) may specify requirements (without prejudice to paragraph 2.1.5) as to the pressure at which gas is to be made available for offtake from the relevant System, and/or stipulate that the point at which the Applicable Offtake Pressure is to apply is a point other than the point of offtake;
- (f) will specify (in the case of a Connected System Exit Point or NTS Exit Point) for the purposes of Section L4.3.2(a) the numbers of Days of permitted Planned Maintenance in any Planned Maintenance Period and any three consecutive Planned Maintenance Periods, or (in the case of an NTS/LDZ

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Offtake) for the purposes of Section L4.3.2(b) the number of Days of permitted Flow Relevant Maintenance in any Gas Year;

- (g) may specify other matters relating to the offtake of gas for purposes of commissioning the Consumer's Plant, Connected Offtake System or (as the case may be) downstream System, or any plant or equipment referred to in paragraph (b); and
- (h) may specify procedures applicable in the event of any emergency circumstances affecting the Transporter or the consumer, Connected System Operator or (as the case may be) downstream DN Operator (including any Emergency in accordance with Section Q).

4.3.2 Network Exit Provisions may also provide for:

- (a) the Transporter and the consumer, Connected System Operator or (as the case may be) downstream DN Operator to have access to each other's facilities for the purposes of verification of compliance with the requirements of the Network Exit Provisions;
- (b) terms according to which and circumstances in which the Network Exit Provisions may be terminated or expire; and
- (c) any other terms or conditions which may be appropriate for the purposes of the Code in respect of the offtake of gas from the System or (in relation to such offtake) the Consumer's Plant, Connected Offtake System or (as the case may be) downstream System.

4.3.3 In addition to or in substitution of provisions pursuant to paragraph 4.3.1, Network Exit Provisions in relation to a Connected System Exit Point or Inter-System Offtake:

- (a) except in the case of an Unmetered LDZ Connected System Exit Point, will specify the procedures, methods and standards by which the volume and quantity of gas offtaken each Day, and in the case of an NTS Connected System Exit Point and an Inter-System Offtake the quantity offtaken between 06:00 hours and 22:00 hours each Day, from the relevant System at the System Exit Point is to be determined;
- (b) may specify the basis on which the pressure and composition of gas made available for offtake each Day at the System Exit Point is to be determined;
- (c) will specify the measurement equipment required to be installed (whether on the Connected Offtake System or downstream System, or on the relevant System) in connection with the requirements (where applicable) specified under paragraphs (a) and (b);
- (d) may require plant and equipment (in addition to or substitution of that contemplated in paragraph 4.4) to be installed, maintained and operated by the Connected System Operator, downstream DN Operator or the Transporter;
- (e) may contain provisions (including operating procedures, requirements as to notifications by the Connected System Operator or downstream DN Operator, and provisions as to the control or setting of any plant, equipment or

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installation installed pursuant to paragraph (d)) pursuant to which the offtake of gas from the System at the System Exit Point may be discontinued or restricted, or changes (including reductions) in the rate of such offtake limited; and the Transporter will not be in breach of its obligation to make gas available for offtake at the System Exit Point by virtue of the operation (in accordance with its terms) of any such provision;

- (f) may specify requirements as to the rate or rates at which gas is permitted to be offtaken from the relevant System at the Connected System Exit Point.
- 4.3.4 In the case of a NExA Supply Meter Point (where the Supply Point Network Exit Agreement is made with the consumer) or a Connected System Exit Point, the Transporter shall not be required (for itself or for the benefit of any User) to secure in the Network Exit Agreement any remedy against the relevant consumer or Connected System Operator, nor to take any steps to enforce any provision of such a Network Exit Agreement.
- 4.3.5 The Transporter will not be required to make gas available for offtake at a NExA Supply Meter Point, Connected System Exit Point or Inter-System Offtake where (other than by reason of a breach by the Transporter thereof) the applicable Network Exit Provisions have been suspended or terminated in accordance with its terms.
- 4.3.6 The Transporter will not agree to a modification of the Network Exit Provisions applicable to a System Exit Point except:
- (a) in relation to increases to any Permitted Ranges contained in the Network Exit Provisions:
 - (i) where, within five (5) Business Days of the Transporter notifying the proposed increases to the Permitted Ranges, none of the Registered Users or CSEP Users (as the case may be) at the System Exit Point object to the proposed increases to the Permitted Ranges; or
 - (ii) in accordance with paragraph 4.3.7;
 - (b) in relation to the Network Exit Provisions (other than increases to the Permitted Ranges):
 - (i) with the consent in writing of all Users who are the Registered Users or CSEP Users (as the case may be) at the date when such amendment is to take effect at the System Exit Point; or
 - (ii) in accordance with paragraph 4.3.7.

For the purposes of this paragraph 4.3.6, “**Permitted Ranges**” means the minimum and/or maximum ranges (as specified in the Network Exit Provisions) for each part of the metering, sampling, analysis and other equipment required by the Network Exit Provisions to be installed in respect of the relevant NExA Supply Meter Point.

- 4.3.7 Where the Transporter and the relevant consumer or Connected System Operator (as the case may be) have agreed (subject to a Code Modification) upon an amendment to any such Network Exit Provisions, such Network Exit Provisions may be amended for the purposes of the Code by way of Code Modification pursuant to the Modification Rules.

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4.4 Plant and equipment

4.4.1 The plant and equipment installed at a NExA Supply Meter Point or Connected System Exit Point may include:

- (a) volumetric control or override, by means of which the instantaneous rate (in terms of volume) at which gas may be offtaken may be limited (and such limit set remotely by the Transporter);
- (b) remote isolation valve, by means of which the Transporter may remotely cause the offtake of gas to be discontinued;
- (c) calorimetric equipment, by means of which the calorific value of gas offtaken may be continuously monitored; and
- (d) preheating equipment, by means of which the temperature of gas offtaken may be maintained (having regard to the operation of any other plant or equipment installed pursuant to this paragraph 4.4.1 or paragraph 4.4.2) at a given temperature (not less than 0°C).

4.4.2 The plant and equipment installed or to be installed pursuant to paragraph 4.4.1 will be specified in the relevant Network Exit Provisions (and may where so provided in such Network Exit Provisions be or have been furnished and installed by the Transporter).

4.4.3 Where volumetric control or override is installed pursuant to paragraph 4.4.1(a), the Transporter may, but (subject to any provision of the Network Exit Provisions) shall not be required to, set such control or override, or require it to be set, so as to limit the rate (in volume terms) at which gas is offtaken to a rate equivalent (on the basis of the applicable calorific value) to the Prevailing Offtake Rate, or otherwise as may be provided in the Network Exit Provisions.

4.4.4 Where a remote isolation valve is installed pursuant to paragraph 4.4.1(b), the Transporter may, but (subject to any provision of the Network Exit Provisions) shall not be required to, operate such valve in any circumstances in which, in accordance with the Code or the Act, the Transporter is permitted to interrupt or cause the discontinuance or reduction of offtake, or disconnect the Supply Point Premises or (as the case may be) Connected Offtake System.

4.4.5 The Transporter will not be in breach of its obligation to make gas available for offtake at the NExA Supply Meter Point or (as the case may be) Connected System Exit Point:

- (a) where and to the extent that:
 - (i) any plant or equipment installed pursuant to paragraph 4.4.1 operates (in accordance with any provisions of the Network Exit Provisions as to such operation or the control or setting of such plant or equipment) so as to limit or discontinue the offtake of gas from the Total System; or
 - (ii) the Transporter takes any action in accordance with any provisions of this paragraph 4 or of Network Exit Provisions which limits or discontinues the offtake of gas from the Total System; and

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- (b) in the event of any failure of or defect in any plant or equipment installed by the Transporter at the System Exit Point, or requirement for maintenance thereof, until and unless:
 - (i) the User, the Connected System Operator or the consumer has notified the Transporter of such failure, defect or requirement; and
 - (ii) following such notice the Transporter has not, within 24 hours after such notification or such other period as may be provided in the Network Exit Provisions, and subject to having such access as shall be reasonable in the circumstances, repaired or replaced the relevant plant or equipment or carried out the required maintenance (but so that nothing in the Code or the Network Exit Provisions shall require the Registered User to pay for any such repair, replacement or maintenance).

4.5 Offtake Profile Notice

4.5.1 In relation to a relevant System Exit Point or NTS/LDZ Offtake:

- (a) a notification ("**Offtake Profile Notice**") shall be provided to the Transporter, not later than the time on the Preceding Day specified in the Network Exit Provisions, setting out rates of offtake throughout the Gas Flow Day, and
- (b) a notification ("**End of Day Demand Forecast Notice**") shall:
 - (i) not later than 13:00 hours on the Preceding Day, be provided by the DNO User in respect of the NTS/LDZ Offtakes into each LDZ, and submitted to National Grid NTS setting out the aggregate Forecast LDZ Demand for that LDZ; and
 - (ii) not later than 12:00 hours on the Preceding Day, be secured by the Shipper User in respect of any other relevant System Exit Point, and submitted to the Transporter setting out the estimated total amount of gas to be offtaken at that System Exit Point during the Gas Flow Day.

4.5.2 The rates of offtake set out in an Offtake Profile Notice (or revised such notice) shall not exceed the Permitted Offtake Rate.

4.5.3 For the purposes of this paragraph 4, "**rate of offtake**" means the instantaneous rate (expressed in MW) of offtake of gas from a System at a relevant System Exit Point (and references to the rate of offtake include a rate of zero where gas is not offtaken, and references to a change in rate of offtake shall be construed accordingly).

4.5.4 In relation to a relevant System Exit Point, the Network Exit Provisions will prescribe a period of notice to be given (by way of modified Offtake Profile Notice) to the Transporter of any change ("**Offtake Rate Change**"), by reference to the prevailing Offtake Profile Notice, in the rate of offtake of gas, which period of notice may depend:

- (a) on whether the Offtake Rate Change is an increase or a decrease in rate of offtake;
- (b) on the amount of the Offtake Rate Change, expressed as an absolute amount or

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a percentage of a rate determined from the Permitted Offtake Rate or otherwise; and

- (c) on whether any earlier change in the rate of offtake has been notified or occurred within any specified period before the Offtake Rate Change.
- 4.5.5 The Offtake Profile Notice may be modified, as to the rate of offtake from and after any time, by notice before that time of the period referred to in paragraph 4.5.4 but (without prejudice to paragraph 5.6 or 5.8 where either applies) not otherwise.
- 4.5.6 Where, upon a request to that effect, the Transporter determines that it is feasible, consistently (so far as the Transporter can judge in the circumstances) with the expectation in paragraph 4.5.7 to make gas available for offtake:
- (a) at the relevant System Exit Point at a changed rate of offtake (specified in such request) upon a lesser period of notice than that referred to in paragraph 4.5.4, the Offtake Profile Notice may be modified in accordance with such request;
 - (b) at an NTS/LDZ Offtake an Offtake Profile Notice may be submitted or modified in accordance with such request.
- 4.5.7 The expectation referred to in paragraph 4.5.6 is that:
- (a) for the purposes of paragraph 4.5.6(a), the change in rate of offtake on such lesser period of notice
 - (b) for the purposes of paragraph 4.5.6(b), the offtake of gas at the rates of offtake in the requested Offtake Profile Notice
- should not, of itself and at the time, give rise to an Operational Balancing Requirement (but it is recognised that such change in rates of offtake may contribute to any such requirement at any later time).
- 4.5.8 In this paragraph 4.5 “**Permitted Offtake Rate**” means:
- (a) in relation to an LDZ Supply Meter Point, the Supply Point Offtake Rate;
 - (b) in relation to an LDZ Connected System Exit Point, the maximum permitted rate of offtake in accordance with the Network Exit Provisions;
 - (c) in relation to a NTS Supply Point and NTS Connected System Exit Point, the maximum permitted rate of offtake in accordance with paragraph 3.10.2(b);
 - (d) in relation to an Inter-System Offtake, the maximum permitted rate of offtake in accordance with paragraph 3.10.2(a) or 3.10.3.
- 4.5.9 Without prejudice to this paragraph 4, a User shall at times ensure that as much notice as is reasonably practicable is given to the Transporter of any change in the rate of offtake.
- 4.5.10 No communication to the Transporter pursuant to this paragraph 4.5 shall be (or shall be treated as in substitution for) a Nomination or Renomination under Section C.

4.6 Prevailing Offtake Rate

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- 4.6.1 At any time on the Gas Flow Day the "**Prevailing Offtake Rate**" is the rate of offtake set out in respect of such time in the Offtake Profile Notice (as from time to time modified pursuant to paragraph 4.5.5).
- 4.6.2 Subject (in the case of a NExA Supply Meter Point) to paragraph 5.6 and 5.8, gas may not be offtaken from a System:
- (a) at a relevant System Exit Point; and
 - (b) at certain NTS/LDZ Offtakes (as specified in the Network Exit Provisions) in aggregate;
 - (c) at any time on any Day at a rate of offtake (or aggregate rate of offtake) which exceeds or is less than the Prevailing Offtake Rate (or aggregate of the Prevailing Offtake Rates) by more than the relevant tolerance specified (for the purposes of this requirement) in the Network Exit Provisions.
- 4.6.3 Subject (in the case of a NExA Supply Meter Point) to paragraph 5.8, the Transporter will not be required to make gas available for offtake from the System:
- (a) at a relevant System Exit Point; and
 - (b) at certain NTS/LDZ Offtakes (as specified in the Network Exit Provisions) in aggregate

at any time on any Day at a rate of offtake (or aggregate rate of offtake) which exceeds the Prevailing Offtake Rate (or aggregate of the Prevailing Offtake Rates).

4.7 Ramp Rates

- 4.7.1 Network Exit Provisions may prescribe maximum rates of change (expressed in MW/minute or other units of rate of change) of the rate of offtake.
- 4.7.2 In relation to a relevant System Exit Point, subject (in the case of a NExA Supply Meter Point) to paragraph 5.8, at any time on the Gas Flow Day at which there is a change (pursuant to the Offtake Profile Notice) in the Prevailing Offtake Rate, the rate of change of the rate of offtake shall not exceed the rate of change prescribed (in accordance with paragraph 4.7.1) in the Network Exit Provisions.
- 4.7.3 Subject (in the case of a NExA Supply Meter Point) to paragraph 5.8, the Transporter will not be required to make gas available for offtake from the System at a relevant System Exit Point at an increasing rate the rate of change of which exceeds the rate of increase prescribed (in accordance with paragraph 4.7.1) in the Network Exit Provisions.

5 NEXA SUPPLY METER POINTS – SPECIAL PROVISIONS

5.1 General

- 5.1.1 Subject to paragraph 5.6, nothing in paragraph 4 or this paragraph 5 affects the application of any provision of the Code to any ~~other~~ Supply Meter Point that is not

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~~comprised in the same Supply Point as a NExA Supply Meter Point.~~

5.2 Network Exit Provisions – general provisions

5.2.1 Where Supply Point Network Exit Provisions made with the consumer are in force and there is a Registered User in respect of the NExA Supply Meter Point, the Transporter will not agree to any modification of the Network Exit Provisions except in accordance with Section J4.3.6.

5.2.2 Where a User submits a Supply Point Nomination in respect of a Supply Point which ~~comprises~~ includes a NExA Supply Meter Point, the Transporter will inform the User of the existence (but not of the terms) of the Network Exit Provisions, and the User shall be responsible for ascertaining the terms thereof from the relevant consumer; and where the User subsequently submits a Supply Point Confirmation the User shall be deemed to be fully informed of such terms.

5.2.3 Except as provided in paragraph 5.2.2 the Transporter will not, unless the terms of the Network Exit Provisions expressly so permit, disclose the provisions of Supply Point Network Exit Provisions to any User (including a User who has submitted a Supply Point Nomination or Supply Point Confirmation) other than the Registered User.

5.3 Application

5.3.1 The Registered User, or (where relevant) the Sharing Registered Users jointly, shall be responsible for securing that the requirements of paragraphs 4.5, 4.6, 4.7 and 5.7 are complied with in respect of a NExA Supply Meter Point.

5.3.2 The requirements of paragraphs 4.5, 4.6, 4.7, 5.7 and 5.8 apply as to the offtake of gas from the Total System at a NExA Supply Meter Point in aggregate by all Sharing Registered Users (where applicable).

5.4 Further Network Exit Provisions

5.4.1 Network Exit Provisions in respect of a NExA Supply Meter Point:

- (a) may contain provisions applicable for the purposes of paragraph 5.5;
- (b) may specify details and/or standards for the design, specification and manufacture and/or the accuracy of the Supply Meter, and/or contain provisions (which may differ from those of Section M) as to any of the matters provided for in Section M;
- (c) where the Consumer's Plant is generating plant, will specify the basis for determining the date at which commissioning of the Consumer's Plant shall be treated as completed (by reference to the successful completion of that part of the commissioning programme which tests the ability of the Consumer's Plant to run reliably for a continuous period of 30 days).

5.5 Requirement for User Agent

5.5.1 The Transporter may agree, pursuant to Network Exit Provisions, that no person shall be a Registered User in respect of a NExA Supply Meter Point unless such person has agreed (together with any other Sharing Registered User):

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- (a) to appoint the consumer or any other person as User Agent for such purposes as may be specified in the Network Exit Provisions, and/or to cooperate in such manner as may be prescribed in the Network Exit Provisions with the consumer and (where there are Sharing Registered Users) with each other Sharing Registered User to secure coordinated communications with the Transporter in respect of the offtake of gas from the Total System; and
 - (b) to enter into or accede to any agreement in writing with the relevant consumer and any other Sharing Registered User for the purposes of paragraph 4.3.3(a) (to which agreement the Transporter may or may not be party).
- 5.5.2 The Transporter shall be entitled to reject a Supply Point Confirmation made by a User who has not complied with any such requirement as is referred to in paragraph 5.5.1.

5.6 Preheating offtake

5.6.1 Where in accordance with the Network Exit Agreement preheating equipment is installed (whether or not pursuant to paragraph 4.4.1(d)) at a NExA Supply Meter Point:

- (a) the point at which gas is offtaken from the Total System for consumption by such preheating equipment shall be a Supply Meter Point (in respect of which the Network Exit Agreement shall specify the point of offtake for the purposes of paragraph 3.7.1);
 - (b) Daily Read Equipment will be installed at such Supply Meter Point (which shall accordingly be a DM Supply Meter Point);
 - (c) such Supply Meter Point shall be treated for all purposes of the Code as comprised in a separate Supply Point to the ~~same~~ Supply Point comprising the NExA Supply Meter Point; and
 - (d) the gas offtaken from the Total System at such Supply Meter Point shall for all purposes of the Code be treated as offtaken by the Registered User or Sharing Registered Users.
- 5.6.2 Where the NExA Supply Meter Point is a Shared Supply Meter Point, the Supply Meter Point referred to in paragraph 5.6.1 shall be deemed to be a Shared Supply Meter Point and subject to the same Shared Supply Meter Notification.

5.7 Intertripping and forced outages

5.7.1 Supply Point Network Exit Provisions may prescribe particular circumstances in which, by reason of a sudden interruption in the operation of the Consumer's Plant, the rate of offtake may be reduced suddenly.

5.7.2 Where this paragraph 5.7 applies, in such circumstances and subject to such requirements as may be so prescribed in the Network Exit Provisions:

- (a) the requirements (as to notice and rate of reduction of rate of offtake) of paragraphs 4.5.4 and 4.7 shall not apply; and
- (b) the requirements (as to notice of increase of rate of offtake) of paragraph 4.5.5 shall not apply in respect of a subsequent increase in the rate of offtake not

exceeding such amount, and within such period (after the occurrence of the sudden interruption referred to in paragraph 5.7.1), as may be prescribed in the Network Exit Provisions.

5.8 Frequency Response

5.8.1 Where the Consumer's Plant is gas fired generating plant subject to Central Despatch by the National Grid Company plc, Scottish and Southern Energy plc or Scottish Power plc acting as operators of the electricity transmission in Great Britain ("**the Grid Operators**"), it may be required, at the request of the Grid Operators, to respond automatically and rapidly to changes in the electrical frequency of such system by rapidly increasing or subsequently decreasing the rate of offtake, by up to 25% of the Supply Point Offtake Rate ("**Frequency Response**"). "**Central Despatch**" is the process of scheduling and issuing direct instructions by the Grid Operators in accordance with their grid codes.

5.8.2 Where this paragraph 5.8 applies:

- (a) there shall be Network Exit Provisions in force at the NExA Supply Meter Point;
- (b) the Registered User of the NExA Supply Meter Point shall notify the Transporter by Conventional Notice that it requires the Frequency Response service subject to the conditions set out in paragraphs (c) to (i) below;
- (c) the Registered User shall pay such amount (if any) as is identified in the Transportation Statement for Frequency Response;
- (d) where the Registered User has so elected, the requirements of paragraphs 4.6.2, 4.7 and 5.6 shall be disapplied during any period (not exceeding one hour) when the Consumer's Plant is responding to a specific request by a Grid Operator to provide Frequency Response ("**Frequency Response Period**");
- (e) except as set out in this paragraph 5.8 the requirements set out in the Network Exit Agreement shall apply;
- (f) during any Frequency Response Period any provision contained in the Network Exit Agreement as to the pressure of gas made available for offtake at the NExA Supply Meter Point shall be suspended;
- (g) during any Frequency Response Period any provision contained in the Network Exit Agreement as to the ramp rates, in accordance with paragraph 4.7, shall be amended such that the rate of increase or decrease in the rate of offtake shall not exceed 25% of the maximum offtake rate in a period of 10 seconds during any Frequency Response Period;
- (h) in respect of any Frequency Response Period any provision contained in the Network Exit Agreement as to the period of notice to be given to the Transporter in accordance with paragraph 4.5.4 shall be amended such that:
 - (i) the Registered User(s) shall notify the Transporter within 30 minutes of a Frequency Response Period having commenced at the NExA Supply Meter Point; and

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- (ii) the Offtake Profile Notice submitted on the Day following any Day on which a Frequency Response Period was actually provided shall state the time and duration of any period(s) of Frequency Response; and
 - (i) during any Frequency Response Period any provision contained in the Network Exit Agreement as to the temperature of gas, where preheating equipment has been installed in accordance with paragraph 5.6, shall be suspended.
- 5.8.3 The Transporter may, on written notice, or verbal notice subsequently confirmed in writing, to the Registered User withdraw the right of the Registered User, to take Frequency Response at the Consumer's Plant where the Transporter considers that there has been, or is likely to be, a serious detrimental effect on the safe and effective operation of the Total System by reason of the provision of Frequency Response at the Consumer's Plant.
- 5.8.4 The Transporter may temporarily suspend, by giving 10 Working Days' notice in writing (or immediately on verbal notice in the case of an Emergency, subsequently confirmed in writing) to the Registered User(s), provision of Frequency Response where maintenance activities on the relevant System may impact the Transporter's ability to provide Frequency Response at the Customer's Plant.
- 5.8.5 In providing Frequency Response, or following any material change in the Supply Point Offtake Rate at the Specified Exit Point, the Transporter shall require that a flow test be performed at the Specified Exit Point. Following any material change in the operating conditions of the Total System, the Transporter may require that a flow test be performed at the Specified Exit Point. Any charges for provision of the flow test (if any) shall be set out in the Transportation Statement. If the results of the flow test are unsatisfactory, the Transporter may decline to provide or withdraw Frequency Response at the Specified Exit Point with effect from a specified date.

5.9 Metering and Measurement

- 5.9.1 Where (in accordance with paragraph 5.4.1(b)) the Network Exit Agreement contains provisions alternative to those contained in Section M, such provisions shall apply as between the Transporter and the Registered User (and any inconsistent provisions of Section M shall not apply).

6 CONNECTED SYSTEM EXIT POINTS – SPECIAL PROVISIONS

6.1 Network Exit Provisions

- 6.1.1 The Transporter will make available to any User on request a copy of the CSEP Network Exit Provisions applicable to a Connected System Exit Point where the Connected System Operator either is a Gas Transporter or has consented to the Transporter's doing so, but not otherwise.
- 6.1.2 A User who becomes a CSEP User (in accordance with paragraph 6.3) in respect of a Connected System Exit Point shall be responsible for obtaining and shall be deemed to have obtained and to be fully informed of the applicable CSEP Network Exit Provisions.
- 6.1.3 Each CSEP User acknowledges and shall be bound by the terms of the CSEP Network

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Exit Provisions as they apply pursuant to the Code, including those relating to the determination of System Capacity held by the User, nomination of quantities for offtake by the User and measurement or determination of quantities of gas offtaken by the User.

6.1.4 CSEP Network Exit Provisions may contain provisions in addition to those contemplated by the Code; and in such a case references in this paragraph 6.1 to the Network Exit Provisions are to those of the provisions which are contemplated by the Code.

6.2 Eligible Connected System Exit Point

6.2.1 For the purposes of any provision of the Code:

- (a) a "**relevant**" Connected System Exit Point is a Connected System Exit Point to which, pursuant to the applicable Network Exit Provisions, that provision is to apply;
- (b) an "**eligible**" Connected System Exit Point is a Connected System Exit Point:
 - (i) at which immediately prior to the coming into effect of the Code Modification pursuant to which this paragraph has effect, a CSEP User may, pursuant to the applicable Network Exit Agreement (as it applied at such date), have offered to buy or sell gas to the Transporter by offtaking, by increasing the offtake or by decreasing the offtake of gas from the Total System; and
 - (ii) which, pursuant to the applicable Network Exit Agreement, is to be such a Connected System Exit Point.

6.3 CSEP User

6.3.1 No User may apply for or hold System Capacity at or offtake gas at a Connected System Exit Point unless the User has given notice (but subject to paragraphs 6.3.4 and 6.6.1) to the Transporter of its intention to do so.

6.3.2 Where a User has given notice under paragraph 6.3.1 the notice shall not be withdrawn other than in accordance with the relevant CSEP Network Exit Provisions.

6.3.3 In respect of any Connected System Exit Point a "**CSEP User**" is a User who has given and has not withdrawn notice under paragraph 6.3.1 in respect of that Connected System Exit Point.

6.3.4 A User shall not be entitled to give notice pursuant to paragraph 6.3.1 until and unless the User has complied with such conditions as may be specified in the relevant CSEP Network Exit Provisions and (where required pursuant to paragraph 6.6.1) has acceded to the CSEP Ancillary Agreement.

6.4 Amendment of Network Exit Provisions

6.4.1 The Transporter will not agree with the Connected System Operator to amend any provision of CSEP Network Exit Provisions which governs or otherwise is directly relevant to the arrangements between the Transporter and Users pursuant to the Code except in accordance with Section J4.3.6.

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6.4.2 Paragraph 6.4.1 shall not apply in respect of any amendment of CSEP Network Exit Provisions made in order to comply with any Legal Requirement.

6.4.3 Where the Connected System Operator is a Gas transporter a CSEP Network Exit Agreement may provide:

- (a) for the Transporter or the Connected System Operator to propose a modification to its own code where a modification (affecting the Connected System Exit Point) is proposed to the other's code (for the purposes of which the Transporter's own code is the Code and the Connected System Operator's own code is its relevant network code); and
- (b) (so far as consistent with each Gas Transporter's Licence) for the coordination of such modifications.

6.5 Further Network Exit Provisions and Provisions Relating to Unmetered CSEPs

6.5.1 CSEP Network Exit Provisions:

- (a) may contain any provision contemplated by any other Section of the Code;
- (b) may provide for any Code Communication to be made at a different time from that applicable under the usual provisions of the Code;
- (c) may provide for the Connected System Operator to implement any reduction in the rate of or discontinuance of offtake of gas from the Connected Offtake System (including disconnection of any premises therefrom) where the Transporter or the Connected System Operator believes on reasonable grounds that gas is being or will be offtaken from the System by a CSEP User or CSEP Users in aggregate at a rate which exceeds the maximum rate or maximum aggregate rate (as the case may be) permitted in accordance with the CSEP Network Exit Agreement and in the Transporter's judgement the security of the Total System may be prejudiced as a result;
- (d) may provide for the Connected System Operator to implement any disconnection of premises from the Connected Offtake System in connection with any Termination Notice given by the Transporter under Section V4.3;
- (e) may provide for the CSEP User to be relieved from liability to pay LDZ CSEP Overrun Charges pursuant to arrangements for commissioning referred to in paragraph 4.3.1(g); and
- (f) will for an NTS CSEP specify the method by which NTS Exit Capacity shall be allocated and registered to the CSEP User or shall reference the CSEP Ancillary Agreement which specifies the method by which NTS Exit Capacity shall be booked by the CSEP User.

6.5.2 A CSEP Network Exit Agreement may provide for the Connected System Operator or any other person (including the Transporter) to be appointed as User Agent by each User intending to hold System Capacity or offtake gas at the Connected System Exit Point for such purposes as are specified in the Network Exit Agreement, and may provide for each such User to be party to a specified Agreement for the purposes of such appointment (which Agreement may contain terms upon which such person is so

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appointed including terms as to remuneration of such person); and where the CSEP Network Exit Agreement so provides a User shall not be entitled to give notice pursuant to paragraph 6.3.1 until and unless the User has appointed such person as agent for such purposes and (if so required) has entered into or acceded to such agreement.

6.5.3 The CSEP Network Exit Agreement in respect of an Unmetered Connected System Exit Point:

- (a) will provide for the basis on which the quantities offtaken by CSEP Users individually and in aggregate are to be determined;
- (b) will provide for adjustment in respect of quantities assumed or determined to have been offtaken in respect of gas which is lost from or unaccounted for in the Connected Offtake System; and
- (c) may provide for circumstances in which the Connected System Exit Point must cease to be Unmetered.

6.5.4 Where:

- (a) a Connected Offtake System is a pipeline system;
- (b) the Connected System Operator is another gas transporter; and
- (c) the relevant CSEP is Unmetered;

the provisions of paragraphs 6.5.5 to 6.5.7 shall apply.

6.5.5 The Transporter will:

- (a) in respect of each Gas Year, keep the Connected System Operator informed in a timely manner of the development of the End User Categories applicable to the Connected Offtake System;
- (b) subject to the Transporter receiving Annual Data from the Connected System Operator by no later than the 10th (tenth) Business Day prior to 1st October in each year, validate the same and where validation is passed, update its records with such Annual Data by the 2nd Business Day following receipt so as to ensure that such updates take effect and are used for the purposes of the Code with effect from 1st October in that year;
- (c) validate AQ Weekly Updates within 2 Business Days of receipt and where validation is passed, update its records and thereafter use such updated records for the purposes of the Code; and
- (d) within 2 Business Days after receipt of Volume Data, acknowledge such receipt to the Connected System Operator.

6.5.6 Any proposal by the Transporter to amend the frequency or timing of the AQ Weekly Updates required from the Connected System Operator, shall be deemed to be a proposal to amend the Transporter's Network Code and shall be subject to the Modification Rules.

6.5.7 For the purposes of paragraphs 6.5.5 and 6.5.6 only:

"Annual Data" means the details which are required to be provided to the Transporter annually by the Connected System Operator pursuant to the provisions of the CSEP Network Exit Agreement and which have resulted from the annual review by the Connected System Operator of the AQs applicable to Supply Meter Points on the Connected Offtake System.

"AQ Weekly Updates" means the updated information required to be provided to the Transporter on a weekly basis by the Connected System Operator pursuant to the provisions of the CSEP Network Exit Agreement relating to End User Categories, numbers of Supply Meter Points registered to users of the Connected Offtake System and AQs.

"validate" means to check whether electronic communications comply with the requirements of the CSEP Network Exit Agreement;

"Volume Data" means a volume expressed in Cubic Metres derived by the Connected System Operator from Valid Meter Readings in respect of Larger NDM Supply Points pursuant to the provisions of the CSEP Network Exit Agreement.

For the purposes of the definitions of Annual Data, AQ Weekly Updates and Volume Data only, **"Supply Meter Points"** and **"Supply Points"** shall have the same meanings as in the Code but shall be construed (mutatis mutandis) in relation to the Connected Offtake System. **"AQs"** **"Valid Meter Readings"** and **"Larger NDM"** shall have the same meanings as in the Code but shall be construed (mutatis mutandis) in relation to Supply Meter Points and Supply Points located on the Connected Offtake System.

6.6 CSEP Ancillary Agreement

- 6.6.1 The Transporter may require, as a condition of a User's giving notice pursuant to paragraph 6.3.1, that the User enter into or accede to an Ancillary Agreement ("**CSEP Ancillary Agreement**") in a form designated by the Transporter with Condition A11(18) Approval of the Authority setting out terms (in addition to or by way of variation of the terms of the Code) in relation to the use of the relevant System for the purposes of offtake of gas at a Connected System Exit Point.
- 6.6.2 A CSEP Ancillary Agreement shall be deemed to be a part of the Code for the purposes of enabling such Agreement to be modified pursuant to the Modification Rules.
- 6.6.3 A CSEP Ancillary Agreement may contain any provision which may be included in a CSEP Network Exit Agreement, in which case any requirement that the CSEP Network Exit Agreement contain such a provision shall not apply.
- 6.6.4 The Transporter will make available to any User on request a copy of any CSEP Ancillary Agreement.

6.7 NTS Exit Capacity at relevant NTS Connected System Exit Points

- 6.7.1 In accordance with paragraph 3.9, the aggregate of the maximum permitted rates (for each CSEP User) of offtake at a relevant NTS Connected System Exit Point shall not exceed the maximum instantaneous rate at which it is feasible for National Grid NTS to make gas available for offtake at the relevant NTS Connected System Exit Point; and the aggregate amount of NTS Exit Capacity which Users may be holding at a relevant NTS Connected System Exit Point shall not exceed the maximum aggregate amount of

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gas which it is feasible for National Grid NTS to make available for offtake at the Connected System Exit Point in a period of 24 hours.

- 6.7.2 The CSEP Network Exit Agreement or a CSEP Ancillary Agreement may include a requirement to the effect that a User applying for NTS Exit Capacity at a relevant NTS Connected System Exit Point shall demonstrate (as a condition of such application) to the reasonable satisfaction of National Grid NTS that it, or a person purchasing gas from it, is entitled to have gas which has been offtaken by such User from the Total System at the relevant NTS Connected System Exit Point (in the maximum amounts and at the maximum rates commensurate with the NTS Exit Capacity applied for and for a period commensurate with the proposed capacity period) conveyed in the Connected Offtake System.

7 NTS EXIT POINTS AND INTER-SYSTEM OFFTAKES – SPECIAL PROVISIONS

7.1 General

The obligations of the upstream Transporter and downstream Transporter under this Section J in relation to the offtake and availability of gas for offtake at an Inter-System Offtake are subject to the provisions of the Offtake Arrangements Document.

7.2 Offtake Profile Notice

- 7.2.1 In addition to the requirements in paragraph 4.5, an Offtake Profile Notice submitted in relation to an NTS/LDZ Offtake must satisfy the requirement in paragraph 7.2.2.

- 7.2.2 The requirement is that the offtake of gas (at the NTS/LDZ Offtake) from the NTS at the rates of offtake specified in the Offtake Profile Notice would not result in an NTS Exit (Flexibility) Overrun.

7.3 Short-term increase in NTS Exit (Flexibility) Capacity

- 7.3.1 In relation to an NTS/LDZ Offtake, for the purposes of 4.5.5:

- (a) a request referred to in paragraph 4.5.6(b) is a request for an increase in the amount of NTS Exit (Flexibility) Capacity held by the DN Operator at the NTS/LDZ Offtake for the Day;
- (b) such a request may be made by submitting a proposed Offtake Profile Notice which (in the absence of such an increase in NTS Exit (Flexibility) Capacity) would not comply with the requirement in paragraph 7.2.2;
- (c) National Grid NTS may accept such request by accepting such proposed Offtake Profile Notice, in which case the DN Operator's NTS Exit (Flexibility) Capacity for the purposes only of the application of Section B3.13.4, for the Day shall be increased by the lowest amount which results in the requirement in paragraph 7.2.2 being satisfied in relation to the Offtake Profile Notice.

- 7.3.2 Where (at any time) more than one User has made a request pursuant to paragraph 4.5.6(a) or (b), National Grid NTS shall consider such requests on the basis of such allocation principles as National Grid NTS shall from time to time establish and publish for the purposes of this paragraph 7.3.2.

7.4 Liability of Users

7.4.1 If and to the extent that, on any Day, in relation to an NTS Exit Point:

- (a) there is a Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun;
- (b) as a result of the offtake of gas giving rise to such Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun, National Grid NTS itself fails to make gas available for offtake (in accordance with its obligations under the Code) at any other NTS Exit Point; and
- (c) National Grid NTS acts and has acted as a Reasonable and Prudent Operator with a view to avoiding or limiting the effect of such offtake (by the relevant User, giving rise to the Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun) on its ability so to make gas available for offtake;

then the relevant User(s) at the NTS Exit Point at which a Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun has occurred shall be liable to National Grid NTS for all amounts (if any) incurred by National Grid NTS as a result of any Exit Constraint Management Actions taken by National Grid NTS at any other NTS Exit Point where National Grid NTS has failed to make gas available for offtake as a consequence of such Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun.

7.4.2 Amounts for which a User is liable pursuant to paragraph 7.4.1 shall be invoiced and are payable in accordance with Section S.

7.4.3 Where there is more than one User at the NTS Exit Point at which such Chargeable NTS Exit (Flat) Overrun or an NTS Exit (Flexibility) Overrun has occurred, each User's proportion of the aggregate liability in accordance with paragraph 7.4.1 shall be equal to the User's individual flat overrun as a proportion of the aggregate flat overrun at such NTS Exit Point.

8 NTS CSEP ANCILLARY AGREEMENTS

8.1 Purpose

8.1.1 With effect from 1 October 2012 ("**relevant date**") the provisions of paragraph 8.2 shall apply in respect of each CSEP Ancillary Agreement relating to an NTS Connected System Exit Point in existence immediately prior to such date ("**relevant agreement**").

8.2 Effect

8.2.1 With effect from the relevant date the provisions of each relevant agreement shall be deemed to be modified in the following manner:

- (a) any provision relating to Interruption shall cease to have effect;
- (b) any provision relating to the determination of the amount of NTS Exit Capacity

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held by a CSEP User in respect of the period following the relevant date shall cease to have effect; and

- (c) the amount of NTS Exit Capacity held by a CSEP User at a Connected System Exit Point shall be determined in accordance with Section B3

(and for the purposes of the Code any equivalent provision in a Network Exit Agreement in place at the NTS Connected System Exit Point shall be disregarded).

- 8.2.2 Paragraph 8.2.1 shall not affect the rights and obligations of National Grid NTS and the CSEP User in respect of the period prior to the relevant date under the Code, the Framework Agreement and the CSEP Ancillary Agreement accrued up to the relevant date which shall continue to be enforceable notwithstanding the other provisions of this paragraph 8.

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION L – MAINTENANCE AND OPERATIONAL PLANNING

1 GENERAL

1.1 Introduction

1.1.1 Users are required to provide information to National Grid NTS in accordance with this Section L for the purposes of enabling National Grid NTS:

- (a) to plan (on a weekly basis) the operation of the NTS;
- (b) to comply with its obligations pursuant to applicable Legal Requirements in relation to the maintenance of the NTS;
- (c) to estimate calorific values; and
- (d) to prepare Maintenance Programmes in accordance with paragraph 3.

1.1.2 National Grid NTS will establish and update each year a Maintenance Programme in accordance with this Section L.

1.1.3 In undertaking maintenance activities the Transporter will be relieved of its obligations in respect of the offtake of gas subject to and in accordance with paragraph 4.3.

1.1.4 References in the Code to maintenance (of a System or any part of it) include:

- (a) maintenance, inspection, repair, replacement, reinstatement and recommissioning of a System or such part of it;
- (b) works for the expansion, reinforcement or extension of a System, including works in relation to existing parts of a System (including taking any part of a System out of service, whether on a provisional or permanent basis) to enable such works to be carried out; and
- (c) any inspection, testing and commissioning of works within paragraphs (a) and (b), and works preparatory thereto, and any works required for bringing any new or existing part of a System into or back into service.

1.2 NTS Maintenance Programme

1.2.1 For the purposes of this Section L a "**Maintenance Programme**" is a programme (or an updated programme) of planned maintenance of the NTS, as amended pursuant to paragraph 4.1.2, containing in relation to the relevant Planning Period the information specified in paragraph 3.2 and such other information as National Grid NTS shall decide to include.

1.2.2 A "**Planning Period**" is a period of 24 months commencing 1 April or 1 October in any year.

1.2.3 The "**April Maintenance Programme**" and the "**October Maintenance Programme**"

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respectively are the Maintenance Programmes for the Planning Periods commencing 1 April and 1 October in any year (the October Maintenance Programme being the April Programme updated in respect of updated information and extended for a further 6 months).

1.3 NTS Planned Maintenance Period

1.3.1 A "**Planned Maintenance Period**" is the months of April to October inclusive in any year.

1.3.2 A Maintenance Programme will not provide for maintenance of the NTS other than during a Planned Maintenance Period.

1.4 NTS Maintenance Relevant Parties, etc

For the purposes of this Section L a "**Maintenance Relevant Facility**" is a Connected Delivery Facility or Connected Offtake System or the Consumer's Plant at an NTS Supply Point, and a "**Maintenance Relevant Party**" is any User, a relevant Transporter, a Delivery Facility Operator, Connected Offtake System Operator or (in relation to an NTS Supply Point) the consumer.

1.5 NTS Planning timing

1.5.1 The timetable for preparation during each Gas Year of Maintenance Programmes will normally be as follows:

- (a) in relation to the April Maintenance Programme:
 - (i) by 30 November, Users will provide estimates in accordance with paragraph 2.1;
 - (ii) by 1 February, National Grid NTS will publish a draft of the Maintenance Programme in accordance with paragraph 3.3.1(a);
 - (iii) by 1 March, National Grid NTS will hold the Annual Maintenance Meeting(s) in accordance with paragraph 3.3.1(b);
 - (iv) by 1 April National Grid NTS will publish the Maintenance Programme in accordance with paragraph 3.1; and
- (b) in relation to the October Maintenance Programme:
 - (i) by 30 June, Users will provide updated estimates in accordance with paragraph 2.1;
 - (ii) by 1 September, National Grid NTS will publish a draft of the Maintenance Programme in accordance with paragraph 3.3.7;
 - (iii) until 15 September, Users may submit comments on the draft Maintenance Programme in accordance with paragraph 3.3.2(a);
 - (iv) by 1 October (of the following Gas Year) National Grid NTS will publish the Maintenance Programme in accordance with paragraph 3.1.

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- 1.5.2 By 1 February in each Gas Year, National Grid NTS shall provide notice in writing to each Maintenance Relevant Party in relation to NTS System Exit Points affected by any planned maintenance of either indicative dates of such planned maintenance or the period during which National Grid NTS expects the planned maintenance of the NTS to be conducted, such period shall normally be 2 weeks in duration but may extend to 4 weeks in some cases (the “**Maintenance Window**”).
- 1.5.3 By 1 April in each Gas Year, subject to paragraph 4.1.3, the information provided in paragraph 1.5.2 shall be regarded as final and National Grid NTS shall provide any updates to such information where appropriate before this date.
- 1.5.4 No later than 42 days prior to any planned maintenance of the NTS, where a Maintenance Window has been provided pursuant to paragraphs 1.5.2 and 1.5.3 above; National Grid NTS shall provide specific dates for the performance of such planned maintenance to the affected Maintenance Relevant Parties.

1.6 DNO Users

In this Section L references to Users exclude DNO Users.¹

2 USER INFORMATION REQUIREMENTS

2.1 Planning information

- 2.1.1 In each year each User shall provide, not later than the respective dates determined under paragraph 1.5, for the purposes of the April Maintenance Programme an estimate, and for the purposes of the October Maintenance Programme an updated estimate, in respect of each week in the relevant Planning Period, of the following:
- (a) the quantities of gas expected to be offtaken from the System on a Day (in each such week) at LDZ Supply Points in aggregate by LDZ, and at each NTS Supply Point, each Storage Connection Point and each other Connected System Exit Point;
 - (b) the quantities of gas expected to be delivered to the System on a Day (in each such week) at each System Entry Point (including Storage Connection Points), and the extent to which the User expects to be able to vary such expected deliveries by delivering quantities at other System Entry Points;
 - (c) the average calorific value and Wobbe Index value of gas to be delivered at each System Entry Point; and
 - (d) such further information (if any) as National Grid NTS may reasonably require for the purposes of this Section L.
- 2.1.2 The quantities referred to in paragraphs 2.1.1(a) and (b) are the average quantities expected (in accordance with paragraph 2.1.4) to be offtaken or delivered on a Business Day in the relevant week.
- 2.1.3 The information required under paragraph 2.1.1 is to be provided in such format as National Grid NTS, after consultation with the Uniform Network Code Committee or

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.7.

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any relevant Sub-committee, shall from time to time notify to Users.

- 2.1.4 The estimates under paragraphs 2.1.1(a) and (b) are to be provided separately on the assumption of seasonal normal conditions and on the assumption of 1-in-20 peak day demand.
- 2.1.5 Estimates concerning quantities to be offtaken at Supply Points are to be provided in relation to those Supply Points of which the User is the Registered User (and at Connected System Exit Points, in relation to the premises in respect of which the User is the relevant shipper) at the date one month before the date by which (in accordance with paragraph 1.5 or 2.3) the information is to be provided.
- 2.1.6 Each User shall provide to each relevant Transporter the information in paragraph 2.1.1(a), (b) and (c) at the same time as it provides the information to National Grid NTS.

2.2 Maintenance Relevant Facilities

- 2.2.1 Users may provide to National Grid NTS and the relevant Transporter, at the same time as providing their estimates under paragraph 2.1.1, details of the times and periods for which maintenance of Maintenance Relevant Facilities is planned during the relevant Planning Period.
- 2.2.2 Users are not obliged to provide information under paragraph 2.2.1, but Users acknowledge that (except where the relevant Maintenance Relevant Party may have provided such information) the extent to which:

- (a) National Grid NTS is able, in planning the maintenance of the NTS in accordance with paragraph 3.4.1;
- (b) the relevant Transporter is able in carrying out Programmed Maintenance to take account of information concerning maintenance of Maintenance Relevant Facilities, may depend on whether they do so.

2.3 NTS Operational planning

Not later than the 1st Day of each month Users are required to provide to National Grid NTS updated estimates (in accordance with paragraph 2.1.5) of the information required under paragraph 2.1 for the 12 month period commencing on the 1st Day of the following month.

3 NTS MAINTENANCE PROGRAMMING

3.1 General

- (a) National Grid NTS will each year, not later than the respective dates determined under paragraph 1.5, prepare and publish a Maintenance Programme for the Planning Period commencing 1 April and an updated Maintenance Programme for the Planning Period commencing 1 October.
- (b) National Grid NTS will not less than one week prior to the first invitation date referred to in Section B2.3 for the sale of at least six months of NTS Entry

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Capacity commencing on 1 October in any Gas Year, prepare and publish an indicative Maintenance Programme ("**the indicative programme**") for the Planning Period of 12 months commencing with the 1 October date referred to in the above mentioned invitation ("**indicative period**").

- (c) Such indicative programme shall be based on the Maintenance Programme issued for the period commencing with 1 April immediately preceding the 1 October referred to in (a) above, but should take into account relevant maintenance matters that National Grid NTS has become aware of prior to the preparation of the indicative programme in respect of the indicative period.

3.2 Content of programme

3.2.1 A Maintenance Programme will identify:

- (a) the NTS System Entry Points and NTS System Exit Points at which the ability of National Grid NTS to accept delivery of gas or to make gas available for offtake will be affected by planned maintenance of the NTS;
- (b) the periods (within the relevant Planned Maintenance Period) for which such System Points will be so affected; and
- (c) where National Grid NTS expects that it will continue within such period (or part thereof) to be able to accept delivery of gas or make gas available for offtake at any such System Point, but (by reason of such maintenance) on a restricted basis, an indicative estimate (on the basis of seasonal normal conditions and assumptions as to supply and demand under National Grid NTS's Ten Year Statement) of the maximum rate at which National Grid NTS expects to be able to accept delivery of gas or make gas available for offtake at such point.

3.2.2 Without prejudice to paragraph 3.4.1, the information specified in paragraph 3.2.1 will be identified for NTS Supply Points, NTS Connected System Exit Points and NTS System Entry Points individually and will only be provided to the relevant Maintenance Relevant Party at each NTS Connected System Exit Point and NTS Supply Point.

3.2.3 The Maintenance Programme will contain:

- (a) firm maintenance periods and details for the first 7 months (in the case of an April Maintenance Programme) or 6 months (in the case of an October Maintenance Programme) of the Planning Period, which will be subject to change only in accordance with paragraph 4.1.2; and
- (b) provisional maintenance periods and details for the second 5 or (as the case may be) 6 months of the Planning Period and outline maintenance periods and details for the last 12 months of that period, which will be subject to change in the next Maintenance Programme.

3.2.4 A Maintenance Programme may contain information in relation to the operational planning of the NTS, or maintenance which will not affect National Grid NTS's ability to accept delivery of gas or make gas available for offtake, but such information will not be binding on National Grid NTS or any User for the purposes of the Code.

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3.2.5 Neither National Grid NTS nor any other person will be required, by virtue of anything contained in a Maintenance Programme, to carry out any particular maintenance works or (but without prejudice to paragraph 1.3.2) to do so at any particular time.

3.3 NTS Maintenance consultation

3.3.1 Before publishing an April Maintenance Programme National Grid NTS will (in accordance with paragraph 1.5):

- (a) publish a draft Maintenance Programme; and
- (b) convene, on not less than 21 Days' notice to persons invited in accordance with paragraph 3.3.5, a meeting ("**Annual Maintenance Meeting**"), or if National Grid NTS so decides more than one such meeting, for review of the timing of planned maintenance of the NTS under such draft Maintenance Programme.

3.3.2 Users may, up to but not later than 7 Days before the date of the Annual Maintenance Meeting (or first such meeting):

- (a) submit to National Grid NTS details of the dates and periods of maintenance planned in respect of any Maintenance Relevant Facility and/or comments in relation to the timing of any planned maintenance under the draft Maintenance Programme; and
- (b) request National Grid NTS to invite any Maintenance Relevant Party to an Annual Maintenance Meeting.

3.3.3 Before holding the Annual Maintenance Meeting(s) National Grid NTS will discuss with each User, to such extent as it deems appropriate, the details and comments submitted to it by that User under paragraph 3.3.2(a).

3.3.4 Without prejudice to paragraph 3.4.2, National Grid NTS will be at liberty to discuss any aspect of the draft Maintenance Programme with any Maintenance Relevant Party and to take into consideration any comments made or details (of maintenance of any Maintenance Relevant Facility) provided by such party.

3.3.5 National Grid NTS will invite to an Annual Maintenance Meeting each User, any Maintenance Relevant Party requested under paragraph 3.3.2(b) and such other Maintenance Relevant Parties and other persons as National Grid NTS may determine; provided that no such meeting shall have power to take decisions binding on National Grid NTS or any other party, and no User or other party whom National Grid NTS may accidentally have omitted to invite to any such meeting shall have any grounds for claim or complaint against National Grid NTS.

3.3.6 An Annual Maintenance Meeting will be chaired by National Grid NTS and will be conducted on an informal basis with a view (subject always as provided in this paragraph 3) to National Grid NTS ascertaining the views of Users and other Maintenance Relevant Parties as to the timing of planned maintenance of the NTS, and to facilitating (insofar as maintenance requirements for the NTS so permit) the resolution of any conflicts between such views.

3.3.7 In respect of the October Maintenance Programme, National Grid NTS will publish a draft Maintenance Programme upon which Users may provide comment (in accordance

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with paragraph 3.3.2(a)); but no meeting need be held for discussion of such programme.

3.4 Confidentiality

- 3.4.1 Subject to National Grid NTS's duties under National Grid NTS's Transporter's Licence and the Act, a Maintenance Programme will not identify Users or Maintenance Relevant Parties by name (but the identity of Maintenance Relevant Facilities may be apparent from the details contained therein pursuant to paragraph 3.2.2).
- 3.4.2 Unless a User notifies National Grid NTS that, by reason of its commercial sensitivity, any information provided to National Grid NTS by that User pursuant to this Section L should not be so included or disclosed, National Grid NTS will be at liberty to include such information in a Maintenance Programme and to disclose such information to any other User and any Maintenance Relevant Party or at an Annual Maintenance Meeting.
- 3.4.3 It is acknowledged that National Grid NTS's ability to take account of information provided to it, in planning the maintenance of the NTS in accordance with this Section L, may be limited where the person who provided such information notified National Grid NTS that such information should not be included or disclosed.

3.5 NTS Maintenance planning

- 3.5.1 Subject to paragraphs 3.4.3 and 3.5.2, insofar as information concerning the maintenance of Maintenance Relevant Facilities has been provided to it pursuant to this Section L, National Grid NTS will plan the maintenance of the NTS and prepare Maintenance Programmes in good faith with a view, so far as is practicable having regard to the nature and urgency of the requirements for such maintenance and any Legal Requirement applying to National Grid NTS, and consistent with National Grid NTS's normal working practices, to coordinating the timing of such maintenance with the timing of maintenance of Maintenance Relevant Facilities and thereby minimising disruption to the operation of Maintenance Relevant Facilities.
- 3.5.2 Notwithstanding paragraph 3.5.1, decisions as to Maintenance Programmes shall be taken by National Grid NTS in its sole discretion, after consultation in accordance with paragraph 3.3.
- 3.5.3 To the extent any information (whether to be provided by a User or another person) which is required to be provided to National Grid NTS under this Section L, or otherwise is requisite or desirable for the preparation of a Maintenance Programme, is not provided to it, National Grid NTS will use its own best estimates of the information required.
- 3.5.4 Where any information provided to National Grid NTS by a Maintenance Relevant Party conflicts with information provided by a User, National Grid NTS will (so far as is reasonable in the circumstances, and subject to any duties of confidence) inform the relevant parties of the conflict, and if such conflict is not resolved will make such assumptions concerning the matter in question as it shall reasonably deem appropriate.

4 SYSTEM MAINTENANCE

4.1 Maintenance of the NTS under the Maintenance Programme

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- 4.1.1 The provisions of this paragraph 4.1 apply to maintenance only insofar as it may affect the offtake of gas from the NTS at an NTS System Exit Point; and nothing in this Section L requires National Grid NTS to adhere to any Maintenance Programme in carrying out maintenance insofar as such maintenance affects the delivery of gas to the NTS at System Entry Points.
- 4.1.2 In carrying out maintenance of the NTS, National Grid NTS will adhere so far as is reasonably practicable to the dates and periods provided for (in respect of the first 6 months of the relevant Planning Period) in the applicable Maintenance Programme, but without prejudice to paragraph 4.1.3.
- 4.1.3 National Grid NTS may (subject to paragraph 1.3.2) revise the Maintenance Programme by providing for additional maintenance and/or by varying the dates or periods of any maintenance already provided for, upon notifying relevant Users and the relevant Transporter not less than 30 Days (or such lesser period as relevant Users may agree) before:
- (a) the date on which (following such revision) such maintenance is to commence; or
 - (b) where the effect of the revision is to defer maintenance, the date of commencement thereof as shown in the Maintenance Programme before such revision.
- 4.1.4 National Grid NTS will notify relevant Users, by way of reminder, of the carrying out of maintenance provided for in the Maintenance Programme (as revised under paragraph 4.1.2) not less than 7 Days before the commencement of such maintenance, provided that no accidental omission so to notify a User shall prejudice the provisions of paragraph 4.3 and National Grid NTS's entitlements thereunder.
- 4.1.5 For the purposes of this paragraph 4.1, a relevant User is a User who at the relevant time holds NTS Exit Capacity at an NTS Exit Point at which the offtake of gas shall be affected by maintenance provided for by a Maintenance Programme or any proposed revision thereto; provided that National Grid NTS may elect to give any notification under this paragraph 4.1 to all Users generally.

4.2 Programmed maintenance

- 4.2.1 For the purposes of the Code, maintenance of any part of a relevant System carried out by the Transporter on any Day (the "**maintenance day**") is "**Programmed Maintenance**" as respects any User in relation to a relevant System Point (other than an NTS Entry Point) where:
- (a) in the case of an NTS Exit Point:
 - (i) subject to paragraph (ii), the maintenance day was a Day (in a Planned Maintenance Period) on which such maintenance was planned under the Maintenance Programme (including any revision of the Maintenance Programme notified to such User in accordance with paragraph 4.1.2);
 - (ii) in the case of an NTS/LDZ Offtake, the maintenance day was a Flow Relevant Maintenance Day pursuant to OAD Section G2.5;

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- (b) in the case of an LDZ System Exit Point (subject to paragraph 4.2.5), the Transporter gave the notification required under paragraph 4.2.2 to the User:
 - (i) in the case of a Connected System Exit Point, in accordance with the applicable requirements, if any, of the Network Exit Provisions, or in the absence of any such requirements, not less than 30 Days before the maintenance day;
 - (ii) in the case of a Supply Point whose Annual Quantity exceeds 732,000 kWh (25,000 therms), not less than 30 Days before the maintenance day;
 - (iii) in the case of a Supply Point whose Annual Quantity exceeds 73,200 kWh (2,500 therms) but does not exceed 732,000 kWh (25,000 therms), not less than 7 Days before the maintenance day; and
- (c) in the case of a Supply Point whose Annual Quantity does not exceed 73,200 kWh (2,500 therms) where the Transporter gives to the consumer not less than 7 Days' notice (or with the consumer's consent less notice) of the carrying out of such maintenance (but so that the Transporter shall not be required to give any notice thereof to the Registered User).

4.2.2 For the purposes of paragraph 4.2.1(b):

- (a) the notification required is a notification that the availability of gas for offtake, at the relevant System Point will be affected by the carrying out of such maintenance;
- (b) the notification is required to be given to a User only where, at the time the notification is (in accordance with that paragraph) required to be given, the User is a CSEP User in relation to the Connected System Exit Point, Registered User in respect of the Supply Point, in question.

4.2.3 Notification under paragraph 4.2.1 may identify LDZ Supply Points which do not include DM Supply Point-Components in groups, by geographic area, rather than individually.

4.2.4 Programmed Maintenance of any part of the System other than the NTS is not limited to Planned Maintenance Periods.

4.2.5 Where a User has, after the time at which a notification under paragraph 4.2.1(b) was required to be given, but not less than 3 Business Days before the maintenance day or first maintenance day, become a CSEP User in relation to the Connected System Exit Point, Registered User in respect of the Supply Point, the Transporter will use reasonable endeavours to notify such User of the carrying out of the relevant maintenance.

4.3 Maintenance entitlements of the Transporter

4.3.1 To the extent that on any Day it is not feasible for the Transporter to make available gas for offtake from the Total System by a User at a System Exit Point, or its ability to do so is restricted, by reason of its or any other Transporter carrying out any Programmed Maintenance:

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- (a) such System Point is a "**Maintenance Affected Point**"; and
 - (b) subject to paragraph 4.3.2, the Transporter will be relieved of its obligations under Section J3.2 to make gas available for offtake from the System, at such System Point.
- 4.3.2 Subject to paragraph 4.3.3 and GT Section B3, the Transporter will not be relieved by virtue of paragraph 4.3.1(b) of its obligations therein referred to in respect of a Maintenance Affected Point:
- (a) in the case of a Connected System Exit Point or NTS Supply Point, on more than the number of Days in any Planned Maintenance Period or on more than the number of Days in any three consecutive Planned Maintenance Periods in each case specified (pursuant to Section J4.3.1) in the applicable Network Exit Provisions;
 - (b) in the case of a NTS/LDZ Offtake, on more than the number of Days in any Gas Year specified in or determined in accordance with OAD Section G2.5.4;
 - (c) in the case of an LDZ Supply Point whose Annual Quantity exceeds 732,000 kWh (*25,000 therms*), on more than 8 Days in any Gas Year or on more than 20 Days in any three consecutive Gas Years;
 - (d) in the case of an LDZ Supply Point whose Annual Quantity exceeds 73,200 kWh (*2,500 therms*) but does not exceed 732,000 kWh (*25,000 therms*), on more than 5 Days in any Gas Year or on more than 10 Days in any 5 consecutive Gas Years; and
 - (e) in the case of an LDZ Supply Point whose Annual Quantity does not exceed 73,200 kWh (*2,500 therms*), for a period exceeding 24 hours (or any longer period requested by the consumer) on any one occasion.
- 4.3.3 Where for reasons of Force Majeure, including in the case of maintenance of an LDZ Supply Point any failure of the consumer after being so requested to provide any required access to Supply Point Premises, the Transporter is unable to commence or to complete any Programmed Maintenance in respect of any System Exit Point:
- (a) the relevant number of Days or period specified in or pursuant to paragraph 4.3.2 shall be increased by such period for which the completion of the Programmed Maintenance was delayed by reasons of Force Majeure (but in the case of maintenance of the NTS, not beyond the end of the relevant Planned Maintenance Period); and
 - (b) if the Transporter has commenced such Programmed Maintenance, for so long as the Transporter is unable to carry out or to continue to carry out the Programmed Maintenance, such point shall nevertheless continue to be a Maintenance Affected Point.
- 4.3.4 For the avoidance of doubt (but without prejudice to Section J3.5 where applicable or to any other provision of the Code pursuant to which the User may be released from such liability) a User will remain liable to pay Capacity Charges in respect of its Registered System Capacity at any System Point notwithstanding that the Transporter is unable to make gas available for offtake at such point by reason of the carrying out of

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maintenance of the System.

- 4.3.5 If requested by the Transporter the Registered User will cooperate with the Transporter with a view to ensuring that the offtake of gas is discontinued at any Supply Point which is (and for so long as it continues to be) a Maintenance Affected Point (other than one referred to in paragraph 4.2.1(c)).

4.4 On-line inspection

- 4.4.1 A Network Entry Agreement or Network Exit Provisions may provide for the rates of delivery or offtake at a particular System Entry Point or NTS Exit Point to be controlled so as to ensure fixed rates of gas flow in any part of the Total System for a period where required for certain pipeline inspection activities.

- 4.4.2 Where the Transporter notifies a User that on any Day such a provision as is referred to in paragraph 4.4.1 is to be implemented in respect of any System Point and provides to the User such details as may be necessary to enable the User to do so, the User shall make Nominations for that Day in respect of that System Point consistent with the requirements of that provision.

- 4.4.3 A User shall not be in breach of Section I3.10, J3.7 or J3.8 by reason of complying with paragraph 4.4.2 on any Day; and to the extent that (by reason of such compliance) the quantity of gas delivered to or offtaken from the Total System on the relevant Day at the relevant System Point exceeds the System Capacity held by the User at or in respect of such point, such excess will not be an overrun quantity for the purposes of Section B2.6 or B3.6.

- 4.4.4 Inspection of the kind referred to in paragraph 4.4.1 will count as maintenance for the purposes of this Section L (and the relevant Day as a Day of Programmed Maintenance for the purposes of paragraph 4.3.2) if and only if the control of flow rates pursuant to that paragraph results in any inability or restriction on the ability of the Transporter to accept into the Total System gas tendered for delivery or make available gas for offtake from the Total System (or which would have been so tendered but for Renominations made by Users to comply with paragraph 4.4.2).

- 4.4.5 By 19 October in each Gas Year, National Grid NTS shall notify those Maintenance Relevant Parties affected by online inspections at NTS System Exit Points of the following:

- (a) details of the NTS System Exit Point and the NTS pipeline affected;
- (b) the year of the last online inspection affecting such NTS pipeline; and
- (c) an estimate of the year by which such NTS pipeline will require a further online inspection. Such estimate date may be revised by National Grid NTS from time to time prior to the actual online inspection.

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UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION M – SUPPLY POINT METERING

1 GENERAL

1.1 Introduction

This Section M contains provisions for the metering of the offtake of gas from the Total System at Supply Meter Points and the determination pursuant to such metering of the quantities so offtaken.

1.2 Supply Meter Installation

1.2.1 Paragraph 2 sets out requirements in respect of the installation of meters and other equipment at Supply Meter Points.

1.2.2 For the purposes of the Code, in relation to a Supply Meter Point:

(a) the "**Supply Meter Installation**" is the meter and associated equipment and installations installed or to be installed at a consumer's premises, including associated pipework, regulator filters, valves, seals, and mountings;

(b) the "**Supply Meter**" is the meter comprised in the Supply Meter Installation.

1.2.3 A Supply Meter Installation includes (where installed pursuant to this Section M) any meter by-pass (under paragraph 2.4) and/or any convertor (where installed pursuant to the Gas (Calculation of Thermal Energy) Regulations 1996).

1.2.4 Subject to paragraph 1.7, references in this Section M to the Registered User in the context of a Supply Meter Installation or a Supply Meter are to the Registered User of the Supply Meter Point at which it is installed.

1.3 Daily Read and Non-Daily Read Supply Meters

1.3.1 Subject as provided in Sections G1.5.5 and G1.5.6, a Supply Meter is a "**Daily Read**" Supply Meter where Daily Read Equipment is connected to the Supply Meter Installation and has become operational in accordance with paragraph 4.1.6.¹

1.3.2 The circumstances in which a Supply Meter is required to be, or otherwise may be, Daily Read are set out in Section G1.5.

1.3.3 A Supply Meter which is not a Daily Read Supply Meter is a "**Non-Daily Read**" Supply Meter.

1.4 Meter Reading

1.4.1 The requirements of the Code for obtaining Meter Readings:

(a) from Non-Daily Read Supply Meters are set out in paragraph 3;

¹ Implementation of modification 0345 effective 06:00hrs on 01/10/2013, will amend paragraph 1.3.1.

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(b) from Daily Read Supply Meters are set out in paragraph 4.

1.4.2 For the purposes of this Section M, in relation to a User a "**Relevant**" Supply Meter is the Supply Meter at a Supply Meter Point comprised in a Supply Point of which the User is the Registered User.

1.4.3 For the purposes of the Code, in relation to a Supply Meter:

(a) a "**Meter Reading**" is:

(i) the reading of the index of the Supply Meter; and

(ii) where a convertor is installed as described in paragraph 1.2.3, the converted and the unconverted readings of the convertor

except that where Daily Read Equipment and such a convertor are installed, a Meter Reading need not include both the reading under paragraph (i) and the unconverted reading under paragraph (ii) or where Remote Meter Reading Equipment and such a convertor are installed, a Meter Reading need not include the unconverted reading of the convertor under paragraph (ii).

(b) a "**Meter Read**" is the obtaining (by appropriate means, including, in the case of a Calculated Gas Card Reading, by calculation) of a Meter Reading and in the case of a Non-Daily Read Supply Meter the further details required;

(c) an "**On-site Meter Read**" is a Meter Read undertaken by a person visiting the Supply Point Premises (as opposed to an automated meter read);

(d) a "**Customer Read**" is a Meter Reading in respect of a Supply Meter obtained by inspection of the Supply Meter by the owner or occupier of the Supply Point Premises (and not by inspection by a Meter Reader or automated meter read);

(e) except in the case of a Meter Reading obtained by Daily Read Equipment, a Meter Reading obtained at any time on a given Day shall be treated as obtained at the start of that Day;

(f) "**Gas Card Reading**" is a Meter Reading provided by the User in respect of a Supply Meter obtained by means of a Gas Card;

(g) "**Gas Card**" is an electronic card used by a consumer to purchase gas by way of pre payment facility and containing the Meter Reading that such card collects from time to time;

(h) "**Calculated Gas Card Reading**" is a Meter Reading which has been derived by the use of not less than two Gas Card Readings which have been provided in compliance with the estimation methodology contained in the Network Code Validation Rules;

(i) "**Remote Read**" is a Meter Reading provided by the User in respect of a Supply Meter obtained by means of a Remote Meter Reading Equipment;

(j) "**Remote Meter Reading Equipment**" is equipment which enables Meter Readings to be obtained remotely at set intervals and which comprises a device for capturing from the Supply Meter, and/or (where installed) a convertor, data which constitutes or permits a derivation of a Meter Reading and suitable

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equipment as shall be required for transmitting such data.

- (k) **“Proposing User Read”** in respect of a Smaller Supply Meter Point for a Proposed Supply Point is a Meter Reading provided by a Proposing User for a period prior to the Supply Point Registration Date for such Proposed Supply Point.
- (l) **“Proposing User’s Estimate”** is an estimated Meter Reading agreed between the Proposing User and the Withdrawing User to be used as an Opening Meter Reading provided in accordance with paragraph 3.8.2.

1.4.4 In relation to a Meter Read:

- (a) the **“Metered Volume”** is the volume (converted for temperature and pressure in accordance with the Gas (Calculation of Thermal Energy) Regulations 1996) of gas determined as having been offtaken at the Supply Meter Point during:
 - (i) in the case of a Non-Daily Read Supply Meter, the Meter Reading Period (as defined in paragraph 3.1.7(e)(ii)); or
 - (ii) in the case of a Daily Read Supply Meter or a Supply Meter at a DM Supply Meter Point the relevant Day or other period in accordance with paragraph 4;
- (b) the **“Metered Quantity”** is the quantity determined by multiplying the Metered Volume by the applicable calorific value.

1.4.5 A **“Meter Reader”** is a person appointed to undertake Meter Reads in respect of a Supply Meter.

1.5 Validation

1.5.1 Meter Readings are required (for the purposes of the Code) to be subjected to validation.

1.5.2 For the purposes of this Section M **“validation”** means the testing, by tolerance checking in accordance with and for the purposes described in the Uniform Network Code Validation Rules (as applicable in respect of the relevant Supply Meter and Meter Reading), of the validity of the Meter Reading.

1.5.3 The **“Uniform Network Code Validation Rules”** are the rules and procedures contained in the document issued by the Transporters at the UNC Implementation Date and so entitled and governed and amended in accordance with Section V12 unless the Authority shall upon application by any User made within one month after such notice, give Condition A11(18) Disapproval to the Transporters making any amendment in accordance with the provisions of Section V12.

1.6 IGE Recommendations

In this Section M **“IGE Meter Recommendation”** means any recommendation or standard from time to time issued or updated by the Institute of Gas Engineers in respect of the nature, type, design, specification or manufacture of any Supply Meter Installation or part thereof (which do not form a part of the Code).

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1.7 Shared Supply Meter Points

- 1.7.1 All of the Sharing Registered Users shall be responsible jointly for the performance of the obligations and responsibilities of a User under this Section M in respect of a Shared Supply Meter Point.
- 1.7.2 The amount payable under paragraph 4.1.5 in respect of Daily Read Equipment installed at a Shared Supply Meter Point will be payable in equal parts by the Sharing Registered Users.

1.8 Ownership of meter reading data

- 1.8.1 Section V5.8 applies in respect of the ownership of data relating to Meter Readings.
- 1.8.2 Each User shall secure that its arrangements with any Meter Reader are consistent with Section V5.8.

1.9 Meter error

- 1.9.1 Where a meter examiner finds (in accordance with paragraph 4(3) of the Gas Code) or the Transporter or a User believes that a Supply Meter is or has been registering erroneously, without prejudice to Section E1.9.2 the relevant adjustment shall be made:

- (a) in the case of a Non-Daily Read Supply Meter, as an adjustment in respect of the Metered Quantity for the purposes of NDM Reconciliation pursuant to Section E6 (and accordingly since the date of the preceding Valid Meter Read);
- (b) in the case of a Daily Read Supply Meter, by way of DM Reconciliation on the basis that the adjusted Meter Reading is treated as an Annual Check Read (irrespective of the period since the preceding Annual Check Read) in accordance with paragraph 4.7.

- 1.9.2 The relevant adjustment is an adjustment in respect of the amount by which it is determined that the Supply Meter has over- or under-registered the volume of gas offtaken from the Total System at the Supply Point comprising the relevant Supply Meter Point, which amount shall be:

- (a) in the case under paragraph 4(3) of the Gas Code, ascertained on the basis described in that paragraph;
- (b) except as in paragraph (a):
 - (i) the amount agreed by the Transporter and the User; or
 - (ii) if either the Transporter or the User shall so require, determined by Expert Determination.

- 1.9.3 Paragraphs 1.9.1(a) and 1.9.1(b) are without prejudice to the period for which it may be agreed or determined that the Supply Meter has been registering erroneously.

- 1.9.4 The Transporter may issue guidance for assisting with the agreement of adjustment amounts under paragraph 1.9.2(b)(i), but any such guidance shall not be binding on any User or the Transporter.

1.10 Business Day

In this Section M Business Day shall have the same meaning as in Section G1.10.

1.11 DNO Users

In this Section M references to Users exclude DNO Users.²

2 SUPPLY METER INSTALLATION

2.1 Supply Meter and other equipment

2.1.1 The Registered User shall secure that at each Supply Meter Point (other than a Supply Meter Point which has been Isolated) there is installed, operated and maintained in proper working order, for registering the volume of gas offtaken from the System at the Supply Meter Point, a Supply Meter Installation.

2.1.2 The Supply Meter Installation shall:

- (a) be of a type and standard of design and accuracy complying with, and shall be installed in compliance with, the IGE Meter Recommendations, the Gas (Meters) Regulations 1983, the Gas Safety (Installation and Use) Regulations 1998 and any other applicable Legal Requirements, as in force at the date of installation of the Supply Meter Installation, and shall be stamped in accordance with Section 17 of the Act;
- (b) include such equipment (including any convertor) as may be required in accordance with the further provisions of Section M.

2.1.3 The point at which the Supply Meter Installation is to be installed shall be such point as shall be required by or shall be in accordance with paragraph 5 of the Gas Code and the Gas Safety (Installation and Use) Regulations 1998.

2.1.4 For the avoidance of doubt, but without prejudice to the requirements of paragraph 2.1.1, the Supply Meter shall be the meter referred to in the Gas Code, and may be provided and owned by a person and/or installed by a person other than the Registered User.

2.1.5 Nothing in this Section M prevents a User from securing that a Supply Meter Installation conforms to higher standards than are (or provides any function in addition to what is) required pursuant to paragraph 2.1.2.

2.1.6 The design and specification of certain Supply Meter Installations (where required to be installed) will be agreed with the Transporter in accordance with the T/PR/GT2 and will comply with the relevant Ofgem Codes of Practice.

2.1.7 Supply Meter Installations installed at 1 March 1996 and before the "**Metering Separation Date**" shall be deemed (for the purposes of the Code) to comply with the requirements of paragraphs 2.1.2 and 2.1.3, provided that this shall not prejudice any requirement for the installation of a different Supply Meter Installation arising by reason of a change in the nature of or the use of the Consumer's Plant after the Supply Meter Installation was installed.

² Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.12.

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- 2.1.8 Whenever a Supply Meter Installation is replaced or modified the Registered User shall provide to the Transporter, Meter Information in accordance with paragraph 3 and such information concerning the replacement or modification, within such period, as the Transporter may reasonably prescribe.
- 2.1.9 In respect of each Supply Meter Point at which the Daily Read Requirement applies, the Registered User will ensure that the Supply Meter Installation will be suitable and will remain suitable to enable the attachment, installation, maintenance and continuing operation of the Transporter Daily Read Equipment. This will require the Supply Meter to incorporate a port (Interface) capable of indicating a pulse representing a discrete amount of gas (usually 0.1, 1, 10, 100 or 1000 units) dependent on the make and size of meter, being a port on the Supply Meter providing such indication by cyclic changes in the electrical resistance across such port or otherwise (including but not limited to ports known as 'R5').
- 2.1.10 The Registered User shall take all reasonable steps to secure that any notice affixed for safety reasons to the Supply Meter Installation shall not be removed or defaced.
- 2.1.11 Where in the opinion of the Transporter the Supply Meter Installation is unsafe or is in imminent risk of becoming unsafe then the Transporter will be entitled to take any steps to make the Supply Meter Installation safe.
- 2.1.12 For the purposes of this Section M:
- (a) **"T/PR/GT2"** is the document entitled Procedures for Obtaining Authorisation for the Setting and Sealing of the Meter Regulator and any Associated Pressure Control and Protection Device(s) associated with the Gas Supply Meter Installation as published by the Transporter from time to time;
 - (b) **"Ofgem Codes of Practice"** are:
 - (i) Ofgas COP/1a: Code of practice for low-pressure diaphragm and electronic meter installations with badged meter capacities not exceeding 6m³/hr;
 - (ii) Ofgas COP/1b: Code of Practice for low pressure diaphragm and rotary displacement meter installations with badged meter capacities exceeding 6m³/hr (212ft³/hr) but not exceeding 1076m³/hr (38,000 ft³/hr); and
 - (iii) Ofgas COP/1c: Code of practice for all high pressure and other low-pressure meter installations not covered by COP/1a or COP/1b.

2.2 Failure of Supply Meter Installation

- 2.2.1 Where as a result of any failure or defect in any Supply Meter Installation gas cannot be offtaken from the Total System at the relevant Supply Meter Point, and except where Section J4.4.5(b) applies, the Transporter will not be in breach (by reason thereof) of its obligation to make gas available for offtake from the Total System.

2.3 Interference with meters and meter by-pass utilisation

The Registered User shall take all reasonable steps to ensure that:

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- (a) no person improperly breaks any seal affixed to any part of the Supply Meter Installation or tampers or otherwise interferes with any Supply Meter Installation, utilises a meter by-pass other than as permitted by T/PR/GT3, or utilises a temporary alternative arrangement;
- (b) upon each visit to the Supply Point Premises by any representative of that User or the supplier, or by any person engaged (by that User, the supplier or the consumer) to obtain an On-site Meter Read, there is promptly reported to the Transporter any evidence which is or ought (having regard to the purposes for which such person is visiting the premises) to be apparent to such representative or person of the breaking of any such seal or of any such tampering or interference (including any activated tamper alarm) or otherwise of theft or attempted theft of gas, or the utilisation of a meter by-pass other than as permitted by T/PR/GT3, or the utilisation of a temporary alternative arrangement.

2.4 Meter by-pass

2.4.1 In the circumstances permitted by the Registered User in accordance with T/PR/GT3 a meter by-pass may be installed (as a part of the Supply Meter Installation), or a temporary alternative arrangement may be utilised, at a Supply Meter Point.

2.4.2 For the purposes of the Code:

- (a) a "**meter by-pass**" is any pipe, and associated gas fittings used in connection with it, used to supply gas to a consumer without passing through the Supply Meter, and thereby secure the continued offtake of gas at the Supply Meter Point, in the event of any failure of, or any work on, part of the Supply Meter Installation which would impede the flow of gas through the Supply Meter;
- (b) a "**temporary alternative arrangement**" is an arrangement other than by means of a meter by-pass to temporarily enable the flow of gas to the premises of a consumer without measurement by a Supply Meter;
- (c) "**T/PR/GT3**" is the document entitled Procedures for Meter By-pass Provision, Use and Approval relating to the installation and utilisation of meter by-passes, as published by the Transporter from time to time.

2.4.3 Where the Registered User has permitted a meter by-pass to be installed, or temporary alternative arrangement to be utilised, at a Supply Meter Point it shall notify the Transporter as soon as reasonably practicable following such installation or utilisation.

2.4.4 Where a meter by-pass is installed, or a temporary alternative arrangement utilised, at a Supply Meter Point then in the event of a cessation of use:

- (a) within 2 Business Days following the Day on which such discontinuance occurred, the Registered User shall notify the Transporter of the following information:
 - (i) the MPRN;
 - (ii) the Shipper ID;

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- (iii) the type of Supply Point in which the Supply Meter Point is comprised (identified as an NDM Supply Meter-Point or DM Supply Meter Point);
 - (iv) the date on which the meter by-pass was opened or the temporary alternative arrangement commenced;
 - (v) the time at which the meter by-pass opened or the temporary alternative arrangement commenced;
 - (vi) the Meter Reading at the time on which the meter by-pass opened or the temporary alternative arrangement commenced;
 - (vii) the date on which the meter by-pass was closed or the temporary alternative arrangement ceased;
 - (viii) the time on which the meter by-pass was closed or the temporary alternative arrangement ceased;
 - (ix) the Meter Reading at the time on which the meter by-pass was closed or the temporary alternative arrangement ceased;
- (b) within 15 Business Days following the Day on which cessation occurred, the Registered User shall notify the Transporter of its estimate of gas used in accordance with paragraph 2.4.5 or 2.4.6 where such estimate is 10,000 kWh (340 therms) or greater.

2.4.5 Where a meter by-pass is open or the temporary alternative arrangement is in use on any Day at an NDM Supply Meter-Point, subject to paragraph 2.4.7:

- (a) an estimate of the gas offtaken for each such Day will be calculated by the Registered User by dividing the Annual Quantity for such NDM Supply Meter Point by 365;
- (b) for less than one Day, the estimate of the gas offtaken for such part Day will be calculated by the Registered User by dividing the estimate generated for such Day in accordance with paragraph (a) by 24 to produce an hourly estimate which will in turn be multiplied to the nearest whole number by the number of hours during such Day that the meter by-pass was open

and on receipt of the next Valid Meter Reading, any estimates notified to the Transporter in accordance with paragraph 2.4.4(b) will be used by the Transporter as the Metered Quantity for such Day(s) in order to calculate the NDM Reconciliation Quantity.

2.4.6 Where a meter by-pass is open or a temporary alternative arrangement commences on any Day at a DM Supply Meter-Point, subject to paragraph 2.4.7:

- (a) an estimate of the gas offtaken for each such Day will be calculated on the basis that the Metered Volume for such Day shall be assumed to be the same as the Metered Volume for the same Day in the immediately preceding week;
- (b) for less than one Day, the estimate for such part Day will be generated by dividing the estimate calculated for such Day in accordance with paragraph (a) by 24 to produce an hourly estimate which will in turn be multiplied to the

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nearest whole number of hours during such Day that the meter by-pass was open, or the temporary alternative arrangement was utilised

and on receipt of the next Valid Meter Reading, any estimates notified to the Transporter in accordance with paragraph 2.4.4(b) will be used by the Transporter as the Metered Volume for such Day(s) in order to calculate the DM Reconciliation Quantity.

- 2.4.7 Where information is available the Transporter or the Registered User to ascertain a more accurate estimate of the gas offtaken, such information will be used for such purpose in substitution of the estimate derived by paragraph 2.4.5 or 2.4.6.
- 2.4.8 Such estimate of gas will be used by the Transporter to calculate and adjust the quantities of gas treated as offtaken from the Total System by the Registered User during the period of the utilisation of the meter by-pass or temporary alternative arrangement at Larger Supply Points for the purpose of individual NDM Reconciliation or (where applicable) DM Reconciliation save that no adjustment will be made in respect of the determination of any UDQO of the User or for any other purpose.
- 2.4.9 The Registered User will ensure that:
- (a) the meter by-pass is released promptly;
 - (b) further use of the temporary alternative arrangement is no longer possible following cessation of its use.

2.5 Prepayment meters

- 2.5.1 Where the Supply Meter Installation includes a prepayment installation:
- (a) the Registered User will be responsible for making arrangements for payment collection (including emptying or replacement of coin or token boxes or arrangements with any issuer of payment tokens or cards), and for remedying faults resulting from the abuse or defective use of the prepayment installation;
 - (b) any theft or other loss in respect of monies representing payments made into the prepayment facility will be for the User's account and the Transporter will have no responsibility to the User or supplier or consumer therefor.
- 2.5.2 Where:
- (a) a Supply Meter Installation includes a prepayment installation;
 - (b) the Transporter takes any step under paragraph 18 or 19 of the Gas Code (Disconnections) in respect of gas not flowing to the Supply Point Premises or to appliances at such premises; and
 - (c) after taking such steps the Transporter ascertains that the cause of gas not flowing is the inability of the consumer to utilise the prepayment installation, overfilling of a coin or token box, use of defective payment tokens or cards, or any fault in or tampering with a prepayment facility
- then paragraph 2.5.3 shall apply.
- 2.5.3 In the circumstances in paragraph 2.5.2:

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- (a) the Transporter shall be entitled (without liability to the Registered User) to take any reasonable steps to ensure the restoration of supply to the consumer through the Supply Meter Installation until the end of the next following Business Day (making such assumption as to the rate of offtake as shall appear reasonable);
- (b) the Registered User shall reimburse to the Transporter the cost and expense incurred by the Transporter in taking the steps referred to in paragraph 2.5.2(b) and paragraph (a) above (including the value of any coins, tokens or cards utilised for the purpose in paragraph 2.6.4).

2.6 Supply Point Metering

2.6.1 Where the Transporter is providing the Supply Meter Installation or any part of it and it is comprised within a Special Metering Supply Point (a "**Special Metering Supply Meter Installation**"), the provisions of this paragraph 2.6 apply.

2.6.2 Except as the Transporter may otherwise agree in an Ancillary Agreement with the Registered User:

- (a) subject to sub paragraph (c) and (d) and to paragraphs 2.6.4 and 2.6.5, the Transporter will be responsible for securing (on behalf of the Registered User) the maintenance, repair, exchange and replacement of the Special Metering Supply Meter Installation or relevant part of it provided by the Transporter within a reasonable time after a request to do so and subject to payment of appropriate charges in accordance with the Metering Charges Statement;
- (b) the Registered User shall secure that there are made available (without charge to the Transporter) at the Supply Point Premises:
 - (i) a suitable site (at a location complying with paragraph M2.1.3) at the Supply Point Premises, and suitable support, protection and security, for the Special Metering Supply Meter Installation;
 - (ii) supplies of power, water and drainage as appropriate for the Special Metering Supply Meter Installation;
 - (iii) such access, at all reasonable times and in any event between 08:00 and 17:00 hours on any Business Day, to the Supply Point Premises as shall be required to enable the Transporter to carry out all Meter Installation Works required pursuant to sub paragraph (a);
- (c) the Registered User shall take all reasonable steps to secure that the Special Metering Supply Meter Installation is not damaged or otherwise mistreated;
- (d) ownership of the Special Metering Supply Meter Installation shall remain with the Transporter (or any person to whom the Transporter may transfer ownership); and the Registered User shall take all reasonable steps to secure that any notice to that effect affixed thereto by the Transporter shall not be removed or defaced.

2.6.3 Nothing in paragraph 2.6.2 requires the Transporter:

- (a) to replace any part of a Special Metering Supply Meter Installation other than

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where such replacement is necessary as a result of the failure (including by reason of damage, normal wear or tear or defective design or manufacture) thereof;

- (b) to carry out any Meter Installation Works other than for the purposes of maintaining or repairing or (where required under sub paragraph (a)) replacing a Special Metering Supply Meter Installation or part thereof provided by the Transporter;
 - (c) except in the case of routine maintenance, to carry out any Meter Installation Works until reasonable notice has been given to the Transporter of the requirement for such works.
- 2.6.4 Meter Installation Works carried out by the Transporter for the purposes of maintaining, repairing or (where required having regard to sub paragraph 2.6.3(a)) replacing any part of a Special Metering Supply Meter Installation to which this paragraph 2.6 applies will not be Siteworks for the purposes of Section G7.1.
- 2.6.5 Any Meter Installation Works which any person may request the Transporter to carry out in respect of a Special Metering Supply Meter Installation other than as required under paragraph 2.6.2, including:
- (a) the provision of a Special Metering Supply Meter Installation at a New Supply Meter Point;
 - (b) the provision of a Special Metering Supply Meter Installation at a Supply Meter Point where by reason of a change in the nature or extent of the consumer's requirements for the supply of gas the existing Special Metering Supply Meter Installation no longer complies with the requirements of paragraphs 2.1.2 and 2.1.3
- will be Siteworks subject to and in accordance with Section G 7.1.
- 2.6.6 Nothing in this paragraph 2.6 prevents the Transporter from providing at the request of the consumer or supplier a Special Metering Supply Meter Installation or which conforms to higher standards than are (or provides any function in addition to what is) required pursuant to Section M2.1.2, provided that (unless the Registered User has otherwise agreed) the amount of the relevant charge payable by the Registered User will not thereby be increased.
- 2.6.7 Where as a result of any failure or defect in any Special Metering Supply Meter Installation provided by the Transporter gas cannot be offtaken from the System at the relevant Supply Meter Point and except where Section J4.4.5(b) applies, the Transporter will not be in breach (by reason thereof) of its obligation to make gas available for offtake from the Total System until:
- (a) written notice of such failure, defect or requirement has been given to the Transporter; and
 - (b) the expiry after such notice of a reasonable period for the Transporter to carry out the required Meter Installation Works.
- 2.6.8 For the purposes of Section M, "**Meter Installation Works**" means the installation testing, maintenance, repair, exchange or replacement of a Special Metering Supply

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Meter Installation or any part thereof.

2.6.9 Any Code Communication in respect of any activities performed in relation to a Special Metering Supply Meter Installation shall only be made by Conventional Notice.

2.6.10 Where as a result of any Meter Installation Works undertaken by the Transporter in relation to Special Metering Supply Meter Installation, the relevant Meter Information recorded in the Supply Point Register ceases to be accurate, the Transporter will after completing such Meter Installation Works:

- (a) amend the Supply Point Register so as to record the change in relevant Meter Information required as a result of such works; and
- (b) provide to the Registered User(s) details of the amendment made pursuant to the above.

2.7 Supply Point Register Amendment

2.7.1 Where as a result of any Meter Installation Works undertaken by the Transporter in relation to an applicable Supply Meter Point, the relevant Meter Information recorded in the Supply Point Register ceases to be accurate, the Transporter will after completing such works:

- (a) amend the Supply Point Register so as to record the change in relevant Meter Information required as a result of such works; and
- (b) provide to the Registered User details of the amendment made pursuant to paragraph (a).

2.7.2 For the purposes of this paragraph 2.7

(a) an "**applicable**" Supply Meter Point is a Supply Meter Point, other than a Supply Meter Point comprised in an NTS Supply Meter Point or a Supply Meter Point comprised in a VLDMC Supply Meter Point Component, in relation to which the Transporter provides the Special Metering Supply Meter Installation.

- (b) references to a Supply Meter Point include a New Supply Meter Point, and accordingly references to a change in relevant Meter Information includes the creation of initial relevant Meter Information.
- (c) relevant Meter Information is such Meter Information as is specified in the UK Link Manual.
- (d) in relation to any calendar month and any User, a "**relevant**" Supply Meter Point is an applicable Supply Meter Point of which the User is Registered User and in relation to which the Meter Installation Works referred to in paragraph 2.7.1 were completed in that month.
- (e) a relevant Supply Meter Point will not be treated as one in relation to which the Transporter did not comply with paragraph 2.7.1 where the Transporter was unable to comply with paragraph 2.7.1 by reason of Force Majeure.
- (f) in relation to any relevant Supply Meter Point, any period within which the

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Transporter is to comply with paragraph 2.7.1 runs from the Business Day after the relevant Meter Installation Works (therein referred to) were completed.

2.7.3 Paragraphs 2.7.4 and 2.7.5 shall apply separately in relation to relevant Supply Meter Points comprised in Supply Points whose Annual Quantities exceed, and do not exceed, 293,000 kWh (10,000 therms).

2.7.4 The Transporter will comply with paragraph 2.7.1 within 5 Business Days in respect of at least 95% of relevant Supply Meter Points in relation to each User, in relation to each calendar month.

2.7.5 If, in relation to any calendar month and any User, the Transporter does not comply with the requirement in paragraph 2.7.4, the Transporter will pay to the User an amount calculated as:

$$((0.95 * M) - N) * Q$$

where for the relevant month and the relevant User:

M is the number of relevant Supply Meter Points;

N is the number of relevant Supply Meter Points in respect of which National Grid did comply with paragraph 2.7.4;

Q is the relevant percentage of £10 in relation to relevant Supply Meter Points comprised in Supply Points whose Annual Quantities exceed 293,000 kWh (10,000 therms), and of £2 in relation to relevant Supply Meter Points comprised in Supply Points whose Annual Quantities do not exceed 293,000 kWh (10,000 therms).

2.7.6 If, in relation to a Supply Meter Point which is a relevant Supply Meter Point in any calendar month and of which the User continues to be the Registered User until the end of such 20 Business Day period, the Transporter does not comply with paragraph (a) within 20 Business Days, the Transporter will pay to the User the relevant percentage of £30 in relation to relevant Supply Meter Points comprised in Supply Points whose Annual Quantities exceed 293,000 kWh (10,000 therms), and of £5 in relation to relevant Supply Meter Points comprised in Supply Points whose Annual Quantities do not exceed 293,000 kWh (10,000 therms).

2.7.7 For the purposes of TPD Section V10, the rules in paragraph 2.7.5 and 2.7.6 are Compensation Rules within Compensation Group L and in relation thereto the 'payment month' is the second month following that in which the Meter Installation Works were completed.

2.7.8 Where in any month the aggregate amount payable by the Transporter under this paragraph 2.7 would exceed the relevant amount provided in paragraph 2.7.5, the amounts payable to Users in respect of that month shall be reduced pro rata.

2.7.9 The provisions of Section G4.3.1 and 4.4 (in each case after the application of paragraphs 2.7.5 and 2.7.6) apply for the purposes of this paragraph 2.7, which is subject to those provisions.

2.8 Twin-stream Metering

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2.8.1 Nothing in Section A4.2.3 shall have the effect of prohibiting the installation of two or more Supply Meters (each having a unique Meter Point Reference Number) of the same size and capacity which are installed in parallel at a Supply Point where:

(a) the flow of gas through all such Supply Meters is combined immediately downstream of the outlets of such Supply Meters; and

(b) all such Supply Meters are utilised for the purposes of metering the offtake of gas at a single consumer's premises.

3 METER READING: NON-DAILY READ SUPPLY METERS

3.1 General

3.1.1 Meter Readings are required to be obtained from Non-Daily Read Supply Meters and provided to the Transporter for the purposes of:

(a) Individual NDM Reconciliation under Section E6; and

(b) the determination of Annual Quantities under Section H3.

3.1.2 Users are responsible for obtaining Meter Readings from Non-Daily Read Supply Meters in accordance with this paragraph 3 and for the validation (in accordance with paragraph 1.5) of such Meter Readings.

3.1.3 Without prejudice to any other provision of this Section M, a Meter Read in respect of a Non-Daily Read Supply Meter may be undertaken by any Meter Reader.

3.1.4 A Meter Reading obtained from a Non-Daily Read Supply Meter is a "**Valid Meter Reading**", and the relevant Meter Read a "**Valid Meter Read**", where the following conditions are satisfied and not otherwise:

(a) except in the case of a Customer Read permitted under paragraph 3.1.6, or an Opening Meter Reading permitted under paragraph 3.1.4(f) or a Proposing User Read permitted under 3.1.4(h), the Meter Reading was provided by a Meter Reader appointed in accordance with paragraph 1.4.5;

(b) except in the case of an Opening Meter Reading, the Meter Reading has been subject to validation in accordance with paragraph 1.5;

(c) where the Meter Reading was rejected by such validation, the Registered User has taken or secured the taking of such further steps as it determines to be necessary to investigate the validity of the Meter Reading and has thereby confirmed such validity; and

(d) the Meter Reading together with the details required pursuant to 3.3.1 are provided to the Transporter in accordance with that paragraph;

(e) the details provided pursuant to paragraph 3.3.1 are consistent with the equivalent Meter Information appearing in the Supply Point Register;

(f) in the case of an Opening Meter Reading obtained and provided in accordance with M3.8.2, the Meter Reading is a Gas Card Reading or a Calculated Gas

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Card Reading;

- (g) the Meter Reading was provided by means of a Remote Read;
- (h) the Meter Reading was a Proposing User Read.

3.1.5 In the circumstances in paragraph 3.1.4(c) the Registered User shall when providing the Meter Reading to the Transporter in accordance with paragraph 3.3.1 notify the Transporter that the validity of the Meter Reading was not confirmed by validation, and certify that the validity thereof has been confirmed by further steps as required in paragraph 3.1.4(c).

3.1.6 A Customer Read obtained in any calendar month will (subject to the requirements of paragraph 3.1.4) be a Valid Meter Reading.

3.1.7 For the purposes of this Section M:

- (a) the "**Meter Reading Frequency**" in respect of a Non-Daily Read Supply Meter is the expected frequency of Meter Reads for the purposes of the Code;
- (b) the Meter Reading Frequency of a Non-Daily Read Supply Meter (a "**Monthly Read Meter**") is monthly where:

- (i) it is installed at a Supply Meter Point comprised in a Supply Point ~~Component~~ whose Annual Quantity is not less than 293,000 kWh (10,000 therms); or

- (ii) the Registered User has (in accordance with Section G2.3.2(f)(ii)) so elected; or

- (iii) in respect of a Smaller Supply Point where the Registered User has so elected and has confirmed to the Transporter prior to the making of the election that there is automated meter reading equipment installed and operational as part of the Supply Meter Installation at the Supply Point.

- (c) subject to paragraph (d) the Meter Reading Frequency of a Non-Daily Read Supply Meter other than a Monthly Read Meter (an "**Annual Read Meter**") is annual;

- (d) ~~Not Used~~ all Non-Daily Read Supply Meters at the Supply Meter Points comprised in a Supply Point must have the same Meter Reading Frequency;

- (e) in relation to a Non-Daily Read Supply Meter:

- (i) the "**Meter Read Date**" is the date of a Valid Meter Read;

- (ii) the "**Meter Reading Period**" in respect of a Meter Read is the period to the Meter Read Date from the preceding Meter Read Date.

- (f) a "**Larger Annual Read Meter**" is an Annual Read Meter where it is installed at a Supply Meter Point comprised in a Supply Point ~~Component~~ whose Annual Quantity is greater than 73,200kWh (2500 therms);

- (g) a "**Smaller Annual Read Meter**" is an Annual Read Meter where it is installed

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at a Supply Meter Point comprised in a Supply Point Component whose Annual Quantity is not greater than 73,200kWh (2500 therms).

3.2 Meter Information

- 3.2.1 For the purposes of facilitating compliance with the Code, the Shipper Licence and the Transporter's Licence, the Registered User and the Transporter shall in accordance with paragraph 3.2 each provide timely and accurate Meter Information to the other in accordance with the requirements in the UK Link Manual.
- 3.2.2 The Registered User will provide to the Transporter Meter Information which is:
- (a) C&D Information by means of a Meter Information Notification;
 - (b) not C&D Information by means of a Meter Information Update Notification.
- 3.2.3 Within 6 Business Days from the Day on which the Registered User receives Meter Information in respect of the installation, removal, exchange or repositioning of a Supply Meter Installation the Registered User shall provide the Transporter with such information by means of a Meter Information Notification and/or Meter Information Update Notification as appropriate.
- 3.2.4 Where C&D Information is received by the Transporter:
- (a) by means of a Meter Information Notification from the Registered User (being the Registered User on the date specified in the Metering Information Notification as the date on which such Meter Work was completed) then the Transporter will record such information and update the Supply Point Register accordingly;
 - (b) by means of a Meter Information Notification, from the Proposing User (in respect of a Supply Meter Point comprised in a Proposed Supply Point, in respect of which the Supply Point Confirmation has become effective) the Transporter will record such C&D Information and update the Supply Point Register accordingly;
 - (c) by means of a C&D Notification, from any User, other than a Registered User or Proposing User, the Transporter will only record such C&D Information;
 - (d) by means of a C&D Notification, from a Meter Worker the Transporter will only record such C&D Information.
- 3.2.5 (a) The Transporter will update the Supply Point Register where it receives a Meter Information Update Notification only from a Registered User and no other.
- (b) As soon as reasonably practicable after a Meter Information Update Notification is submitted, the Transporter will revise the Meter Information in accordance with such notification, unless the Transporter is not satisfied that the details contained in the notification are valid, in which case it will so notify the Registered User and the Transporter and the Registered User shall co-operate with a view to establishing the correct details, and once such details are established the Transporter will make any required revision of the Meter Information.

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- (c) A Meter Information Update Notification shall be "**outstanding**" for the purpose of the Code until the Meter Information has been revised pursuant to this paragraph 3.2.5.
- (d) A Meter Information Notification shall be outstanding for the purposes of paragraphs 3.2.6, 3.2.7, 3.2.8 and 3.2.10 until the Meter Information has been revised pursuant to this paragraph 3.2.5.

3.2.6 Where in respect of a Supply Meter Point, C&D Information is received by the Transporter from a Meter Worker or User in accordance with paragraph 3.2.4(c) or (d), the Transporter will provide a copy of such C&D Information to the Registered User within 2 Business Days from the Day on which the identity of the such Registered User is known to the Transporter, and the Registered User will:

- (a) submit such C&D Information to the relevant supplier;
- (b) review the suppliers' response and within 30 Days from the date that such C&D Information was received by the Registered User, by means of a Meter Information Notification, use its best endeavours to provide the Transporter with the corrected C&D Information (if it is not correct) or confirmation that such C&D Notification is correct;
- (c) notify the Transporter as soon as reasonably practicable where the Registered User is unable to comply with (b), together with the reasons for such non-compliance.

3.2.7 Where in respect of a Supply Meter Point comprised in a Proposed Supply Point, ~~(whether a New Supply Point or a Current Supply Point)~~ C&D Information is received by the Transporter from a Meter Worker or User in accordance with paragraph 3.2.4(c) or (d), before the Supply Point Registration Date (and therefore the identity of the Registered User is not known to the Transporter at that time) then within 2 Business Days following the Day on which such C&D Information was received and after Supply Point Confirmation becomes effective, the Transporter will provide a copy of such C&D Information (together with any additional relevant data in the possession of the Transporter at such time) to the Proposing User and the Proposing User will:

- (a) submit such C&D Information to the relevant supplier;
- (b) review the supplier's response and within 30 Days from the date that such C&D Information was received by the Proposing User, by means of a Meter Information Notification, use its best endeavours to provide the Transporter with the corrected C&D Information (if it is not correct) or confirmation that such C&D Notification is correct;
- (c) notify the Transporter as soon as reasonably practicable where the Proposing User is unable to comply with (b), together with the reasons for such non-compliance.

3.2.8 Where in respect of a Supply Meter Point comprised in a Proposed Supply Point which is an ~~Existing-Current~~ Supply Point, C&D Information is received from a Meter Worker or User in accordance with paragraph 3.2.4(c) or (d), and at the date of receipt by the Transporter of such C&D Information there is a Proposing User and a Registered User, than on the Day on which the Supply Point Confirmation becomes effective the

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Transporter will submit a copy of such C&D Information to such Proposing User and Registered User and the Proposing User will:

- (a) submit such C&D Information to the relevant supplier;
- (b) review the relevant supplier's response and within 30 Days from the date that such C&D Information was received by Proposing User, by means of a Meter Information Notification, use its best endeavours to provide the Transporter with the corrected C&D Information (if it is not correct) or confirmation that such C&D Notification is correct;
- (c) notify the Transporter as soon as reasonably practicable where the Proposing User is unable to comply with (b), together with the reasons for such non-compliance.

3.2.9 In respect of a Supply Meter Point comprised in a Proposed Supply Point in respect of which the Supply Point Confirmation has become effective, the Transporter will provide to the Proposing User the Meter Information (as held on the Supply Point Register) on the 7th Business Day before the Proposed Supply Point Registration Date.

3.2.10 Where the Transporter receives C&D Information from any User which subsequently becomes a Registered User then the Transporter will not resubmit such C&D Information to such User.

3.2.11 In order to ensure that Meter Information is as accurate as practicable, where at any time a Registered User becomes aware that there are material changes to the Meter Information it will:

- (a) validate this and use its best endeavours to submit a Meter Information Update Notification to the Transporter within 30 Business Days from the Day it first becomes aware of such change; or
- (b) as soon as reasonably practicable notify the Transporter where the Registered User is unable to so comply together with the reasons for such non-compliance; and
- (c) in accordance with Section G1.9.8(b) use reasonable endeavours to secure that it becomes aware of any respect in which Meter Information provided to it is or becomes incorrect or out of date, including giving appropriate instructions to the Meter Reader for the time being.

3.2.12 The Transporter will update the Supply Point Register in accordance with paragraph 3.2.16 where the Transporter has received a Meter Information Notification:

- (a) in respect of a Current Supply Point (in accordance with paragraph 3.2.7 or 3.2.8) from the User that is the Proposing User on or after the Supply Point Confirmation becoming effective;
- (b) in respect of a New Supply Point (in accordance with paragraph 3.2.8) from the User that is the Proposing User on or after the Supply Point Confirmation.

3.2.13 Where a Meter Information Update Notification is received from the Registered User and the Meter Information contained therein has resulted or may result in the amount of Transportation Charges paid or payable by the Registered User being inaccurate and a

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Meter Reading in respect of the Supply Meter at such Supply Meter Point:

- (a) is not received from the Registered User at the time of receipt of such Meter Information Update Notification then the Transporter will determine a notional Meter Reading in respect of such Supply Meter to be effective upon either:
 - (i) the date provided within the Meter Information Update Notification; or
 - (ii) if (such date has not been so provided) the date on which the Meter information Update Notification was processed by the Transporter
and where no Opening Meter Reading is provided in accordance with M3.8.2(b) or 3.8.5(a) and the notional Meter Reading applies in respect of a Non-Daily Read Meter, such notional Meter Reading will be utilised by the Transporter as the Opening Meter Reading and this will be effective at the Supply Point Registration Date and paragraphs 3.8.6 and 3.8.7 will not apply;
- (b) is received from the Registered User at the time of receipt of such Meter Information Update Notification but no Opening Meter Reading is provided in accordance with M3.8.2(b) or 3.8.5(a) then the Meter Reading provided within the Meter Information Update Notification where it applies in respect of a Non-Daily Read Meter, will be utilised by the Transporter as the Opening Meter Reading and this will be effective at the Supply Point Registration Date and paragraphs 3.8.6 and 3.8.7 will not apply.

3.2.14 Prior to the submission of any Meter Information to the Transporter, the Proposing User and/or Registered User will consider any known data inconsistencies with the relevant supplier (or any person acting on its behalf) and where appropriate ensure that the Meter Information which is submitted has been corrected.

3.2.15 Where at any time in respect of any Supply Meter Point the Transporter becomes aware that the Meter Information held in the Supply Point Register is incorrect (other than where the Transporter has received this information from the Registered User) within 6 Business Days of the Day upon which it becomes aware of this, the Transporter will so notify the Registered User and provide all relevant details and the Registered User will as soon as reasonably practicable review such details, and where necessary update the Meter Information and submit to the Transporter a Meter Information Notification or a Meter Information Update Notification containing such update in respect of such Supply Meter Point.

3.2.16 Upon receipt of a change of Meter Information from the Registered User, or the Proposing User in accordance with paragraph 3.2.12, the Transporter will within 2 Business Days of such receipt revise the details held in the Supply Point Register as specified in the Meter Information Notification and Transporter will ensure the Supply Point Register reflects the Meter Information as supplied by the Registered User or Proposing User.

3.2.17 Where the Transporter receives from the Registered User a revised Meter Information Update Notification in respect of a Supply Meter Point that has resulted or may result in the amount of Transportation Charges paid or payable by the Registered User or the Previous Registered User (if any) being inaccurate then by the end of the month following the month in which it receives such Meter Information Update Notification the Transporter will so notify such Registered User and provide to each Previous Registered User (if any) for such Supply Meter Point the revised Meter Information.

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3.2.18 Without prejudice to the Meter Information Notification obligations in paragraph 3.2.2, the Registered User will submit as a Meter Information Notification or as a Meter Information Update Notification, additional data items relating to the Supply Meter Installation, that are required by the Transporter to operate in accordance with its Code or other obligations. Such data items may include but are not limited to:

- (a) meter serial number, dials and digits;
- (b) metric/imperial indicator;
- (c) convertor number of dials (unconverted/converted);
- (d) meter/convertor round the clock count;
- (e) meter pulse value;
- (f) the identity of the Gas Act Owner;
- (g) the identity of the Meter Asset Manager;
- (h) conversion factors; and
- (i) physical works on convertors where not performed in associated with physical works on the Meter.

3.2.19 Where the Transporter believes that a User is not undertaking its Code obligations for the calculation of consumption in conjunction with the validation of meter readings, then where the Transporter and such User are unable to resolve such matter the Transporter may notify the User with reasons for such belief and require the User to provide to the Transporter evidence of its compliance with such obligations by means of either:

- (a) sufficient data to enable the Transporter to examine whether the User has so complied; or
- (b) an audit report produced by an external independent Auditor

and where the User has not produced such data or report, or where following examination by the Transporter of such data, the Transporter believes it has evidence that the User has not complied with such Code obligations, or the report finds that the User has not so complied then the Transporter will be entitled to submit a report to the Competent Authority detailing its findings. The cost and expense of such report shall be borne by the User unless the report finds that the User has complied with such Code obligations in which case the cost and expense shall be borne by the Transporter.

3.2.20 For the purposes of the Code:

- (a) "**C&D Information**" is information obtained in respect of Meter Work;
- (b) "**C&D Notification**" is a notification (which is not a Meter Information Notification) containing C&D Information;
- (c) "**Meter Information**" is the information in relation to a Supply Meter Installation, comprising the details set out in the UK Link Manual, including but

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not limited to:

- (i) the location of the Supply Meter Installation at the Supply Point Premises;
 - (ii) number of dials and serial numbers of the Supply Meter and any convertor;
 - (iii) meter access details; and
 - (iv) C&D Information.
- (d) **"Meter Information Notification"** is a notification in accordance with the UK Link Manual containing Meter Information that is C&D Information;
- (e) **"Meter Information Update Notification"** is a notification in accordance with the UK Link Manual containing Meter Information that is not C&D Information;
- (f) **"Meter Work"** is work performed in respect of which a notice has been served under Schedule 2B of the Gas Act in accordance with the Gas Meters (Information on Connection and Disconnection) Regulations 1996;
- (g) **"Meter Worker"** is a person that has performed Meter Work;
- (h) **"Previous Registered User"** is any Registered User (other than the existing Registered User) who was the Registered User at the Supply Meter Point at any time within a period of 18 months preceding the date upon which the Transporter records such Meter Information Update Notification or, if earlier, the date upon which the Transporter revised Meter Information which was capable of affecting the amount of the Transportation Charge at such Supply Meter Point.

3.3 Provision of Meter Readings to the Transporter

- 3.3.1 Meter Readings are required to be provided to the Transporter by way of UK Link Communication by the means and in the form described in the UK Link Manual, and accompanied by the details specified in the UK Link Manual.
- 3.3.2 Except as otherwise provided in this Section M, the Transporter will accept Meter Readings provided to it in accordance with paragraph 3.3.1 for the purposes of NDM Reconciliation, provided that the Transporter will not be required to accept a Meter Reading which is not a Valid Meter Reading.
- 3.3.3 Each User shall use best endeavours to comply with the requirements in paragraph 3.3.4.
- 3.3.4 The requirement referred to in paragraph 3.3.3 is that, of the Valid Meter Readings obtained by a User pursuant to paragraphs 3.4 and 3.5 in respect of Relevant Non-daily Read Supply Meters on any particular Day:
- (a) not less than 50% are provided (in accordance with paragraph 3.3.1) by the 10th Business Day after the Meter Read Date;

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- (b) not less than 100% are provided (in accordance with paragraph 3.3.1) by the 25th Business Day after the Meter Read Date.
- 3.3.5 Subject to paragraphs 3.3.6 and 3.3.7, the Transporter will not be required to accept any Meter Readings in respect of which the requirement in paragraph 3.3.4 is not complied with.
- 3.3.6 Where :
 - (a) a User submits to the Transporter any Meter Reading in respect of which the requirement in paragraph 3.3.4 is not complied with; and
 - (b) it is feasible for the Transporter to accept such Meter Reading and in the Transporter's reasonable opinion the circumstances make it appropriate that it should do so; and
 - (c) if the number of such Meter Readings submitted on a Day exceeds 1% of the total number of Meter Readings submitted by the User on the Day, the User has first requested the Transporter to do so the Transporter will accept such Meter Reading pursuant to paragraph 3.3.2.
- 3.3.7 Where in relation to a Supply Meter a Meter Information Notification is outstanding at the Meter Read Date or is submitted not later than the 10th Business Day after the Meter Read Date, paragraph 3.3.5 shall not apply upon the submission or resubmission, following resolution of the Meter Information Notification, of a Meter Reading in respect of such Supply Meter.
- 3.3.8 The Transporter will subject Opening Meter Readings submitted to it to validation (which is additional to that required to be undertaken by Users), and may subject any other Meter Reading submitted to it to validation; but the Transporter will accept Meter Readings notwithstanding that such validation may be failed.
- 3.3.9 For the purposes of paragraph 3.3.1, where a convertor is installed at a Supply Meter all readings comprised (in accordance with paragraph 1.4.3(a)) in the Meter Reading are required to be provided to the Transporter.

3.4 Cyclic reading: Monthly Read Meters

- 3.4.1 Each User shall secure, in relation to Monthly Read Meters, that a Valid Meter Reading is obtained:
 - (a) for each Relevant Monthly Read Meter, not less frequently than once every 4 calendar months;
 - (b) in each calendar month, in accordance with paragraph 3.4.2, for not less than 90% of the number of Monthly Read Meters which are Relevant Supply Meters for the whole of the month.
- 3.4.2 For the purposes of paragraph 3.4.1(b) the Meter Read Date in respect of a Monthly Read Meter is required to be not less than 23 Days (or in the month of December 16 Days) and not more than 37 Days (or in the month of January 44 Days) after the Meter Read Date of the preceding Meter Read under paragraph 3.4.1.

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3.5 Cyclic reading: Annual Read Meters

3.5.1 Each User shall secure, in relation to Annual Read Meters, that a Valid Meter Reading is obtained:

- (a) for each Relevant Annual Read Meter, not less frequently than once every 24 months, subject to paragraph 3.5.4;
- (b) in any period of 12 months, for not less than the relevant percentage of the number of Relevant Annual Read Meters at the end of such period.

3.5.2 For the purposes of paragraph 3.5.1(b) the relevant percentage is:

- (a) where the Annual Quantity of the Supply Point in which the relevant Supply Meter Point is comprised does not exceed 73,200 kWh (2,500 *therms*), 70%;
- (b) except as provided in paragraph (a), 90%.

3.5.3 In respect of a New Supply Meter Point the Meter Read Date of the first Meter Read obtained pursuant to paragraph 3.5.1(a) shall be not less than 1 nor more than 12 months after the First Supply Point Registration Date.

3.6 Failure to obtain readings

3.6.1 Subject to paragraphs 3.6.4 and 3.6.5, where at the end of any calendar month a User has failed to comply with the requirement in paragraph 3.4.1(a) or 3.5.1(a) in respect of a Monthly Read Meter or (as the case may be) Annual Read Meter:

- (a) the Transporter will, unless it appears to the Transporter (in its sole discretion) that the circumstances are such that it would be inappropriate to do so, use reasonable endeavours to obtain a Meter Reading from such Meter and such activity will be performed as a User Pays Service;
- (b) the User shall, irrespective of whether the User remains the Registered User of the relevant Supply Point, pay (in accordance with Section S) to the Transporter a User Pays Charge in respect of such User Pays Service.

3.6.2 The Transporter will not initiate a Meter Read pursuant to paragraph 3.6.1 for a Meter Read Date earlier than:

- (a) the 10th Business Day of the calendar month (the "**following month**") following the month of the failure referred to in that paragraph; or
- (b) the 80th Business Day following the date upon which the Transporter has notified the User in accordance with paragraph 3.2.15 of incorrect Meter information in respect of such Monthly Read Meter or (as the case may be) Annual Read Meter;

3.6.3 Where the Transporter has initiated a Meter Read pursuant to paragraph 3.6.1(a), and (before such Meter Read takes place) the User subsequently provides a Valid Meter Reading in respect of the relevant Supply Meter, the Transporter will endeavour to cancel the Meter Read, but the User will be liable to make payment pursuant to paragraph 3.6.1(b) irrespective of whether such Meter Read is so cancelled.

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3.6.4 Where not less than 10 Business Days before the beginning of the following month the User has submitted a Meter Information Notification in respect of the relevant Supply Meter, paragraph 3.6.1 shall not apply until the expiry of a period of 10 Business Days after the Meter Information Notification ceases to be outstanding.

3.6.5 If:

- (a) before the Transporter has initiated a Meter Read pursuant to paragraph 3.6.1, the User notifies the Transporter (by Conventional Notice) that the User is taking steps to obtain a Meter Reading in respect of the relevant Supply Meter, specifying the expected date of the Meter Read;
- (b) not later than the 10th Business Day of the following month the User provides to the Transporter a copy of a warrant (granted under the Rights of Entry (Gas and Electricity Boards) Act 1954, as amended) authorising entry to the relevant premises, or a copy of an application for such a warrant, or demonstrates to the Transporter's reasonable satisfaction that a Meter Reading can be obtained without such a warrant; and
- (c) a Valid Meter Reading is provided to the Transporter in respect of the relevant Supply Meter not later than the 20th Business Day after the start of the following month

then paragraph 3.6.1 shall not apply.

3.6.6 Where the Transporter obtains a Meter Reading under paragraph 3.6.1, such Meter Reading shall be treated for all purposes of the Code as a Meter Reading obtained in accordance with the requirements of this Section M.

3.6.7 Where a User materially or persistently fails to comply with the requirement in paragraph 3.4.1(b) or 3.5.1(b), the Transporter may require the User:

- (a) to submit to the Transporter an explanation for the User's failure to comply together with a proposal to remedy such non-compliance;
- (b) to implement the User's proposal under paragraph (a) as modified after discussion with the Transporter;
- (c) if and for so long as the User fails to comply with paragraphs (a) and (b), to agree to a scheme under which the Transporter will (at the User's expense on the same basis as under paragraph 3.6.1(b)) obtain sufficient Meter Readings from time to time each month to remedy the User's failure to comply with paragraph 3.4.1(b) or 3.5.1(b).

3.7 More frequent readings and revised readings

3.7.1 Subject to paragraph 3.7.2, a User may secure and provide to the Transporter Valid Meter Readings in respect of any Non-Daily Read Supply Meter more frequently than is required by this paragraph 3.

3.7.2 Where more than one Meter Reading (other than the one required under paragraph 3.8 or paragraph 3.9) is received by the Transporter;

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- (a) in the case of a Monthly Read Meter, in any 7 Day period;
- (b) in the case of a Larger Annual Read Meter, in any 14 Day period;
- (c) in the case of a Smaller Annual Read Meter, in any 63 Day period

the Transporter will in each case reject any such Meter reading received in such period other than the first.

3.7.3 In respect of the most recent Valid Meter Reading provided to the Transporter in accordance with paragraph 3.4 or 3.5 a User may at any time secure and provide to the Transporter a revised value of such Valid Meter Reading ("**Revised Meter Reading**").

3.7.4 The Transporter will only accept such Revised Meter Reading where the Meter Read Date of such Revised Meter Reading is the same as or later than the Meter Read Date of the most recent Valid Meter Reading recorded by the Transporter.

3.8 Opening Meter Readings

3.8.1 Where a User submits a Supply Point Confirmation which becomes effective for a Proposed Supply Point which ~~includes one or more~~ is to become an NDM Supply Meter Points, this paragraph 3.8 applies in respect of the Non-Daily Read Meter installed at ~~each~~ such Supply Meter Point provided that this paragraph 3.8 shall only apply where the Supply Point Confirmation submitted by a User records a change to ~~one or more of the User identity or the Supply Meter Point configuration.~~

3.8.2 The Proposing User shall secure that a Valid Meter Reading (an "**Opening Meter Reading**") is:

- (a) except in the case of a Proposing User's Estimate obtained for a Meter Read Date within the required date range; and
- (b) provided to the Transporter not later than 16:00 hours on the 10th Business Day after the Supply Point Registration Date from each Non-Daily Read Meter referred to in paragraph 3.8.1.

3.8.3 For the purposes of this paragraph 3.8 the required date range is the period of eleven (11) Business Days commencing five (5) Business Days before the Supply Point Registration Date.

3.8.4 The Transporter will not accept an Opening Meter Reading which:

- (a) is not obtained in accordance with paragraph 3.8.2(a); or
- (b) is for a Non Daily Read Supply Meter Point that was previously a Daily Read Supply Meter Point (with User Daily Read Equipment installed) if it is not provided by the User by 10am on the 5th Business Day after the Supply Point Registration Date.

3.8.5 Without prejudice to paragraph 3.8.10, where an Opening Meter Reading is not provided to the Transporter by the date required under paragraph 3.8.2(b):

- (a) (except where 3.8.7(b) applies) a notional Meter Reading will be used for the purposes of Individual NDM Reconciliation in accordance with Section E6.1.6

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(and for the purposes of calculating such notional Meter Reading the Transporter may utilise any Meter Reading provided by the Proposing User to the Transporter not later than 16:00 hours on the 10th Business Day after the Supply Point Registration Date); and

- (b) the Transporter shall not later than 15 Business Days after the Supply Point Registration Date provide such notional Meter Reading to the Proposing User and the Withdrawing User as an estimated Meter Reading.

3.8.6 The Withdrawing User may (if it has bone fide and material grounds for doing so) notify the Transporter that it objects to the Opening Meter Reading (or the estimated Meter Reading under paragraph 3.8.5), in which case:

- (a) the Transporter will inform the Withdrawing User of the identity of the Proposing User, but (except as provided in paragraph 3.8.8(b)) will not be further concerned with the objection;
- (b) if the Withdrawing User notifies the Proposing User of its objection, the Proposing User agrees to use reasonable endeavours (without thereby being in breach of any provision of the Code) to secure that no other Meter Reading (in respect of the relevant Supply Meter) is provided to the Transporter until the objection has been resolved between such Users, and GT Section B2.4.1 shall not apply in respect of this paragraph (b) (but the Transporter shall not be concerned with this paragraph (b)).

3.8.7 Subject to paragraph 3.8.9:

- (a) (save where paragraph 3.8.7(b) applies) the Proposing User may notify to the Transporter a revised value of a Meter Reading (an "**Agreed Opening Meter Reading**") for a Non-Daily Read Supply Meter which is agreed between the Proposing User and the Withdrawing User as being valid for a date within the required date range and is to replace the Opening Meter Reading (or estimated Meter Reading under paragraph 3.8.5);
- (b) where a Supply Point changes from Daily Read Supply Point to a Non Daily Read Supply Point, the Proposing User may replace the estimated Opening Meter Reading up until the Exit Close-Out Day.

3.8.8 Subject to paragraph 3.8.9, where a User notifies to the Transporter an Agreed Opening Meter Reading under paragraph 3.8.7:

- (a) the User shall be deemed thereby to warrant to the Transporter and to the Withdrawing User that such reading has been agreed by the Withdrawing User (and GT Section B2.4.1 shall not apply in respect of this paragraph (a));
- (b) the Transporter will accept such reading;
- (c) the Individual NDM Reconciliation in relation to the Withdrawing User (determined under Section E6.2 in accordance with the original Opening Meter Reading or estimated Meter Reading under paragraph 3.8.5) shall be revised in accordance with Section E6.7.2;
- (d) the Transporter will notify the Agreed Opening Meter Reading to the

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Withdrawing User; and

- (e) the activities performed by the Transporter in accordance with paragraphs (b) (c) and (d) will be performed as a User Pays Service and the User shall pay (in accordance with Section S) to the Transporter a User Pays Charge in respect of such User Pays Service.

3.8.9 A User may not give notice under paragraph 3.8.7, and the Transporter will not accept (under paragraph 3.8.8(b)) an Agreed Opening Meter Reading which is notified to it, at any time after any other Meter Reading (for a Meter Read Date after the Supply Point Registration Date) has been provided to the Transporter for the relevant Non-Daily Read Supply Meter.

3.8.10 Where Users submit Supply Point Confirmations in respect of Smaller Supply Points ("**SSP qualifying transfers**"):

- (a) without prejudice to paragraph (c) and in respect of each Proposing User, in the event that in any calendar month (or part thereof) less than 90% of Opening Meter Readings for SSP qualifying transfers are provided to Transporters in accordance with paragraph 3.8.2(b), the Proposing User shall pay to the Transporter the charge, if any, set out in the Transporter's Transportation Statement for the provision of that number of estimated Meter Readings determined in accordance with (c) and (d) (where provided by the Transporter pursuant to paragraph 3.8.5);
- (b) for the purposes of paragraph (a), no account shall be taken of Proposed Supply Point transfers which relate to Supply Meter Points at which the Supply Meter Installation includes a prepayment installation and in respect of such Supply Meter Points the Transporter shall not be required to provide an estimated Meter Reading pursuant to paragraph 3.8.5;
- (c) the number of estimated Meter Readings in respect of which the Proposing User shall be required to pay the charge under paragraph (a) shall be calculated as:

$$(0.90 * A) - B$$

where for each Proposing User:

- A is the number of SSP qualifying transfers; and
- B is the number of Opening Meter Reads provided to Transporters for SSP qualifying transfers in accordance with paragraph 3.8.2(b);
- (d) for the purposes of paragraph (c):
 - (i) the Transporter will notify the Proposing User of the number of estimated Meter Readings for a calendar month in respect of which the Proposing User shall be required to pay the Transporter the charge under paragraph (a);
 - (ii) the number of estimated Meter Readings notified by the Transporters in respect of a calendar month under paragraph (i) shall in aggregate equal the number of estimated Meter Readings calculated in accordance with paragraph (c) for such calendar month.

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- 3.8.11 For the purposes of paragraph 3.8.2, where in respect of the installation of a Supply Meter Installation, the Transporter receives a notice in accordance with the Gas Meters (Information on Connections and Disconnections) Regulations 1996 which provides a Meter Reading ("**Meter Fix Reading**"):
- (a) where such Meter Fix Reading has been submitted to the Transporter by a User in accordance with the User's Shipper's Licence and such User is the Registered User of the relevant Supply Point, the Meter Fix Reading shall be treated as the Opening Meter Reading of the Supply Meter Point and any Opening Reading subsequently submitted by such Registered User shall be disregarded; and
 - (b) where an Opening Meter Reading (which differs from the Meter Fix Reading) has been submitted to the Transporter by the Registered User and such Registered User is not the person which provided the Meter Fix Reading to the Transporter in accordance with the above regulations, then such Meter Reading submitted (and not any Meter Fix Reading) shall be treated as the Opening Meter Reading.

3.9 Other non-cyclic meter reading requirements

- 3.9.1 The Registered User shall secure that a Valid Meter Reading is obtained and provided to the Transporter:
- (a) (as required by Section G3.5.3(iv) upon the Isolation of any Supply Meter Point in accordance with Section G3.5;
 - (b) upon the replacement (whether for examination, inspection, repair, maintenance or exchange or otherwise) of any Supply Meter, in respect of both the replaced and the replacement meter.

3.10 Metered volume and quantity calculation

- 3.10.1 Upon the provision of a Valid Meter Reading in respect of a Non-Daily Read Supply Meter the Transporter will calculate the Metered Volume and the Metered Quantity.
- 3.10.2 The Transporter will maintain records of Valid Meter Readings provided to it, in such form and for such time (but not in any event exceeding 5 years) as shall be requisite for the purposes of paragraph 3.10.1.

4 DAILY READ SUPPLY METERS

4.1 Daily Read Equipment

- 4.1.1 Subject to paragraph 4.9, for the purposes of the Code "**Daily Read Equipment**" is equipment, of a design and standard of manufacture specified (consistently with any Legal Requirement):
- (a) by the Transporter for the purposes of this Section, which enables Meter Readings to be obtained by the Transporter remotely at set intervals ("**Transporter Daily Read Equipment**"); or
 - (b) which enables Meter Readings to be obtained by the User remotely at set intervals (subject to the Ceiling Limit as indicated below) ("**User Daily Read**

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Equipment”);

where the “**Ceiling Limit**” is set at 25,000 Supply Meter Points installed with User Daily Read Equipment, as may be amended from time to time by the Transporter.

4.1.2 Daily Read Equipment comprises:

- (a) a device for capturing from the Supply Meter, and/or (where installed) a convertor, data which constitutes or permits the derivation of a Meter Reading; and
- (b) a telephone line or radio transmitter and/or such other equipment as shall be required for transmitting such data to the Transporter in accordance with the relevant requirements of the UK Link Manual.

4.1.3 Daily Read Equipment may (where designed to be capable of such installation) be installed in connection with more than one Supply Meter at a single Supply Point Premises.

4.1.4 Where installation of Daily Read Equipment is required pursuant to Section G1.5 the Transporter in the case of Transporter Daily Read Equipment or the User in the case of User Daily Read Equipment will have the sole entitlement and responsibility for:

- (a) furnishing, installing, removing, making operational and maintaining Daily Read Equipment (including its connection or reconnection to the Supply Meter Installation); and
- (b) repairing or replacing the Daily Read Equipment where such repair or replacement is necessary as a result of the failure (including by reason of damage, normal wear or tear or defective design or manufacture) thereof.

4.1.5 Where the Transporter furnishes or has furnished Transporter Daily Read Equipment, with effect from the date upon which the relevant Supply Meter Point becomes a DM Supply Meter Point, the Registered User shall (unless the cost thereof has been paid pursuant to a Siteworks Contract) pay the appropriate charges in accordance with the Transporter's Metering Charges Statement.

4.1.6 Daily Read Equipment installed at a Supply Meter Point will be treated as being operational (for the purposes of paragraph 1.3.1):

- (a) In relation to Transporter Daily Read Equipment with effect from the later of:
 - (i) the Day on which the Transporter notifies the Registered User that the equipment is operational; and
 - (ii) the first Day on which the Transporter provides to the User a Valid Meter Reading obtained by means of such equipment; or
- (b) in relation to User Daily Read Equipment, the effective date of the Supply Point Confirmation.

4.1.7 Subject to Section G 1.5.4, where a New Supply Point has been classified in accordance with Section G1.5.13, the Transporter will, as soon as reasonably practicable, furnish, install, make operational and maintain Transporter Daily Read Equipment at the

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relevant Supply Meter, and shall inform the Registered User when Transporter Daily Read Equipment has been installed and made operational in accordance with paragraph 4.1.6. In the event of undue delay being experienced, the Transporter will:

- (a) promptly notify the Registered User of the nature of the delay and of an expected timescale for resolution;
- (b) ensure that the Registered User is regularly advised of progress and promptly notified when the Transporter Daily Read Equipment has been installed and made operational.

4.1.8 Where the Transporter is unable to obtain or install the telephone line or experiences undue delay in obtaining or installing it and this is not due to the act or omission of any other person then where practicable the Transporter will install a radio transmitter provided there is a suitable site at the Supply Point Premises for such purposes and security as may be required.

4.1.9 Where requested by the Transporter, the Registered User will:

- (a) procure permission and access for the Transporter to:
 - (i) install and make operational the Transporter Daily Read Equipment;
 - (ii) attach the Transporter Daily Read Equipment to the Supply Meter Installation;
- (b) facilitate inspection and maintenance and any activity referred to in paragraph 4.1.4 by the Transporter as required for the purposes of keeping such equipment operational (including any requirement for resynchronisation and/or adjustment);
- (c) procure that a suitable site including support, protection and security for the Transporter Daily Read Equipment is available at the Supply Point Premises.

4.1.10 Where the Registered User intends, or becomes aware that the consumer or any other person intends, to undertake works on the Supply Meter Installation (or any part of it) which will or is likely to impact on the ability of the Transporter to obtain accurate and timely Valid Daily Meter Readings then:

- (a) the Registered User will use reasonable endeavours, to notify the Transporter at least two Business Days prior to the commencement of such works:
 - (i) of the date when disconnection of Transporter Daily Read Equipment from such Supply Meter Installation will occur and subject to (ii) such date will be the date when reconnection of Transporter Daily Read Equipment to the Supply Meter Installation is required;
 - (ii) of the date when reconnection of Transporter Daily Read Equipment to the Supply Meter Installation is required if different from (i);
- (b) the Transporter will within two Business Days of the reconnection date stated in (ii) use reasonable endeavours to reconnect and resynchronise its Daily Read Equipment with the Supply Meter Installation.

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- 4.1.11 The Registered User shall take reasonable steps to secure that the Transporter Daily Read Equipment is not damaged or otherwise mistreated.
- 4.1.12 Ownership of the Transporter Daily Read Equipment shall remain with the Transporter (or any person to whom the Transporter may transfer ownership).

4.2 Daily Meter Readings

4.2.1 Where a Supply Meter is Daily Read:

- (a) the Transporter will obtain (and the User authorises the Transporter to obtain) by means of the Transporter Daily Read Equipment (where it is operational) a Meter Reading for the start and for the end of each Day;
- (b) the Transporter may so obtain Meter Readings at other times within the Day; or
- (c) in the case of User Daily Read Equipment, the User shall obtain a Meter Reading for the start and the end of each day by means of the User Daily Read Equipment and then provide the Meter Reading to the Transporter in accordance with paragraph 6.

4.2.2 The Transporter is responsible for validation of the Meter Readings from both Transporter Daily Read Equipment and User Daily Read Equipment in accordance with paragraph 1.5.

4.2.3 In respect of a Daily Read Supply Meter:

- (a) **"Daily Meter Readings"** for a Day are Meter Readings obtained from Transporter Daily Read Equipment by the Transporter and from User Daily Read Equipment by the User in accordance with paragraphs 4.2.1(a) and 4.2.1(c) respectively for the start and the end of the Day;
- (b) subject to paragraphs (c) and 4.8 **"Valid Meter Readings"** for a Day are Daily Meter Readings which have been subject to and not rejected by validation in accordance with paragraph 1.5, and are (in respect of Transporter Daily Meter Readings only) provided to the relevant User in the format and by the means specified in the UK Link Manual;
- (c) the Daily Meter Reading for the start of a Day will not be a Valid Meter Reading if it differs from the Valid Meter Reading for the end of the preceding Day; and
- (d) the User will pay appropriate charges in accordance with the Transporter's Metering Charges Statement in respect of such Daily Meter Readings obtained by the Transporter from the Transporter Daily Read Equipment.

4.2.4 In relation to a DM Supply Meter Point so classified in accordance with Section G1.5.13, the Transporter shall use all reasonable endeavours to obtain Meter Readings by procuring On-Site Meter Reads, for each Day commencing with the Supply Point Registration Date; and the Registered User shall cooperate with the Transporter in relation thereto.

4.2.5 When the Supply Meter at the DM Supply Meter Point classified in accordance with

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Section G1.5.13 becomes a Daily Read Supply Meter the Transporter will obtain Meter Readings in accordance with paragraph 4.2.1.

4.2.6 When the Transporter cannot obtain Meter Readings under paragraph 4.2.4 for the Supply Point Registration Date or for any of the six consecutive Days thereafter, then for each Day for which Meter Readings are not obtained the Metered Quantity shall be deemed to be the Annual Quantity for the DM Supply Point divided by 365, and the Metered Volume determined (by reference to the relevant calorific value) accordingly, but thereafter paragraph 4.4 shall apply as though a Meter Reading obtained under paragraph 4.2.4 were a Valid Meter Reading obtained from Transporter Daily Read Equipment.

4.3 Metered Volume and Metered Quantity calculation

Subject to paragraph 4.4, the Transporter will calculate for each Daily Read Supply Meter each Day for both Transporter Daily Read Equipment and User Daily Read Equipment:

- (a) the Metered Volume, by reference to the Valid Meter Readings for the Day obtained in accordance with paragraph 4.2.1(a) or by reference to the Meter Readings for the Day obtained in accordance with paragraph 4.2.4 (in relation to Transporter Daily Read Equipment only) or in accordance with 4.2.1(c) (in relation to User Daily Read Equipment only); and
- (b) the Metered Quantity, by reference to the Metered Volume.

4.4 Failure to obtain meter readings

4.4.1 Subject to paragraph 4.8, Valid Meter Readings for a Day obtained from Transporter Daily Read Equipment and User Daily Read Equipment at any time up to and including the Exit Close Out Date will be used for the purposes of paragraph 4.3.

4.4.2 Where for any Day (a "**Failed Daily Read Day**") Valid Meter Readings for the Day are not obtained by the Exit Close-Out Date:

- (a) the Metered Volume for the Failed Daily Read Day shall (irrespective in the case of a Supply Meter Point comprised in an Interruptible Supply Point or whether Interruption was required on the Day or the same Day in the preceding week) be (in relation to Transporter Daily Read Equipment) assumed to be the same as the Metered Volume (whether determined under paragraph 4.3 or this paragraph 4.4.2(a)) for the same Day in the immediately preceding week; or
- (b) the Metered Volume for the Failed Daily Read Day shall be (in relation to User Daily Read Equipment) assumed to be the same as the Metered Volume (whether determined under paragraph 4.3 or this paragraph 4.4.2(b)) for the same Day in the immediately preceding week: or
- (c) where not available, the Annual Quantity for the DM Supply ~~Meter Point~~ divided by 365; or
- (d) when an NDM Supply ~~Meter Point~~ becomes a DM Supply ~~Meter Point~~ with User Daily Read Equipment installed and where an Opening Meter Reading is not provided, then a notional Meter Reading shall be provided as the Opening

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Meter Reading as though a Meter Reading had been obtained on the Supply Point Registration Date, by reference to an assumed Meter Volume derived from the NDM Supply Point Demand; and

- (e) there will be a subsequent DM Reconciliation in accordance with Section E6.
- 4.4.3 Where a Day is a Failed Daily Read Day, except in the circumstances in paragraph 4.4.5(a), irrespective of the Metered Quantity derived from the assumed Metered Volume determined under paragraph 4.4.2, the Day shall not be a Ratchet Day (in accordance with Section B4.7).
- 4.4.4 After a Failed Daily Read Day, upon the restoration of operation of the Transporter Daily Read Equipment or, in the case of User Daily Read Equipment, the receipt by the Transporter of Valid Meter Readings from the User (except where paragraph 1.9 applies), the Transporter will determine:
- (a) the volume offtaken on such Day, by reference to a Valid Meter Reading then obtained, in accordance with paragraph 4.4.5; and
 - (b) for the purposes of DM Reconciliation, the amount (the "**Failed Daily Read Reconciliation Volume**") by which the Metered Volume assumed under paragraph 4.4.2 is greater (in which case such amount shall be positive) or less (in which case such amount shall be negative) than the volume determined under paragraph (a).
- 4.4.5 For the purposes of paragraph 4.4.4(a):
- (a) where:
 - (i) the reason for the earlier failure to obtain Valid Meter Readings for the Failed Daily Read Day was the failure of that part of the Daily Read Equipment referred to in paragraph 4.1.2(b) and not the part referred to in paragraph 4.1.2(a) (in respect of Transporter Daily Read Equipment) or in paragraph 4.1.2(a) (in respect of User Daily Read Equipment): and
 - (ii) accordingly, Valid Meter Readings are later obtained for the Failed Daily Read Day from either Transporter Daily Read Equipment or User Daily Read Equipment (as the case may be)the volume offtaken on the Day shall be the Metered Volume determined on the basis of such Valid Meter Readings;
 - (b) except as provided in paragraph (a) and in respect of both Transporter Daily Read Equipment and User Daily Read Equipment:
 - (i) the Metered Volume for the period of all of the consecutive Failed Meter Read Days will be determined (on the basis of the Valid Meter Reading obtained for the start of the first such Day and for the end of the last such Day under paragraph 4.3 or paragraph (a) above); and
 - (ii) such Metered Volume will be apportioned between such Days in the proportions of the assumed Metered Volumes under paragraph 4.4.2.

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4.5 Provision of Meter Readings to Users

- 4.5.1 Paragraph 5 shall apply in respect of the provision by the Transporter to Users of Meter Readings from Daily Read Supply Meters.
- 4.5.2 Paragraph 6 shall apply in respect of the provision by the User to the Transporter of Meter Readings from Daily Read Supply Meters.

4.6 User or consumer access to Daily Read Equipment

- 4.6.1 Where Daily Read Equipment is furnished and installed by the Transporter in accordance with paragraph 4.1.4 the Transporter will, upon request by the Registered User and provided it is operationally feasible to do so make available to the Registered User, readings received from the Daily Read Equipment in respect of each hour of a Day, and provide such readings to the User at four hourly intervals.
- 4.6.2 Data obtained by the Registered User or consumer under paragraph 4.6 shall have no significance for the purposes of the Code.

4.7 DM Check Read

- 4.7.1 The:
- (a) Transporter will at intervals of approximately 12 months, or as soon as reasonably practicable following a Supply Meter Point first becoming a Shared Supply Meter Point, and may on other occasions on which it undertakes an inspection, repair or maintenance of the Transporter Daily Read Equipment, arrange an On-Site Meter Read (a "**Transporter DM Check Read**") in respect of each Daily Read Supply Meter;
 - (b) User will at intervals of approximately 12 months and may on other occasions on which it undertakes an inspection, repair or maintenance of the User Daily Read Equipment, arrange an On-Site Meter Read (a "**User DM Check Read**") in respect of each Daily Read Supply Meter. Where DM Reconciliation is required following the submission of a User DM Check Read pursuant to Section E6.1.2, the User shall send notification and provide necessary information to the Transporter before the next Actual Read but no later than the 5th Day thereafter;
 - (c) where the notification has been received in relation to a User DM Check Read by the Transporter pursuant to paragraph 4.7.1(b) but Valid Meter Readings have not been received by the Transporter on the Day, then an estimate will be provided by the Transporter.
- 4.7.2 The Registered User shall use best endeavours to secure that the Transporter is given such access to the Supply Point Premises and the Supply Meter as it reasonably requires to carry out a DM Check Read.
- 4.7.3 In respect of any DM Check Read the Metered Volume will be determined by reference to the period to the date of such Meter Read from the date of the preceding DM Check Read.
- 4.7.4 Where upon a DM Check Read the Metered Quantity differs from the sum (the

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"previous metered quantity") of the Metered Quantities determined in accordance with the foregoing provisions of this paragraph 4 (including paragraph 4.4) for each Day of the period referred to in paragraph 4.7.3 by the thresholds indicated in the table below for User Daily Read Equipment and in relation to Transporter Daily Read Equipment more than 100,000 kWh (3,413 therms), the Transporter will determine and notify to the Registered User:

- (a) the amount of such difference; and
- (b) for each Day in such period, a part (the "**DM Check Reconciliation Volume**", which shall be positive where the previous metered quantity exceeds the Metered Quantity in respect of the DM Check Read, and otherwise negative) of the amount determined under paragraph (a), in accordance with paragraph 4.7.5
- (c) where the notification has been received but Valid Meter Readings not received by the Transporter on the same day as the date of such notification, then an estimate will be provided by the Transporter.

MPAQ Band (kWh)	DM Check Reconciliation Volume (kWh)
0 - 732,000	N/A
732,001 – 2,196,000	10,000
2,196,001 – 5,860,000	20,000
5,860,001 – 14,650,000	40,000
14,650,001 – 29,300,000	60,000
29,300,001 – 58,600,000	80,000
>58,600,000	N/A

4.7.5 For the purposes of paragraph 4.7.4(b) the amount determined under paragraph 4.7.4(a) will be apportioned to Days in the relevant period in the same proportions as the Metered Volumes determined for such Days under paragraphs 4.2 and 4.4.

4.7.6 DM Reconciliation in respect of the DM Check Reconciliation Volume for each Day will be carried out in accordance with Section E6.3.

4.7.7 The User shall provide 5 Day's notice to the Transporter of its intention to arrange a User DM Check Read in relation to a Primary or Sub-Deduct Supply Meter Point with User Daily Read Equipment installed.

4.8 Daily Read Errors

4.8.1 For the purposes of this paragraph 4.8:

- (a) there is a "**Daily Read Error**" in respect of a Daily Read Supply Meter on a Day where, by reason of the Daily Read Equipment not functioning correctly, and not by reason of a failure of any other part of the Supply Meter Installation, the volume of gas which is determined on the basis of the Daily Meter Readings provided by the Transporter to the User in relation to Transporter Daily Read Equipment or by the User to the Transporter in relation to User Daily Read Equipment (pursuant to paragraphs 4.5.1 and 4.5.2 respectively) differs from the metered consumption;
- (b) "**metered consumption**" is the volume of gas which was offtaken from the

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Total System at the Supply Meter Point on the Day, as registered by the Supply Meter and any convertor (and not what is determined by reference to the Daily Meter Readings obtained by the Daily Read Equipment);

- (c) where the Supply Meter Installation includes a convertor, references to volume are to volume as converted for temperature and/or pressure by such convertor;
- (d) Daily Read Equipment functions correctly where it functions within a tolerance of accuracy of 1%;
- (e) a reference to Transporter Daily Read Equipment shall include a reference to the elements of UK Link by which messages sent by Transporter Daily Read Equipment located at the Supply Point Premises only are processed and submitted as Daily Meter Readings to the Registered User.

4.8.2 In respect of any Day (a "**Daily Read Error Day**"), other than a Failed Daily Read Day, a User may until the 5th Day after the Day on which the Transporter provided to the User the Daily Meter Readings in respect of a Relevant Daily Read Supply Meter or when the User provided to the Transporter the Daily Meter Readings in respect of a Relevant Daily Read Supply Meter (as the case may be), give notice ("**Daily Read Error Notice**") to the Transporter:

- (a) to the effect that (notwithstanding validation under paragraph 1.5) the User considers that there was a Daily Read Error on the Day; and
- (b) specifying the volume (the "**User Volume Estimate**") which the User considers to have been the metered consumption on the Day.

4.8.3 Where a User gives a Daily Read Error Notice in relation to Transporter Daily Read Equipment:

- (a) the Transporter will, as soon as reasonably practicable and wherever possible within 3 Business Days after such notice, ascertain whether the elements of UK Link referred to in paragraph 4.8.1(e) are functioning correctly, and (if they are) visit and (subject to being given sufficient access) to the Supply Meter Installation and/or the Daily Read Equipment) inspect the Transporter Daily Read Equipment;
- (b) upon or as soon as reasonably practicable after its inspection, the Transporter will provide to the User a notice stating:
 - (i) whether in the Transporter's judgement the Transporter Daily Read Equipment is functioning correctly; and
 - (ii) where in the Transporter's judgement the Transporter Daily Read Equipment is not functioning correctly, the Transporter's estimate (the "**Transporter's Volume Estimate**"), in accordance with paragraph 4.8.4 where applicable, and after taking account of the User Volume Estimate, of what was the metered consumption for the Daily Read Error Day, and the basis for its estimate;
- (c) notwithstanding the Daily Read Error Notice and the Transporter's notice under paragraph (b) in relation to Transporter Daily Read Equipment only, except as

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provided in paragraph 4.8.8 the volume determined by reference to the Daily Meter Readings shall be used to determine the User's UDQO for the purposes of the Code;

- (d) subject to paragraph (c), and unless otherwise agreed, the Transporter's statement under paragraph (b) will be final and its estimate will apply for the purposes of paragraph 4.8.10 unless within 5 Business Days after the Transporter's notice under paragraph (b) the User gives notice ("**rejection notice**") to the Transporter that the User does not accept the Transporter's judgement under paragraph (b)(i) or its estimate under paragraph (b)(ii);
- (e) upon receiving the rejection notice, the Transporter will enter into a dialogue with the User to attempt to resolve the difference. Where such resolution is not promptly achieved and in any event within 5 Business Days following receipt of the rejection notice, paragraph 4.8.6 will apply;
- (f) where correction of the fault (by repair or replacement of the Transporter Daily Read Equipment) is not possible at the same time as the inspection, the Transporter will correct such fault as soon as possible following such inspection.

4.8.4 Where the Daily Read Equipment is found not to be functioning correctly, and it is not apparent when the equipment started to function incorrectly:

- (a) in relation to Transporter Daily Read Equipment, unless the Transporter and the User otherwise agree it shall be assumed (for the purposes of estimating the metered consumption for the Daily Read Error Day) that such equipment started to function incorrectly half way through the period from when the equipment was last inspected by the Transporter (whether pursuant to this paragraph 4.8 or any annual or other maintenance inspection) to the Day of the Transporter's inspection under paragraph 4.8.3(a); and
- (b) in relation to User Daily Read Equipment, it shall be assumed (for the purposes of estimating the metered consumption for the Daily Read Error Day) that such equipment started to function incorrectly half way through the period from when the equipment was last inspected by the User (whether pursuant to this paragraph 4.8 or any annual or other maintenance inspection) to the Day of the Transporter's inspection under paragraph 4.8.3(a).

4.8.5 The costs and expenses incurred by the Transporter in carrying out the inspection pursuant to paragraph 4.8.3(a) shall be borne:

- (a) by the User, if the amount of the User Volume Estimate differs from the volume determined by reference to the Daily Meter Readings by less than 10%;
- (b) except as provided in paragraph (a):
 - (i) where the User did not give a rejection notice:
 - (1) by the User where in the Transporter's judgement the Transporter Daily Read Equipment was functioning correctly; and
 - (2) otherwise by the Transporter;

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- (ii) where the User gave rejection notice:
 - (1) by the Transporter, where it was agreed or the expert determined that the Transporter Daily Read Equipment was not functioning correctly (under paragraph 4.8.6(a)(i)) or it was agreed or the expert determines under paragraph 4.8.6(a)(ii) that the metered consumption was closer to the User Volume Estimate than to the the Transporter Volume Estimate; and
 - (2) otherwise by the User:

4.8.6 Where the User gives a rejection notice, then unless the Transporter and the User agree otherwise:

- (a) there shall be referred to Expert Determination the following questions:
 - (i) whether the Transporter Daily Read Equipment was functioning correctly, unless in the Transporter's judgement (under paragraph 4.8.3(b)(i)) it was not; and
 - (ii) unless the expert determines that the Transporter Daily Read Equipment was functioning correctly, what is the best available estimate (in accordance with paragraph 4.8.4 where applicable) of the metered consumption;
- (b) the costs of the expert shall (notwithstanding any contrary provision of GT Section A) be borne by the User where:
 - (i) the expert determines (under paragraph (a)(i)) that the Daily Read Equipment was functioning correctly; or
 - (ii) the metered consumption determined (under paragraph (a)(ii)) by the expert was closer to the the Transporter Volume Estimate than to the User Volume Estimate;

and otherwise by the Transporter.

4.8.7 Where:

- (a) a User has submitted a Daily Read Error Notice in respect of a Day; and
- (b) the User considers that there was a Daily Read Error in respect of any subsequent Day, up to:
 - (i) the Day of the Transporter's inspection under paragraph 4.8.3(a); or
 - (ii) (where the Transporter Daily Read Equipment is found not to be functioning correctly) the Day of its repair or replacement under paragraph 4.8.11,

then unless the Transporter agrees otherwise the further provisions of this paragraph 4.8 shall not apply in relation to such subsequent Day unless the User gives a Daily Read Error Notice for such Day, but the giving of such notice shall not require a further inspection pursuant to paragraph 4.8.3.

4.8.8 For the purposes of determining the User's UDQO, where a User submits a Daily Read

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Error Notice not later than the Exit Close-out Date in relation to the Daily Read Error Day:

- (a) if by the Exit Close-out Date:
 - (i) (in relation to Transporter Daily Read Equipment) the Transporter has undertaken an inspection under paragraph 4.8.3(a); and
 - (ii) (in relation to Transporter Daily Read Equipment) the User has informed the Transporter that it accepts the Transporter's Volume Estimate notified by the Transporter under paragraph 4.8.3(b)
the value of the Metered Quantity derived from the Transporter's Volume Estimate shall be substituted for the value of the Metered Quantity derived from the original Daily Meter Readings;
- (b) the Transporter may (before the Exit Close-out Date) by agreement with the User substitute, for the value of the Metered Quantity derived from the original Daily Meter Readings, the value derived from the User Volume Estimate or such other value as the Transporter and the User shall agree.

4.8.9 The

- (a) Transporter may also agree with the User to adjust (for the purposes of determining the User's UDQOs) the Metered Quantity determined for each Day after the first Daily Read Error Day, until the Day referred to in paragraphs 4.8.7(b)(i) or (ii), on a basis reflecting an agreed degree of error; and
- (b) the User may submit the assumed Metered Quantity determined for each Day after the first Daily Read Error Day until the User's inspection in accordance with paragraph 4.8.4(b).

4.8.10 Except in a case where a substituted or adjusted value of the Metered Quantity was (before the Exit Close-out Date) used pursuant to paragraph 4.8.8 or 4.8.9, upon the estimated metered consumption being agreed or established (pursuant to paragraph 4.8):

- (a) the Transporter will determine (as nearly as may be) the Metered Quantity ("**Error Revised Quantity**") for the Day on the basis of such metered consumption; and (if applicable)
- (b) revisions and adjustments will be made in accordance with Sections B1.11, E3.5 and F1.4.

4.8.11 Where it is agreed or determined that the Daily Read Equipment is not functioning correctly, the Transporter in relation to Transporter Daily Read Equipment or the User in relation to User Daily Read Equipment will at its expense as soon as is reasonably practicable (but subject to paragraph 5.2.4) repair or replace the Transporter Daily Read Equipment or the User Daily Read Equipment as the case may be.

4.8.12 For the purposes of paragraph 5 (and notwithstanding paragraph 4.2.3), where a User gives a Daily Read Error Notice relating to Transporter Daily Read Equipment:

- (a) subject to paragraph (b), where:
 - (i) in the Transporter's judgement (in accordance with paragraph 4.8.3(b))

the Transporter Daily Read Equipment is not functioning correctly;

- (ii) by agreement between the Transporter and the User pursuant to paragraph 4.8.8(b) a substituted Metered Quantity has been used, or an estimate of metered consumption, other than the metered consumption derived from the original Daily Meter Readings, has been agreed by the Transporter and the User for the purposes of paragraph 4.8.10

the Daily Meter Readings provided in respect of the Daily Read Error Day shall not be Valid Meter Readings;

- (b) where the Metered Quantity for any of the next 6 Days following the first Daily Read Error Day has (by agreement between the Transporter and the User pursuant to paragraph 4.8.9) been adjusted, the Daily Meter Readings provided by the Transporter for such Days shall be deemed for the purposes of paragraphs 5.2.1 and 5.2.2 to be Valid Meter Readings;
- (c) where in the Transporter's judgement the Transporter Daily Read Equipment is functioning correctly and the User gave a rejection notice:
 - (i) the Daily Meter Readings for the Daily Read Error Day, and (subject to paragraph (ii)) for subsequent Days, shall be Valid Meter Readings (if otherwise valid in accordance with paragraph 4.2.3);
 - (ii) where the expert determines that the Transporter Daily Read Equipment is not functioning correctly, the Daily Meter Readings provided in respect of each Daily Read Error Day, from the Day on which the expert made known his determination to the Transporter until such time as the Transporter has repaired or replaced the Transporter Daily Read Equipment in accordance with paragraph 4.8.11, shall not be Valid Meter Readings.

4.9 Telemetry equipment

4.9.1 By agreement between the Transporter and the Registered User or the consumer, telemetry equipment may be installed at a Supply Meter instead of such equipment as is described in paragraph 4.1.2.

4.9.2 Subject to any conflicting provisions of Supply Point Network Exit Provisions, a reference to Daily Read Equipment includes telemetry equipment where installed at a Supply Meter, and this paragraph 4 shall apply (so far as capable of applying, and except as may otherwise be agreed by the Transporter and the Registered User or consumer) in respect of such telemetry equipment; but paragraph 5 shall not apply in respect of a Supply Meter at which telemetry equipment is installed.

5 PROVISION OF TRANSPORTER DAILY READ METER READINGS TO USERS

5.1 General

5.1.1 For the purposes of this paragraph 5:

- (a) subject to paragraphs 5.1.2, 5.1.3 and 5.2.3, for any User a "**Performance Relevant Supply Meter**" is:

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(i) a Relevant Supply Meter which at 1 March 1996 was subject to the Daily Read Requirement pursuant to Section G1.5.2(a) or (c) or (where the request referred to in Section G1.5.7 was made before 1 January 1996) Section G1.5.2(b); and

(ii) with effect from the date upon which the the Supply Point in which the relevant Supply Meter Point is comprised becomes a DM Supply Meter-Point, any other Supply Meter at which for the time being Transporter Daily Read Equipment is installed and has become operational (in accordance with paragraph 4.1.6)

in either case until such time (if any) at which the Registered User makes an election pursuant to Section G1.5.5 that the Supply Meter cease to be Daily Read;

(b) in relation to a Performance Relevant Supply Meter, Valid Meter Readings (for the start and end of a Day) shall be counted as one Valid Meter Reading;

(c) where a single item of Daily Read Equipment is installed and has become operational (in accordance with paragraph 4.1.6) in connection with more than one Performance Relevant Supply Meter:

(i) the Transporter will be treated as providing Valid Meter Readings only where it provides a Valid Meter Reading in respect of each such Supply Meter;

(ii) without prejudice to paragraph (i), for all other purposes of this paragraph 5 all of such Supply Meters collectively shall be counted as a single Performance Relevant Supply Meter, and all of the Valid Meter Readings for a Day in respect thereof shall be counted as a single Valid Meter Reading; and accordingly payments made by reference to a Performance Relevant Supply Meter or the number of such Supply Meters shall be made by reference to an item of Daily Read Equipment or the number of such items;

(d) a Performance Relevant Supply Meter will not be treated as one in relation to which the Transporter did not provide a Valid Meter Reading where the Transporter was unable to provide a Valid Meter Reading in respect of such Performance Relevant Supply Meter by reason of Force Majeure;

(e) a Performance Relevant Supply Meter will not be treated as one in relation to which the Transporter did not provide a Valid Meter Reading in respect of such Performance Relevant Supply Meter where the Transporter was unable to provide a Valid Meter Reading by reason of:

(i) failure or unavailability of the Supply Meter Installation in which the Performance Relevant Supply Meter is contained; or

(ii) the Transporter is unable to perform any of the activities in paragraph 4.1.4 due to the failure of the Registered User to comply with the Transporter's request in accordance with paragraph 4.1.9 in respect of its Daily Read Equipment and/or the Supply Meter Installation; or

(iii) Meter Information in respect of such Performance Relevant Supply

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Meter relevant to the calculation by the Transporter of the Metered Quantity being absent, out of date or subsequently found to be incorrect, which has or should have been provided in accordance with Section M, paragraph 3.2.

- (f) A Performance Relevant Supply Meter will be treated as one in relation to which the Transporter did not provide a Valid Meter Reading in respect of such Performance Relevant Supply Meter where the Transporter was unable to provide a Valid Meter Reading by reason of failure or unavailability of the Special Meter Supply Meter Installation in which the Performance Relevant Supply Meter is contained.

5.1.2 Where:

- (a) a User has given a Daily Read Error Notice, or it appears to the Transporter that the Daily Read Equipment may not be functioning correctly
- (b) the Transporter has, upon reasonable notice to the User, sought to arrange or gain access (pursuant to paragraph 2.2.2(c)(iii)) at a reasonable time to the relevant premises for the purposes of inspecting, and/or repairing or replacing, the Daily Read Equipment but has been unable to gain access to the relevant premises or to the Daily Read Equipment; and
- (c) the Transporter has promptly notified the Registered User, providing details of the circumstances in which it was unable to arrange or gain access, and requesting that such access be arranged at a reasonable time,

the relevant Supply Meter(s) shall not be a Performance Relevant Supply Meter until such time as the Transporter has been given such access as it may reasonably require for the purposes of such inspection, repair or replacement.

5.1.3 Where, upon an inspection (pursuant to a Daily Read Error Notice or otherwise) of Daily Read Equipment, the Transporter finds that there is a failure or unavailability of the Supply Meter Installation and this is the cause of the Daily Read Equipment not functioning correctly:

- (a) the Transporter shall so notify the Registered User promptly after its inspection;
- (b) where the Registered User receives notice under paragraph 5.1.3 or otherwise becomes aware of a failure or unavailability of the Supply Meter Installation that may impact on the Transporter's ability to procure accurate and timely Valid Daily Meter Readings, the Registered User will promptly advise the Transporter when it becomes aware of such failure or unavailability;
- (c) in the event of (a) or (b) the User will:
 - (i) promptly arrange for the repair/replacement of the Supply Meter Installation by a competent person;
 - (ii) notify the Transporter when the Supply Meter Installation has been repaired or replaced;
 - (iii) unless the Supply Meter Installation has been repaired or replaced, no later than one month after either of the events in (a) or (b) inform the

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Transporter of the date by which the User is expecting the Supply Meter Installation to be repaired or replaced and thereafter notify the Transporter of any changes to the expected date;

- (d) upon notification that a Supply Meter Installation has been repaired/replaced, the Transporter will arrange for the prompt resynchronisation of the Daily Read Equipment;
- (e) with effect from the Day of the Transporter's inspection, or if later from the 5th Business Day before the Transporter's notification to the User under paragraph (a), and until such time as the Supply Meter Installation has been repaired or replaced and resynchronised, the Supply Meter will not be a Performance Relevant Supply Meter.

5.1.4 Where, upon an inspection (pursuant to a Daily Read Error Notice or otherwise) of Transporter Daily Read Equipment, the Transporter finds that there is a failure or unavailability of the Special Metering Supply Meter Installation and this is the cause of the Daily Read Equipment not functioning correctly:

- (a) where the Transporter is not National Grid and National Grid has provided and installed such Special Metering Supply Meter Installation, it shall so notify National Grid promptly after its inspection;
- (b) where National Grid receives notice under paragraph 5.1.4 or otherwise becomes aware of a failure or unavailability of such Special Metering Supply Meter Installation that may impact on the Transporter's ability to procure accurate and timely Valid Daily Meter Readings, National Grid will promptly advise the Transporter when it becomes aware of such failure or unavailability;
- (c) in the event of (a) or (b) National Grid will:
 - (i) promptly arrange for the repair/replacement of such Special Metering Supply Meter Installation by a competent person;
 - (ii) notify the Transporter when such Special Metering Supply Meter Installation has been repaired or replaced;
 - (iii) unless such Special Metering Supply Meter Installation has been repaired or replaced, no later than one month after either of the events in (a) or (b) inform the Transporter of the date by which National Grid is expecting such Special Metering Supply Meter Installation to be repaired or replaced and thereafter notify the Transporter of any changes to the expected date;
- (d) upon notification that such Special Metering Supply Meter Installation has been repaired/replaced, the Transporter will arrange for the prompt resynchronisation of the Daily Read Equipment.

5.2 Provision of Meter Readings

5.2.1 The Transporters will provide not less than 97.5% of the required number of Valid Meter Readings to each User, in respect of each month in each case not later than 11:00 hours on the Day following the Day to which the relevant Meter Reading relates; and

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for the purposes of this paragraph, the required number of Valid Meter Readings in respect of a User in a month is the sum of the numbers of the Performance Relevant Supply Meters of the User on each Day of such month.

- 5.2.2 Subject to paragraph 5.2.3, if in respect of any month the Transporters do not comply with the requirement in paragraph 5.2.1, the aggregate amount payable to the User shall be an amount calculated as:

$$((0.975 * A) - B) * £30$$

where for the relevant month:

- A is the sum for all Days in the month of the number of the User's Performance Relevant Supply Meters;
- B is the sum for all Days in the month of the number of Valid Meter Readings in respect of the User's Performance Relevant Supply Meters which the Transporters provided by 11:00 hours on the following Day which shall be invoiced and payable in accordance with Section S (Users).

- 5.2.3 In respect of each Performance Relevant Supply Meter, if for each of 4 consecutive Days the Transporter does not provide to a User a Valid Meter Reading by 11:00 hours on the Day following each such Day then for each further Day (after the 4th) for which the Transporter fails to provide a Valid Meter Reading by 11:00 hours on the following Day:

- (a) the Transporter will pay to the User (subject to paragraph 5.2.4) £75; and
- (b) such Meter shall not be counted as a Performance Relevant Supply Meter for the purposes of paragraph 5.2.2.

- 5.2.4 In the case of a Shared Supply Meter Point the amount payable to a User pursuant to paragraph 5.2.3 will be the amount specified under that paragraph divided by the number of Sharing Registered Users.

- 5.2.5 For the purposes of Section V10, the rules in paragraphs 5.2.2 and 5.2.3 are Compensation Rules within Compensation Group A; and in relation thereto the 'payment month' is the second month following:

- (a) for the purposes of paragraph 5.2.2, the relevant month;
- (b) for the purposes of paragraph 5.2.3, that in which the relevant Day fell.

6 PROVISION OF USER DAILY READ METER READINGS TO TRANSPORTERS

- 6.1.1 The User will provide not less than 97.5% of the required number of Valid Meter Readings to the Transporter, in respect of each month in each case not later than 10:00 hours on the Day following the Day to which the relevant Meter Reading relates (otherwise they will be processed on the following Day); and for the purposes of this paragraph, the required number of Valid Meter Readings in respect of a User in a month is the sum of the numbers of the Performance Relevant Supply Meters of the User on

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each Day of such month.

- 6.1.2 Where a Valid Meter Reading provided pursuant to paragraph 6.1 is accepted by a Transporter, it may not be replaced by the User.
- 6.1.3 If in respect of any month the Users do not comply with the requirement in paragraph 6.1.1(a), the aggregate amount payable by the User shall be an amount calculated as:

$$((0.975*A) - B*£2)$$

where for the relevant month:

A is the sum for all Days in the month of the number of the User's Performance Relevant Supply Meters;

B is the sum for all Days in the month of the number of Valid Meter Readings in respect of the User's Performance Relevant Supply Meters which the Transporters received from the User by 10:00 hours on the following Day which shall be invoiced and payable in accordance with Section S (Users)

save that Opening Meter Readings shall be excluded from the above calculation.

- 6.1.4 Where paragraph 4.4.2 applies, the Registered User may replace the notional Meter Reading in relation to the DM Supply Meter-Point with User Daily Read Equipment installed with a Valid Meter Reading until the Exit Close-Out Date.

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UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION N - SHRINKAGE

1 GENERAL

1.1 Introduction

- 1.1.1 For the purposes of the Code, "**shrinkage**" means gas in a System which is used by the Transporter in connection with the operation of, or which is unaccounted for as offtaken from, a System; and, where the context admits, a reference to shrinkage includes the quantity of such gas.
- 1.1.2 Shrinkage will be for the account of the relevant Shrinkage Provider in accordance with paragraph 4.
- 1.1.3 Shrinkage quantities will be determined separately for the NTS and each LDZ.
- 1.1.4 Shrinkage comprises own use gas in accordance with paragraph 1.2 and unaccounted for gas in accordance with paragraph 1.3.

1.2 Own use gas

For the purposes of this Section N own use gas is gas used by National Grid NTS in connection with the operation of the NTS ("**NTS own use gas**") or by a DN Operator in connection with the operation of an LDZ ("**LDZ own use gas**"), including gas used in running compressors and gas used for preheating.

1.3 Unaccounted for gas

- 1.3.1 For the purposes of this Section N, unaccounted for gas is gas which is lost or otherwise not accounted for as offtaken from the NTS ("**NTS unaccounted for gas**") or from an LDZ ("**LDZ unaccounted for gas**"), including gas lost or unaccounted for by reason of unidentified theft, error in meter correction and leakage (including, in the case of an LDZ, gas vented in its operation) and (in respect of the NTS) CV shrinkage.
- 1.3.2 Shrinkage in a System shall:
- (a) include gas offtaken from the System which has been illegally taken:
 - (i) upstream of the point of offtake (in accordance with Section J3.7) at any System Exit Point (it being recognised the effect of Standard Condition 7(3) of the Transporter's Licence is that the rates of Transportation Charges may reflect the taking of such gas); and
 - (ii) subject to paragraph (b)(ii), at or at a point downstream of the point of offtake at a System Exit Point, in a case in which the Transporter is (pursuant to paragraph 9(2) of the Gas Code) entitled to recover the value of the gas;

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- (b) not include gas offtaken from the System:
 - (i) except as provided in paragraph (a)(ii), illegally taken at or downstream of the point of offtake at any System Exit Point (but without prejudice to Section E3.5.2 or to any reduction of Transportation Charges pursuant to Standard Condition 7(3) of the Transporter's Licence); and
 - (ii) taken at (or at a point downstream of) the point of offtake, at a Supply Meter Point of which the Registered User has ceased to be a User pursuant to Section V4.3, except in a case where, after the Supply Meter Point has been Isolated, the Transporter becomes (pursuant to paragraph 9(2) of the Gas Code) entitled to recover the value of the gas.

1.4 Determination of shrinkage

1.4.1 In accordance with this Section N, shrinkage will be:

- (a) estimated for each Day (before and after the Day) on the basis of (in the case of the NTS) the NTS Shrinkage Factor, and (in the case of an LDZ) the applicable LDZ Shrinkage Quantity, in each case as determined before the Day; and
- (b) subsequently assessed, on the basis of information available after the Day;

and references respectively to estimated and assessed shrinkage shall be construed accordingly.

1.4.2 The "**NTS Daily Quantity Delivered**" is the Total System Daily Quantity Delivered less the sum of the Entry Point Daily Quantities Delivered in respect of any LDZ System Entry Points.

1.4.3 The "**NTS Shrinkage Factor**" is a factor determined before each Day by which the shrinkage attributable to any gas flow in the NTS on that Day may be estimated.

1.4.4 The "**LDZ Shrinkage Quantity**" in relation to an LDZ and a period is the estimated average daily shrinkage attributable to that LDZ in that period.

1.4.5 The "**Daily Shrinkage Quantity**" is the estimated shrinkage in the NTS or an LDZ on a Day, determined:

- (a) in respect of the NTS, as the NTS Shrinkage Factor multiplied by the NTS Daily Quantity Delivered;
- (b) in respect of an LDZ, as equal to the applicable LDZ Shrinkage Quantity.

1.4.6 Differences between assessed shrinkage and estimated shrinkage for any period will (in accordance with the further provisions of this Section N) be taken into account:

- (a) in the case of the NTS, in the NTS Shrinkage Factors for Days subsequent to that period;
- (b) in the case of an LDZ, by reconciliation and adjustment in relation to that

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period.

1.5 DNO Users

In this Section N references to Users exclude, except in relation to paragraph 4, DNO Users.¹

2 NTS SHRINKAGE

2.1 NTS Shrinkage Factor

2.1.1 For the purposes of establishing the "**NTS Shrinkage Factor**", National Grid NTS will estimate each Day, the quantity of NTS own use gas, NTS unaccounted for gas and CV Shrinkage on the following Day.

2.1.2 The NTS Shrinkage Factor for a Day will be determined (by reference to expected gas flows in the NTS on the Day) on the basis of the estimates (for that Day or the month in which it occurs) under paragraph 2.1.1 of NTS own use gas and NTS unaccounted for gas, adjusted in respect of differences (insofar as not taken into account in determining NTS Shrinkage Factors for any earlier Day(s)) between the Daily Shrinkage Quantity and assessed NTS shrinkage for Days in the preceding month as determined under paragraph 2.3.

2.2 Notification of NTS Shrinkage Factor

2.2.1 The NTS Shrinkage Factor for the Gas Flow Day will be made available to Users not later than 13:30 hours on the Preceding Day.

2.2.2 National Grid NTS will provide to Users not later than 1 March in the Preceding Formula Year, for each month in the Formula Year, a provisional forecast of the NTS Shrinkage Factor to apply in such month.

2.2.3 The forecasts of NTS Shrinkage Factors under paragraph 2.2.2 are indicative only and will not bind National Grid NTS, the NTS Shrinkage Provider or Users.

2.3 Assessed NTS Shrinkage

2.3.1 Assessed NTS shrinkage for a Day will be determined as the NTS Daily Quantity Delivered less the aggregate of the LDZ Daily Input Quantities for each LDZ, the Supply Meter-Point Daily Quantities for each NTS Supply-Meter Point and the CSEP Daily Quantity Offtaken for each NTS Connected System Exit Point, adjusted by the amount of the change in NTS linepack for the Day.

2.3.2 National Grid NTS will assess NTS shrinkage for each Day in each month, and provide to Users details of the average assessed NTS shrinkage for Days in that month, not later than the 16th Day of the following month.

3 LDZ SHRINKAGE

3.1 LDZ Shrinkage Quantity

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.6.

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- 3.1.1 Subject to paragraph 3.1.3, for the purposes of establishing the "**LDZ Shrinkage Quantity**" applicable in respect of a relevant LDZ, the Transporter will estimate by 1 March in the Preceding Formula Year, the aggregate amounts of LDZ own use gas and LDZ unaccounted for gas for that LDZ in the Formula Year.
- 3.1.2 Subject to paragraph 3.1.3, the LDZ Shrinkage Quantity for each Formula Year will be determined as the aggregate of the estimated amounts under paragraph 3.1.1 of own use gas and unaccounted for gas in the LDZ for the Formula Year, divided by the number of Days in the Formula Year.
- 3.1.3 When the Transporter determines that the basis on which it estimates LDZ unaccounted for gas is sufficiently robust to permit its valid estimation more frequently than annually, the Transporter will increase (after giving Users not less than 30 Days' notice) the frequency with which it estimates LDZ unaccounted for gas, and accordingly reduce the period by reference to which adjustments are made for differences between estimated and assessed LDZ unaccounted for gas.
- 3.1.4 The Transporters will, not later than 1 January in the Preceding Formula Year, submit to all Users:
- (a) the estimated LDZ Shrinkage Quantity for each LDZ for the Formula Year;
 - (b) the methodology by which the estimate was determined
- and Users may submit to a Transporter representations in respect of the estimated LDZ Shrinkage Quantity for up to but not later than 1 February in the Preceding Formula Year.
- 3.1.5 Between 1 and 15 February in the Preceding Formula Year, the Transporters:
- (a) will review any representations made by Users under paragraph 3.1.4;
 - (b) will consult, so far as the Transporters deem appropriate, with any User in respect of any representations made by it or any other User;
 - (c) may convene meetings with any User or Users for the purposes of such consultation.
- 3.1.6 The Transporters will make available to Users reasonable details of the representations made to them under paragraph 3.1.4 and consultations under paragraph 3.1.5 (but may do so by oral presentation at a meeting of Users convened under paragraph 3.1.5(c)), and shall be free to disclose to any User and the Authority any such representation and details of any such consultation.
- 3.1.7 Not later than 1 March in the Preceding Formula Year, the Transporters will submit to the Authority and all Users their final estimates of the LDZ Shrinkage Quantity for each LDZ for the Formula Year with such changes as they may on the basis of Users' representations and consultation under paragraphs 3.1.4 and 3.1.5 determine appropriate.
- 3.1.8 The LDZ Shrinkage Quantity for each LDZ applicable to the Formula Year shall be the estimate submitted under paragraph 3.1.7 unless upon the application of the Transporter or any User, made no later than 15 March, the Authority shall give Condition A11(18)

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Disapproval to the Transporter applying a particular estimate of the LDZ Shrinkage Quantity, in which case the LDZ Shrinkage Quantity in the relevant LDZ shall be that applying in the Preceding Formula Year.

3.2 Notification of LDZ Shrinkage Quantity

3.2.1 Subject to paragraph 3.2.2, the LDZ Shrinkage Quantity for each relevant LDZ for the Formula Year will be notified to Users by the Transporter not later than 1 March in the Preceding Formula Year.

3.2.2 Where the frequency of estimation of LDZ Shrinkage Quantity is increased under paragraph 3.1.3:

- (a) the LDZ Shrinkage Quantity for each relevant LDZ will be notified to Users on a basis commensurate with such increased frequency;
- (b) references in this Section N to Formula Year, in the context of the LDZ Shrinkage Volume, shall be to such reduced period for which such estimate is made;
- (c) the Transporter will provide to Users, not later than 1 March in the Preceding Formula Year, a provisional forecast of the LDZ Shrinkage Quantity to apply in each relevant period in the Formula Year.

3.2.3 The forecast LDZ Shrinkage Quantities under paragraph 3.2.2(c) are indicative only and will not bind the relevant Transporter, the relevant Shrinkage Provider or Users.

3.3 Assessed LDZ Shrinkage

3.3.1 The Transporter will assess LDZ shrinkage in each relevant LDZ at intervals of approximately twelve months, on the basis of such historic information as may be available to it, by technical and statistical analysis including extrapolation of sampled information and identification of any long term trends.

3.3.2 The sources of the information referred to in paragraph 3.3.1 include:

- (a) as respects own-use gas, meter readings in respect of preheating facilities (where such facilities are metered);
- (b) as respects unaccounted for gas:
 - (i) as respects leakage, the data listed in paragraph 3.3.4;
 - (ii) as respects unidentified theft of gas, any evidence of significant changes in the occurrence of theft as compared with the assumption made previously.

3.3.3 The data referred to in paragraph 3.3.2(b)(i) is actual data in relation to the period relating to:

- (a) the measurement of pressure profiles in the LDZ;
- (b) conditioning of gas transported in the LDZ;

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- (c) replacement of old pipework in the LDZ;
- (d) number of Supply Meter Points supplied in the LDZ;
- (e) above ground installations (AGIs) installed and in operation on the LDZ;
- (f) damage caused by third party interference with pipes comprised in the LDZ;
- (g) Calorific Value of gas transported in the LDZ;
- (h) the rate of leakage of gas from different kinds of asset comprising the LDZ; and
- (i) demand on the LDZ.

3.3.4 Not later than 31 July in each Formula Year, the Transporter will provide to Users a report setting out in respect of the Preceding Formula Year:

- (a) values (for the whole year and/or on an average daily basis) of assessed LDZ shrinkage for each relevant LDZ together with a summary of the statistics and information from which (as described in paragraph 3.3.1) such values were derived; and
- (b) a comparison of such assessed values with the values of LDZ shrinkage estimated before the Preceding Formula Year in accordance with paragraph 3.1.

3.4 LDZ Shrinkage Adjustment

3.4.1 Not later than 31 July in each Formula Year, the Transporters will in respect of the Preceding Formula Year review the assessed LDZ shrinkage for each LDZ established under paragraph 3.3.1, and the estimated LDZ Shrinkage for each LDZ established under paragraph 3.1, and where appropriate undertake a reconciliation in accordance with the LDZ Shrinkage Adjustment Methodology for the purposes of Section E7.6.

3.4.2 The "**LDZ Shrinkage Adjustments Methodology**" is the methodology from time to time established, published and revised by the Transporters (subject to prior approval by Panel Majority of the Uniform Network Code Committee) and issued to Users setting out the calculations for the reconciliation to be carried out under paragraph 3.4.1.

4 ACCOUNTING FOR SHRINKAGE

4.1 Shrinkage Provider

4.1.1 Shrinkage shall be for the account of the relevant Shrinkage Provider (and treated for certain purposes as gas deemed to be offtaken from a System) in accordance with this paragraph 4.

4.1.2 For the purposes of the Code:

- (a) "**Shrinkage Provider**" means the NTS Shrinkage Provider and an LDZ Shrinkage Provider;
- (b) in relation to the NTS the "**NTS Shrinkage Provider**" means National Grid NTS;

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- (c) in relation to an LDZ the "**LDZ Shrinkage Provider**" means the relevant Transporter as DNO User

or any person to whom the responsibility for shrinkage in the relevant System has for the time being been assigned in accordance with paragraph 4.1.3.

- 4.1.3 In respect of a relevant System the Transporter may (by agreement with such person) assign to any person the responsibility for shrinkage in the System at any time and for any period and upon any terms as to payment or otherwise.

- 4.1.4 Where a person other than the relevant Transporter is Shrinkage Provider:

- (a) such person shall be required first to become a User of the NTS in accordance with Section V2;
- (b) if such person is or becomes a User for purposes other than those of Shrinkage Provider, it shall be a separate User of the NTS in its capacity as Shrinkage Provider and the provisions of paragraph 4.2 shall apply only in respect of such capacity as Shrinkage Provider.

4.2 Shrinkage Provider as User

- 4.2.1 A Shrinkage Provider shall be a User of the NTS, subject as provided in paragraph 4.2.2, and in relation to LDZ Shrinkage the NTS/LDZ Offtakes (in aggregate) in relation to an LDZ shall be deemed to be a System Exit Point for the purposes of the further provisions of this paragraph 4.

- 4.2.2 A Shrinkage Provider:

- (a) may purchase gas in respect of shrinkage:
 - (i) provided such terms include a requirement that the Shrinkage Provider and the counterparty shall give effect to the sale and purchase of shrinkage gas by making Trade Nominations in accordance with C5; and
 - (ii) save for the requirement in (i) above, on such other terms as it thinks fit;
- (b) may make Acquiring Trade Nominations and Disposing Trade Nominations in accordance with Section C5: provided always that a Shrinkage Provider may only make a Disposing Trade Nomination in respect of a Gas Day where the aggregate Trade Nomination Quantity of all Disposing Trade Nominations made by the Shrinkage Provider in respect of such Gas Day is less than or equal to the aggregate Trade Nomination Quantity of all Acquiring Trade Nominations made by the Shrinkage Provider in respect of the same Gas Day;
- (c) shall not be required to apply for and pay for NTS Exit Capacity, LDZ Capacity or Commodity Charges;
- (d) may post Market Offers;
- (e) subject to paragraph (f), will make or receive payments in respect of Balancing

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Charges, in accordance with Section F; and

- (f) shall not be required to pay Scheduling Charges in respect of Output Nominations, nor to pay Balancing Neutrality Charges or Reconciliation Neutrality Charges.

4.2.3 For the avoidance of doubt, National Grid NTS may not take a Market Balancing Action for the purposes of buying or selling gas for the account of a Shrinkage Provider.

4.3 Shrinkage offtake

4.3.1 For the purposes of determining a Shrinkage Provider's Daily Imbalance in respect of any Day in accordance with Section E, the Daily Shrinkage Quantities for that Day shall be treated as quantities offtaken by the Shrinkage Provider (and accordingly shall be deemed to be UDQOs for the purposes of that Section E).

4.3.2 In accordance with paragraph 4.3.1, a Shrinkage Provider's Daily Imbalance for a Day will not take account of differences between estimated and assessed shrinkage (which will be taken into account as provided in paragraph 1.4.6).

4.3.3 For the purposes of Renominations (under C4) and Daily Imbalance Charges (under Section F2) the quantities treated as offtaken by a Shrinkage Provider shall be treated as though they were offtaken at NDM Supply Point ~~Components~~.

4.4 Shrinkage Output Nominations

4.4.1 Subject to paragraph 4.4.2, Output Nominations and Renominations for a Shrinkage Provider will be made for the Shrinkage Provider by National Grid NTS.

4.4.2 For each Day, there will (notwithstanding Section C) be a single Output Nomination for a Shrinkage Provider.

4.4.3 The Nomination Quantity under each such Output Nomination will be:

- (a) in respect of the NTS Shrinkage Provider, Forecast Total System Demand, less the aggregate of the Nomination Quantities under Input Nominations in respect of LDZ System Entry Points, at the relevant Demand Forecast Time, multiplied by the NTS Shrinkage Factor; and
- (b) in respect of an LDZ Shrinkage Provider, the relevant LDZ Shrinkage Quantity.

4.5 Reconciliation

Following DM Reconciliation and CSEP Reconciliation in respect of an NTS Supply Meter Point or NTS Connected System Exit Point:

- (a) for the purposes of Section F5.1.1, where the Reconciliation Quantity:
 - (i) is positive, the seller is the User and the buyer is the NTS Shrinkage Provider;
 - (ii) is negative, the seller is the NTS Shrinkage Provider and the buyer is the User; and

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- (b) where the Reconciliation Clearing Charges are payable:
 - (i) to the User, they shall be payable by the NTS Shrinkage Provider;
 - (ii) by the User, they shall be payable to the NTS Shrinkage Provider.

4.6 Information Provision

4.6.1 For the purposes of this paragraph 4.6:

- (a) "**relevant shrinkage disposals**" shall mean all gas disposed of by the NTS Shrinkage Provider, which gas had previously been purchased by the NTS Shrinkage Provider in respect of NTS shrinkage for the relevant Gas Flow Day;
- (b) "**relevant shrinkage purchases**" shall mean all gas purchased by the Shrinkage Provider in respect of NTS shrinkage for the relevant Gas Flow Day;
- (c) prices shall be quoted in pence per kWh and, to the extent that the NTS Shrinkage Provider is reasonably able to do so, shall take into account any discounts or premiums applied or charged in respect of relevant shrinkage purchases or relevant shrinkage disposals, provided the amount of such discounts and premiums were known to the NTS Shrinkage Provider at the time of the calculation of the relevant prices and were reasonably able to be applied to one or more relevant shrinkage purchases or relevant shrinkage disposals;
- (d) where the NTS Shrinkage Provider has entered into a transaction for an amount on each Gas Flow Day for a specific period it shall, for the purpose of calculating the number of transactions entered into, be deemed to be a separate transaction in respect of each and every Gas Flow Day to which it relates; and
- (e) whilst all information published by the NTS Shrinkage Provider will so far as reasonably practicable be reflective of the information in its possession at a time as close as reasonably practicable to the time of publication, it will not be reflective of information which comes into its possession subsequently (or of any subsequent relevant shrinkage purchases or relevant shrinkage disposals in respect of the relevant Gas Flow Day), will not bind National Grid NTS or the NTS Shrinkage Provider and will be without prejudice to the provisions in this Section N and elsewhere in the Code whether to later adjustment, assessment, reconciliation or otherwise.

4.6.2 The NTS Shrinkage Provider shall, no later than the end of the fifth Day following the relevant Gas Flow Day (or, if such Day is not a Business Day, the end of the first Business Day thereafter), publish the following information (where such information is available) in relation to relevant shrinkage purchases and relevant shrinkage disposals made in respect of that Gas Flow Day;

- (a) the net quantity of gas purchased (being the quantity derived as the aggregate quantity of gas purchased pursuant to relevant shrinkage purchases less the aggregate quantity of gas disposed of pursuant to relevant shrinkage disposals);
- (b) the aggregate quantity of gas purchased pursuant to relevant shrinkage purchases;

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- (c) the aggregate quantity of gas disposed of pursuant to relevant shrinkage disposals;
- (d) the aggregate number of transactions entered into in respect of relevant shrinkage purchases;
- (e) the aggregate number of transactions entered into in respect of relevant shrinkage disposals;
- (f) the weighted average price of relevant shrinkage purchases;
- (g) the weighted average price of relevant shrinkage disposals;
- (h) the minimum price paid under a transaction for a relevant shrinkage purchase;
- (i) the maximum price paid under a transaction for a relevant shrinkage purchase;
- (j) the minimum price received under a transaction for a relevant shrinkage disposal; and
- (k) the maximum price received under a transaction for a relevant shrinkage disposal.

5 CLASS A CONTINGENCIES

5.1 Class A Contingencies

- 5.1.1 During the period of a Class A Contingency, the provision of NTS Shrinkages Factor by National Grid NTS to Users pursuant to paragraph 2.2.2 and Output Nominations and Renominations pursuant to paragraph 4.4 will be deferred by a period commensurate with the duration of the Class A Code Contingency.

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UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION Q – EMERGENCIES

1 GENERAL

1.1 Introduction

1.1.1 In this Section Q:

- (a) **"Regulations"** means the Gas Safety (Management) Regulations 1996, and references to particular Regulations shall be construed accordingly;
- (b) **"supply emergency"** has the meaning ascribed thereto in the Regulations;
- (c) **"NEC"** means the person from time to time who is the network emergency coordinator in accordance with the Regulations;
- (d) references to National Grid NTS do not include National Grid NTS in its capacity as NEC where it has been so appointed;
- (e) **"NEC Safety Case"** means the safety case (in accordance with Regulation 2(5)) of the NEC.

1.1.2 Users and the Transporter acknowledge that the conveyance of gas by pipelines involves risk of supply emergency, in the context of which (and of the duties of the Transporter in relation to supply emergencies pursuant to the Regulations and any other Legal Requirement) the provisions of this Section Q are appropriate and reasonable.

1.1.3 This Section Q provides for the following matters:

- (a) requirements to be complied with by Users in respect of Gas Supply Emergencies to enable the Transporter to discharge its duties (pursuant to the Regulations and any other Legal Requirement) in respect of Gas Supply Emergencies;
- (b) the consequences for the Transporter and Users of a Gas Supply Emergency in respect of the application of the Code.

1.1.4 Without prejudice to the duty of cooperation under Regulation 6(1) (*Co-operation*), a User shall not be required in a Gas Supply Emergency to comply with any requirement under this Section Q where it would be manifestly unreasonable to expect the User to do so; but where a User is of the opinion that it is (by reason of this paragraph 1.1.4) excused from complying with any requirement under this Section Q it shall forthwith notify the Transporter of that fact and if so requested cooperate with the Transporter to the maximum extent reasonable in the circumstances to establish what alternative requirement (whether or not contemplated by this Section Q) it would be able to comply with; provided that paragraph 4.2 shall (insofar as capable of applying) apply in respect of compliance with any such alternative requirement.

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1.1.5 A User shall not be excused by virtue of paragraph 1.1.4 from any payment obligation under paragraph 4.

1.2 Gas Supply Emergency

1.2.1 For the purposes of the Code, a "**Gas Supply Emergency**" is a gas supply emergency (as referred to in the NEC Safety Case), namely the occurrence of an event or existence of circumstances which has resulted in, or gives rise to a significant risk of, a loss of pressure in the Total System or a part of the Total System which itself has resulted in or might result in a supply emergency; and any reference in any other Section of the Code to an "**Emergency**" is a reference to a Gas Supply Emergency.

1.2.2 In particular, but without limitation, a Gas Supply Emergency may exist where the Transporter's ability to maintain safe pressures within a System is affected or threatened by any actual or potential interruption or disruption to or insufficiency of deliveries of gas to the System, or by any actual or potential failure of or damage to any part of the System.

1.2.3 For the purposes of the Code:

- (a) a "**Network Gas Supply Emergency**" is a network gas supply emergency (as referred to in the NEC Safety Case), namely a Gas Supply Emergency which involves or may involve a loss of pressure in the NTS, and a reference to a Network Gas Supply Emergency includes a Gas Deficit Emergency and a Critical Transportation Constraint Emergency unless the context expressly requires otherwise;
- (b) a "**Gas Deficit Emergency**" is a Network Gas Supply Emergency which arises as a result of:
 - (i) deliveries of gas to the Total System being insufficient for the purpose of meeting demand for gas on the Total System; or
 - (ii) a Transportation Constraint affecting the deliveries of gas to the Total System; or
 - (iii) a Transportation Constraint on a System which does not prejudice the ability of Users to offtake gas from the Total System; or
 - (iv) a potential or actual breach of a Safety Monitor.
- (c) a "**Critical Transportation Constraint Emergency**" is a Network Gas Supply Emergency which is not a Gas Deficit Emergency ; and
- (d) any other Gas Supply Emergency is, a "**Local Gas Supply Emergency**" (that is, local gas supply emergency as referred to in the NEC Safety Case).

1.2.4 In accordance with the NEC Safety Case, the existence, duration and cessation of a Network Gas Supply Emergency is to be determined by the NEC.

1.2.5 The Transporter confirms that in its opinion any Gas Supply Emergency will constitute a pipeline system emergency (as referred to in Standard Licence Condition 5(1)(b) of

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the Shipper's Licence).

1.2.6 The existence of a Local Gas Supply Emergency in relation to a relevant System(s) shall be determined by the Transporter in its sole judgement and irrespective of the cause of and of whether the Transporter or any other person may have caused or contributed to the Local Gas Supply Emergency.

1.2.7 A Local Gas Supply Emergency will continue until such time as the Transporter determines that the circumstances which resulted in or might result in a supply emergency no longer apply, that no further Emergency Steps are required, and that normal operation of the relevant part of the Total System and implementation of the Code may be resumed.

1.3 Emergency Procedures

1.3.1 "**Emergency Procedures**" means in relation to a Network Gas Supply Emergency, the document issued by National Grid NTS entitled 'Network Gas Supply Emergency Procedure', and in relation to a Local Gas Supply Emergency the document issued by the Transporters entitled 'Local Gas Supply Emergency Procedure', containing details (inter alia) of the Stages of a Network Gas Supply Emergency and planned Emergency Steps contained therein, as from time to time revised by National Grid NTS or the Transporters in consultation with the Health and Safety Executive, Users and others.

1.3.2 National Grid NTS or (as the case may be) the Transporters will provide without charge to each User a reasonable number of copies of the relevant Emergency Procedures not later than the User Accession Date, or upon request, and thereafter, of any revision thereto upon making such revision.

1.4 Emergency Stages

1.4.1 "**Stage**" means a stage (from 1 to 4) of the Network Gas Supply Emergency Procedure as described in the NEC Safety Case, and a Network Gas Supply Emergency is of a particular Stage where the NEC has determined that the relevant stage of such procedures applies in relation to such Gas Supply Emergency. For the avoidance of doubt, nothing shall prevent the NEC declaring Stages sequentially or, declaring a number of Stages together.

1.4.2 Reference to a Network Gas Supply Emergency of any type includes all Stages of such a Network Gas Supply Emergency unless the context expressly requires otherwise.

1.4.3 For the purposes of this Section Q, a Stage of a Network Gas Supply Emergency might contain one or more Emergency Steps therein.

1.5 Emergency Steps

1.5.1 For the purposes of the Code, "**Emergency Steps**" are steps to be taken by the Transporter or a User:

- (a) to avert and/or to reduce the probability of or the probable scale of a Gas Supply Emergency, and/or to prepare for the occurrence of a Gas Supply Emergency; or

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- (b) to overcome or contain a Gas Supply Emergency and/or to avert or reduce the hazard presented by it, and/or restore gas supply and normal operation of the relevant part of the Total System and facilitate appropriate reinstatement of the provisions of the Code following the taking of any such steps.

Emergency Steps may require (in the case of a Network Gas Supply Emergency) increases and/or reductions in deliveries of gas to the Total System, and (in the case of any Gas Supply Emergency) reductions in the offtake of gas from the Total System.

- 1.5.2 Users and the Transporter acknowledge that in a Gas Supply Emergency their business interests will be subordinate to the need to take Emergency Steps in accordance with this Section Q.
- 1.5.3 Nothing in this Section Q or the Emergency Procedures shall limit the ability of the Transporter to take any action or step necessitated in its judgement in the interests of safety by a Gas Supply Emergency.
- 1.5.4 No Emergency Step taken or other thing done or not done, by the Transporter, any other Transporter or any User, pursuant to (and in compliance with any requirements under) this Section Q or Condition 5(2) of the Shipper's Licence shall be a breach of any provision of the Code; and in particular the Transporter will not be in breach of its obligation to accept gas tendered for delivery to the Total System at a System Entry Point or to make gas available for offtake from the Total System at a System Exit Point to the extent that (as a result of any such step taken or thing done or not done) gas tendered for delivery is not accepted or gas is not made available for offtake and in accordance with the Applicable Offtake Requirements.
- 1.5.5 It is acknowledged that, in a Gas Supply Emergency, if so authorised by the NEC pursuant to Regulation 8(2) (*Content and other characteristics of gas*), the Transporter may permit gas which does not comply with the applicable Gas Entry Conditions to be delivered to the Total System at a System Entry Point.
- 1.5.6 For the purposes of this Section Q, Emergency Steps are contained within one or more Stages of a Network Gas Supply Emergency.

1.6 Large Firm Supply Points

- 1.6.1 For the purposes of this Section Q, a "**Large Firm Supply Point**" is a Firm Supply Point whose Annual Quantity is greater than 732,000 kWh (*25,000 therms*).
- 1.6.2 Where the Emergency Steps to be taken in any Gas Supply Emergency include a reduction in demand at Firm Supply Points, consumers at Large Firm Supply Points will (in accordance with the Emergency Procedures) be required to reduce demand before other categories of consumer.

1.7 Priority Consumers

- 1.7.1 For the purposes of this Section Q:
 - (a) a "**Priority Consumer**" is a consumer whose name appears on the list established (and from time to time amended) by the Transporter in accordance with Standard Condition 6(17) of the Transporter's Licence; and the relevant

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Supply Point is a "**Priority Supply Point**";

- (b) "**Priority Criteria**" means the criteria designated by the Secretary of State pursuant to that condition and, if the Secretary of State has not designated criteria, or to the extent that such designated criteria are not expressed to be exhaustive, any other criteria which the Transporter may from time to time notify to Users for the purposes of assisting the Transporter to determine which consumers should be given priority in accordance with that condition.

1.8 Connected Systems

The Transporter may agree pursuant to a Network Entry Agreement or Network Exit Provisions (or other agreement with the relevant person) upon procedures or steps to be taken in a Gas Supply Emergency by the Transporter or another Transporter or a Delivery Facility Operator or Connected System Operator and may give effect to such procedures or steps in addition to or in lieu of any Emergency Steps pursuant to this Section Q.

1.9 Scope of this Section

1.9.1 This Section Q does not apply in respect of:

- (a) the Transporter's duties under Regulation 7 (*Gas escapes and investigations*) nor the arrangements referred to in paragraphs (1), (8) of Standard Special Condition A8 of the Gas Transporter's Licence, it being understood that such arrangements (and any co-operation required of Users pursuant to Regulation 6(1) (*Co-operation*) in relation to such duties and any arrangements which the Transporter and any User may make in connection with Standard Condition 5(1)(b) of the Shipper's Licence) are matters outside the scope of the Code;
- (b) any other duties of the Transporter pursuant to the Regulations relating to matters other than Gas Supply Emergencies, it being understood that any cooperation required of Users pursuant to Regulation 6(1) in relation to any such matter is a matter outside the scope of the Code;
- (c) any circumstances constituting a pipeline system emergency where such circumstances do not also constitute a Gas Supply Emergency, it being understood that any request given by the Transporter for the purposes of Standard Condition 5(1)(b) of the Shipper's Licence in such circumstances is a matter outside the scope of the Code.

1.9.2 In accordance with paragraph 1.9.1(a) an escape of gas is not of itself a Gas Supply Emergency (but subject thereto an escape of gas may be a circumstance which gives rise to a Gas Supply Emergency); and Gas Supply Emergency and Emergency Steps shall be construed accordingly.

1.10 Shipper's Licence

1.10.1 Any request or instruction given by the Transporter to a User in a Gas Supply Emergency shall be treated as being:

- (a) a request for the purposes of Standard Licence Condition 5(2) of the Shipper's

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Licence;

- (b) a request for cooperation pursuant to Regulation 6(1); and
- (c) to the intent that paragraph 4 shall (where relevant) apply in relation thereto, a request or instruction made pursuant to this Section Q

unless in any case such request or instruction is not capable of being construed as such.

1.10.2 Without prejudice to paragraph 1.10.1(b), nothing in this Section Q shall preclude the Transporter from making any request to a User for the purposes of Standard Licence Condition 5(2) of the Shipper's Licence or for cooperation pursuant to Regulation 6(1).¹

1.10.3 Nothing in this Section Q shall be construed as precluding the Transporter from giving any direction to any person pursuant to Regulation 6(4) (*Co-operation*).²

1.11 Code Communications

The provisions of the UK Link Manual as to the giving of Code Communications are without prejudice to the provisions of the Emergency Procedures and such other requirements as the Transporter may specify for communicating in a Gas Supply Emergency.

1.12 DNO Users

In this Section Q references to Users exclude DNO Users, other than (in paragraph 4 only) a DNO User in its capacity as an LDZ Shrinkage Provider.³

2 EMERGENCY PREPAREDNESS

2.1 Introduction

2.1.1 Users are required to comply with the requirements in this paragraph 2 with a view to ensuring an adequate level of preparedness for the occurrence of a Gas Supply Emergency.

2.1.2 Each User shall ensure that suppliers supplying gas at Supply Points of which the User is the Registered User are aware of the terms of this Section Q in so far as they may be affected thereby.

2.2 User emergency contacts

2.2.1 Each User shall provide to the Transporter:

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will amend paragraphs 1.10.1 & 1.10.2.

² Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraphs 1.10.4, 1.10.5 & 1.10.6.

³ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.13.

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- (a) a single telephone number and a single facsimile number by means of each of which the Transporter may contact, 24 hours a Day, a representative of the User in a Gas Supply Emergency for any purpose pursuant to this Section Q;
 - (b) the name(s) or title(s) of the User's representatives who may be contacted at such numbers.
- 2.2.2 Each such representative shall be a person having appropriate authority and responsibilities within the User's organisation to act as the primary contact for the Transporter in the event of a Gas Supply Emergency.
- 2.2.3 The details required under paragraph 2.2.1 shall be provided by an Applicant User before becoming a User and shall at all times be maintained up to date; and for these purposes the User shall notify to the Transporter any change in such details promptly and where possible in advance.
- 2.3 Large Firm Supply Points**
- 2.3.1 A User shall in respect of each Large Firm Supply Point of which it is the Registered User provide to the Transporter:
 - (a) in accordance with paragraph 2.3.2, the names and/or job titles of representatives of the consumer ("**emergency contacts**") each of which has the power and authority to comply with any direction given pursuant to Regulation 6(4);
 - (b) at least one (but not more than four) telephone numbers for each emergency contact by means of which the Transporter may contact, 24 hours a day, at least one emergency contact; and
 - (c) in the case of a Large Firm Supply Point the Annual Quantity of which is greater than 1,464,000 kWh (*50,000 therms*), one facsimile number, for the purposes of receiving communications pursuant to this Section Q, which is able to receive transmissions 24 hours a day.
- 2.3.2 For the purposes of paragraph 2.3.1(b):
 - (a) in the case of a Large Firm Supply Point in respect of any site which is manned 24 hours a day, the Registered User will provide to the Transporter the name(s) and/or job title(s) of at least one but not more than five (5) emergency contacts; and
 - (b) in the case of a Large Firm Supply Point in respect of any site which is not manned 24 hours a day, the Registered User will provide to the Transporter the names and/or job titles of at least three (3) but not more than five (5) emergency contacts.
- 2.3.3 A User shall comply with the requirements of paragraph 2.3.1:
 - (a) where the User becomes the Registered User in respect of a Large Firm Supply Point, when submitting the Supply Point Confirmation;

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- (b) where for any Gas Year a Supply Point of which a User is the Registered User becomes (by virtue of a change in its Annual Quantity or being designated as Firm) a Large Firm Supply Point, as soon as reasonably practicable, and in any event not later than 30 September in that Gas Year.

2.3.4 The details required under paragraph 2.3.1 shall at all times be maintained up to date; and for these purposes the User shall notify to the Transporter any change in such details as soon as reasonably practicable and where possible in advance of such change.

2.4 Interruptible Supply Points

2.4.1 A User shall in respect of each Interruptible Supply Point of which it is the Registered User provide to the Transporter:

- (a) the name and (in the case of a corporation) registered office of the consumer;
- (b) in accordance with paragraph 2.4.2, the names and/or job titles of representatives of the consumer ("**emergency contacts**") each of which has the power and authority to comply with any direction given pursuant to Regulation 6(4);
- (c) at least one (but not more than four (4)) telephone numbers for each emergency contact by means of which the Transporter may contact, 24 hours a day, at least one (1) emergency contact; and
- (d) one facsimile number, for the purposes of receiving communications pursuant to Section G and Section Q, which is able to receive transmissions 24 hours a day

and for the avoidance of doubt, the emergency contacts provided for under this paragraph may be the same contacts as those referred to in Section G 6.6.2 as 'interruption contacts'. The total number of emergency contacts provided for under this paragraph (and interruption contacts provided for under Section G 6.6.2) shall not exceed five (5) in relation to any Interruptible Supply Point.

2.4.2 For the purposes of paragraph 2.4.1(b):

- (a) in the case of any Interruptible Supply Point in respect of any site which is manned 24 hours a day, the Registered User will provide to the Transporter the name(s) and/or job title(s) of at least one but not more than four (4) emergency contacts; and
- (b) in the case of any Interruptible Supply Point in respect of any site which is not manned 24 hours a day, the Registered User will provide to the Transporter the names and/or job titles of at least three (3) but not more than four (4) emergency contacts.

2.4.3 A User shall comply with the requirements of paragraph 2.4.1 where the User becomes the Registered User in respect of an Interruptible Supply Point, when submitting the Supply Point Confirmation.

2.4.4 The details required under paragraph 2.4.1 shall at all times be maintained up to date;

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and for these purposes the User shall notify to the Transporter any change in such details as soon as reasonably practicable and where possible in advance of such change.

2.5 Priority Supply Points

2.5.1 Each User shall:

- (a) take all reasonable steps to ascertain, in relation to any Supply Point in respect of which the User submits a Supply Point Nomination, or of which it is the Registered User, whether the consumer satisfies or (as the case may be) has come to satisfy the Priority Criteria;
- (b) where it believes that the consumer does satisfy the Priority Criteria (where it is the Registered User, promptly upon forming that belief) so notify the Transporter, stating the identity of the consumer and the basis for its belief; and
- (c) where:
 - (i) a User becomes the Registered User at a Supply Point in relation to which the consumer is a Priority Consumer; or
 - (ii) the Transporter confirms pursuant to paragraph 2.5.2 that a consumer in relation to which that User is the Registered User is a Priority Consumer

notify that consumer (in terms reasonably specified by the Transporter having regard to Standard Special Condition A8 of the Transporter's Licence) of the circumstances in which it need not comply with instructions to reduce or cease, or in which it may resume or increase, the consumption of gas in a Gas Supply Emergency.

2.5.2 Where the Transporter adds the name of a consumer to the list described in paragraph 1.7(a) it shall inform the Registered User in relation to that consumer of such addition.

2.5.3 The Registered User shall promptly inform the Transporter if it becomes aware (and shall take reasonable steps to ensure that it does become aware) that the consumer at a Priority Supply Point ceases to satisfy the Priority Criteria.

2.5.4 Where the Transporter removes the name of a consumer from the list described in paragraph 1.7(a) it shall inform the User that is the Registered User in relation to that consumer of such removal.

2.5.5 Where the Transporter informs a User that a consumer in relation to which that User is the Registered User has been removed from the list described in paragraph 1.7(a), that User shall notify the consumer of the change to the circumstances in which it may reduce, cease, resume or increase the consumption of gas in a Gas Supply Emergency.

2.5.6 A User may not designate a Priority Supply Point as Interruptible except as otherwise set out in the Priority Criteria.

2.5.7 Each User shall (subject to the other requirements of this Section Q), in respect of each Priority Supply Point of which it is the Registered User, provide to the Transporter the

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name and/ or title of one representative of the consumer, together with a telephone number by means of which the Transporter may contact such representative during normal working hours on a Business Day.

2.6 Emergency Procedures

2.6.1 Each User shall secure that all of its relevant personnel are familiar with the Emergency Procedures.

2.6.2 For the purposes of paragraph 2.6.1 a User's relevant personnel are personnel employed or engaged by the User whose functions or areas of responsibility are such that (in order to enable the User to comply with any requirement of this Section Q) they are likely to be required to take any decision or action in a Gas Supply Emergency.

2.7 User procedures

2.7.1 Each User shall establish and maintain such procedures as may be necessary:

- (a) to facilitate compliance by the User with the requirements of this paragraph 2;
- (b) to enable the User to comply with the requirements of paragraph 3 in a Gas Supply Emergency.

2.7.2 Each User shall take all reasonable steps within its power to ensure that, in so far as may be necessary to give effect to the requirements of this Section Q and to the Emergency Procedures, the procedures established by it under paragraph 2.7.1 are coordinated:

- (a) with the Emergency Procedures; and
- (b) if the Transporter shall so notify the User identifying the other person(s) and specifying the coordination required, with any procedures established by Delivery Facility Operators or Offtake System Operators or another Transporter relating to Gas Supply Emergencies, or the procedures established by other Users under this paragraph 2.7; and shall consult with such other parties accordingly.

2.7.3 The User shall if requested by the Transporter provide to the Transporter a copy of the procedures from time to time established by it under paragraph 2.7.1; and the Transporter shall be at liberty to disclose to and discuss with any Competent Authority any such procedures provided to it.

3 OCCURRENCE OF A GAS SUPPLY EMERGENCY

3.1 General

3.1.1 Where the NEC declares a Network Gas Supply Emergency National Grid NTS, or where a Local Gas Supply Emergency arises the Transporter, will:

- (a) inform Users, in accordance with the Emergency Procedures and (except in the case of a Gas Supply Incident as described in such Procedures) as soon as reasonably practicable, of the commencement of the Gas Supply Emergency,

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whether it is a Local or a Network Gas Supply Emergency, the Stage thereof, and whether it is a Gas Deficit Emergency or a Critical Transportation Constraint Emergency, and (in the case of any Gas Supply Emergency), in so far as reasonably practicable, of the nature, extent and expected duration of the Gas Supply Emergency and the part of the Total System affected thereby;

- (b) thereafter keep Users reasonably informed as to material changes to the information provided under paragraph (a) (including any change in the Stage of a Network Gas Supply Emergency) and material developments in respect of the Gas Supply Emergency (including, without limitation, any determination made by National Grid NTS pursuant to paragraph 3.3.2(b)); and
 - (c) inform Users as soon as reasonably practicable when the NEC has informed the Transporter, or (as the case may be) the Transporter has determined (in accordance with paragraph 1.2.6), that the Gas Supply Emergency is no longer continuing.
- 3.1.2 Upon being informed of a Gas Supply Emergency a User shall brief all relevant personnel (as defined in paragraph 2.6.2) as to the existence and nature of the Gas Supply Emergency.
- 3.1.3 During a Gas Supply Emergency each User is required:
- (a) to comply with the Emergency Procedures in so far as applicable to the User in the circumstances;
 - (b) to comply (in the case of a Network Gas Supply Emergency) with the requirements of paragraphs 3.2.1(b) and 3.2.1(c), and (in the case of any Gas Supply Emergency) with the requirements (insofar as applicable to Users) of paragraphs 3.4 and 3.5, as to Emergency Steps in relation to the delivery and offtake of gas to and from the Total System;
 - (c) to cooperate with the Transporter, to the extent within the User's power (and without thereby rendering the User unable to comply with any requirement to take Emergency Steps itself), so as to enable the Transporter to take Emergency Steps in accordance with the Emergency Procedures; and
 - (d) in so doing to comply with the Transporter's instructions and requests (made for the purposes of paragraphs (a), (b) and (c)) as soon as reasonably practicable.
- 3.1.4 Where there is any conflict between any requirement under this Section Q or the Emergency Procedures as to anything to be done by a User, the Transporter may decide which requirement is to prevail and will inform the relevant User of its decision, which decision will relieve the User of any obligation under the Code to comply with the conflicting requirement.
- 3.1.5 A User shall not be required to comply with any requirement under this paragraph 3 applying in respect of any Gas Supply Emergency until and unless the User has been informed by the Transporter (or National Grid NTS in the case of Stage 1 of a Network Gas Supply Emergency) of the existence of such Gas Supply Emergency.
- 3.1.6 In a Gas Supply Emergency:

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- (a) unless the Transporter notifies a User otherwise, instructions to consumers in relation to interruption of offtake at Interruptible Supply Points will be given by Users;
 - (b) instructions to consumers in relation to the reduction or discontinuance of offtake at Large Firm Supply Points will be given by the Transporter;
 - (c) appeals, directions or other communications to other consumers will be made by the Transporter.
- 3.1.7 Notwithstanding paragraph 3.2.2(d), where pursuant to the Emergency Procedures the Transporter instructs a User to give any notification or communication to a consumer or supplier, the User shall comply with that instruction.

3.2 Gas Deficit Emergency

3.2.1 During Stage 1 (and higher) of a Gas Deficit Emergency:

- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph 3.4 will apply;
- (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
- (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b), for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the actual rates or quantities of delivery);
- (d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC); and/or
- (e) where the operator of any relevant Storage Facility reduces or ceases the delivery of, or refrains from delivering (as the case may be), gas to the Total System at the relevant Storage Connection Point following a request to do so by the NEC (through National Grid NTS), then the provisions of paragraph 7 shall apply

3.2.2 During Stage 2 (and higher) of a Gas Deficit Emergency:

- (a) each User shall comply with all instructions by National Grid NTS to deliver gas to the Total System at System Entry Points in such quantities and at such rates as National Grid NTS may specify, up to the maximum quantities or rates

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which are available (by the exercise of all contractual rights as to the supply of gas or otherwise) to the User, irrespective of the commercial terms of such supplies, and irrespective of the quantities of gas being offtaken from the Total System by the User;

- (b) National Grid NTS may (where appropriate, in lieu of applying paragraph (a) in relation to gas-in-storage) issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
 - (c) With effect from the time the Gas Deficit Emergency was declared, and in respect of any later Gas Flow Day falling within the duration of a Gas Deficit Emergency, National Grid NTS will not take any Market Balancing Actions; 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 will be implemented pursuant to the provisions of this Section Q; in which case, the provisions of paragraph 4.1 shall apply and the clearing of gas balances shall occur in accordance with the provisions of paragraph 4.2. Furthermore, the following provisions of Section D will be suspended for the duration of a Gas Deficit Emergency:
 - (i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);
 - (ii) Section D1.5;
 - (iii) Section D2.2.8 and 2.2.9;
 - (iv) Section D3; and
 - (v) Section D4; and/or
 - (d) National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.
- 3.2.3 During Stage 3 (and higher) of a Gas Deficit Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.
- 3.2.4 In Stage 4 of a Gas Deficit Emergency, the provisions of paragraph 3.6 apply in relation to the return to normal operation.
- ### **3.3 Critical Transportation Constraint Emergency**
- 3.3.1 During Stage 1 (and higher) of a Critical Transportation Constraint Emergency:

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- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph 3.4 will apply;
- (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
- (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b), for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the actual rates or quantities of delivery); and/or
- (d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC).

3.3.2 During Stage 2 (and higher) of a Critical Transportation Constraint Emergency:

- (a) National Grid NTS may issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
- (b) if National Grid NTS determines at any time that the application of Section D may have a detrimental effect on National Grid NTS's immediate ability to take Emergency Steps in accordance with paragraph 1.5.1 above, with effect from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) and in respect of any later Gas Flow Day falling within the duration of a Critical Transportation Constraint Emergency. National Grid NTS will not take any Market Balancing Actions from such time 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 will be implemented pursuant to paragraph 4.1. In the event that National Grid NTS does so determine, the provisions of paragraphs 3.2.2(a), 4.1.1 and 4.2 shall, from the time determined by National Grid NTS pursuant to this paragraph, apply mutatis mutandis to the Critical Transportation Constraint Emergency as if all references in such paragraphs to a Gas Deficit Emergency were to the Critical Transportation Constraint Emergency. Furthermore, the following provisions of Section D will be suspended from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) for the duration of a Critical Transportation Constraint Emergency:

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- (i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);
 - (ii) Section D1.5;
 - (iii) Section D2.2.8 and 2.2.9;
 - (iv) Section D3; and
 - (v) Section D4; and/or
- (c) National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.
- 3.3.3 During Stage 3 (and higher) of a Critical Transportation Constraint Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.
- 3.3.4 In Stage 4 of a Critical Transportation Constraint Emergency, the provisions of paragraph 3.6 apply in relation to the return to normal operation.

3.4 Emergency Interruption

- 3.4.1 The relevant provisions of Section G6 will apply for the purposes of Interruption in a Gas Supply Emergency or Local Gas Supply Emergency, except that:
- (a) the Transporter shall not be required to give five (5) hours notice of Interruption but may require Interruption as soon as practicable following the Transporter's Interruption Notice;
 - (b) the User may not request an alteration pursuant to Section G6.8.2 to the Supply Points to be Interrupted;
 - (c) any Day or Days of Interruption pursuant to this Section Q shall not count towards the use of the Interruption Allowance under Section G6.7.5;
 - (d) the provisions of Section G6.9 (other than Section G6.9.2(a)) in respect of a failure to Interrupt shall not apply.
- 3.4.2 In addition, the provisions of paragraph 6 of this Section Q shall apply following Interruption in a Network Gas Supply Emergency) (other than a Critical Transportation Constraint Emergency).

3.5 Firm Load Shedding

- 3.5.1 Where Emergency Steps include the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points (in a Local Gas Supply Emergency or at Stage 2 or above of a Network Gas Supply Emergency), such steps will (insofar as is practicable and as may be required by Standard Special Condition A8(15) of the

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Transporter's Licence) be applied in the following order:

- (a) first, at Interruptible Supply Points (insofar as offtake has not already been interrupted at such points);
- (b) secondly, at Supply Points, other than Priority Supply Points, which include VLDMC Supply Points ~~Components~~;
- (c) thirdly, at other Large Firm Supply Points other than Priority Supply Points;
- (d) lastly, at Firm Supply Points (including for the avoidance of doubt Supply Points whose Annual Quantities do not exceed 73,200 kWh (2,500 therms)) and at Priority Supply Points.

3.5.2 Where a Transporter has taken Emergency Steps that require the reduction or discontinuance of offtake of gas as set out above, and the Transporter subsequently determines that such reduction or discontinuance of offtake of gas is no longer required or will be no longer required at a certain time, then the Transporter will so notify Users specifying the time (where later than the time of such notification) at which such reduction or discontinuance of offtake of gas is no longer required.

3.5.3 In addition, the provisions of paragraph 6 of this Section Q shall apply following any reduction or discontinuance of offtake of gas pursuant to paragraph 3.5.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point ~~Component~~ or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Critical Transportation Constraint Emergency).

3.5.4 To the extent that Emergency Steps include the isolation of any part of a System in which several Supply Points are located, the order in paragraph 3.5.1 may not apply.

3.5.5 The manner in and priority with which Emergency Steps may be taken for the reduction or discontinuance of offtake of gas at a Connected System Exit Point will be in accordance with the relevant Network Exit Provisions (which will where appropriate take account of the requirements of Standard Special Condition A8(15) of the Transporter's Licence); and the Transporter and the Connected System Operator shall be at liberty to take Emergency Steps in accordance therewith.

3.5.6 Without prejudice to the Transporter's ability to take any Emergency Step, the Transporter may take steps physically to isolate any Large Firm Supply Point where the consumer does not comply with any instruction given under paragraph 3.1.6(b).

3.6 Return to normal operation

3.6.1 The order in which during a Gas Supply Emergency offtake of gas at Supply Points is restored will (so far as is practicable and subject to any requirements in relation to Priority Supply Points) be the inverse of that under paragraph 3.5.1.

3.6.2 For the purposes of paragraph 4, a Network Gas Supply Emergency will be considered to have ceased only:

- (a) when integrity of the NTS is restored, such that any loss of pressure in the NTS (or risk of such loss arising as a result of a Gas Supply Emergency) has ceased;

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- (b) where the Transporter is reasonably able to provide forecasts and demand information in accordance with Section H;
- (c) with effect from the start of a Day; and
- (d) upon notice to Users given not later than 10:00 hours on the Preceding Day.

4 CONSEQUENCES OF EMERGENCY

4.1 Suspension of certain provisions of the Code

4.1.1 In respect of each Day or part of a Day during a Gas Deficit Emergency at Stage 2 and higher:

- (a) the provisions of:
 - (i) Section B as to Overrun Charges, LDZ CSEP Overrun Charges and Supply Point Ratchets will not apply;
 - (ii) Section B2 as to Daily NTS Entry Capacity, Interruptible NTS Entry Capacity, surrender of NTS Entry Capacity and the curtailment of NTS Entry Capacity shall not apply;
 - (iii) Section B3 and Annex B-2 as to Daily NTS Exit (Flat) Capacity, the surrender of NTS Exit (Flat) Capacity the curtailment of NTS Exit (Flat) Capacity and offtake reductions shall not apply;

(and in relation to the first such Day or part of a Day, amounts payable pursuant to the application of those paragraphs on the Preceding Day shall not be payable);

- (b) the provisions of paragraph 3.2.2, shall apply in relation to the application of Section D;
- (c) Section F2 will apply on the basis in paragraph 4.2; Section F3 will not apply (so that no Scheduling Charges will be payable); Section F4 will apply, modified in accordance with paragraph 4.2 (and in consequence of the provisions of this paragraph 4.1.1); and Sections F5 and F6 will apply;
- (d) Section I3.10 (as to rates of delivery of gas) will not apply, and where the Transporter requests or permits the delivery of gas to the Total System which does not comply with the applicable Gas Entry Conditions, Section I3.4 will not apply; and
- (e) the provisions of Sections G and M as to payments by the Transporter to Users in respect of the performance or failure to perform the Transporter's obligations under those Sections will not apply to the extent any failure in such performance results from the Gas Supply Emergency or the taking of Emergency Steps.

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4.1.2 In a Gas Supply Emergency any other provision of the Code which would in any particular case conflict with the implementation of this Section Q shall to that extent not apply.

4.2 Clearing of gas balances following a Gas Deficit Emergency

4.2.1 In a Gas Deficit Emergency (at Stage 2 and higher) Section F2 will apply on such modified basis as is appropriate to give effect to paragraph 4.2.2 (and in particular without the application of any tolerances, or of any price other than the relevant price under paragraph 4.2.4).

4.2.2 In respect of each Day during a Gas Deficit Emergency (at Stage 2 and higher):

- (a) National Grid NTS shall pay to each User who delivered on a Day more gas to the Total System than it offtook on such Day an amount determined as the User's Daily Imbalance multiplied by the relevant price, subject to paragraph 4.2.6;
- (b) each User who offtook on a Day more gas from the Total System than it delivered on such Day shall pay to National Grid NTS an amount determined as the User's Daily Imbalance multiplied by the relevant price.

4.2.3 For the purposes of paragraph 4.2.2, a User's Daily Imbalance shall include:

- (a) any Trade Nomination Quantity relating to any Trade Nomination submitted by or on behalf of the User (provided that such Trade Nomination has not been rejected by National Grid NTS and that a corresponding Trade Nomination was submitted); and
- (b) (pursuant to the provisions of paragraph 6.2.1) that User's Emergency Curtailment Quantity.

4.2.4 For the purposes of this paragraph 4.2:

- (a) the "**relevant price**" in respect of paragraph 4.2.2(a) is the System Average Price determined under Section F1.2.1 or F1.2.2; and
- (b) the "**relevant price**" in respect of paragraph 4.2.2(b) is the System Marginal Buy Price as determined under Section F1.2.1(a);

in each case by reference to the Day on which the Gas Deficit Emergency (at Stage 2 and higher) started.

4.2.5 In applying Section F4 in respect of Days during a Gas Deficit Emergency (at Stage 2 and higher), to the extent amounts payable by National Grid NTS to Users pursuant to paragraph 4.2.6 exceed the amounts payable pursuant to paragraph 4.2.2, the excess amounts will be taken into account as though such amounts were Market Balancing Action Charges payable by National Grid NTS (for the purposes of Section F 4.4.3).

4.2.6 Where a User (the "**claimant**") believes that it will suffer a financial loss by reason of being paid only the relevant price in respect of any gas delivered to the Total System on a Day during a Gas Deficit Emergency (at Stage 2 and higher) (but not in respect of a

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quantity of gas which exceeds the amount of the claimant's Daily Imbalance if any under paragraph 4.2.2(a)):

- (a) the claimant may within such time as National Grid NTS shall reasonably require submit to National Grid NTS a claim to be paid at a higher price, together with details of the basis on which it believes it will suffer a financial loss and the amount of such loss;
- (b) National Grid NTS will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid, in excess of what is payable calculated at the relevant price, so that it will not suffer such financial loss;
- (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
- (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid;
- (e) National Grid NTS will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Grid NTS's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Grid NTS's paying a different amount).

4.2.7 The provisions of paragraph 4.5 shall apply in relation to any claim made by a claimant pursuant to paragraph 4.2.6.

4.3 Consequences of a Critical Transportation Constraint Emergency

4.3.1 Save where paragraph 3.3.2(b) applies (in which event this paragraph 4.3 shall be of no effect), where a User (the "**claimant**") believes that it will suffer a financial loss in respect of any gas delivered to the Total System on a Day during a Critical Transportation Constraint Emergency in accordance with National Grid NTS's instructions to the operator of a Storage Facility (in which the User had gas-in-storage) pursuant to paragraph 3.2.2(b) or 3.3.2(a):

- (a) the claimant may within such time as National Grid NTS shall reasonably require submit to National Grid NTS a claim in respect of such financial loss together with details of the basis on which it believes it will suffer such loss and the amount thereof;
- (b) National Grid NTS will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid so that it will not suffer such financial loss;

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- (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
- (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid; and
- (e) National Grid NTS will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Grid NTS's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Grid NTS's paying a different amount).

4.3.2 Save where paragraph 3.3.2(a) applies, in applying Section F4 in respect of Days during a Critical Transportation Constraint Emergency:

- (a) amounts payable by National Grid NTS to Users pursuant to paragraph 4.3.1; and
- (b) all such costs as National Grid NTS may reasonably incur pursuant to paragraph 4.1;

will be taken into account as though such amounts were Market Balancing Action Charges payable by National Grid NTS (for the purposes of Section F4.4.3).

4.4 Further consequences

The Transporter and Users acknowledge that during any Gas Supply Emergency it may be necessary for each of them to divert resources from other activities which may potentially result in a temporary impairment of their abilities subsequently to perform their respective obligations pursuant to the Code; and acknowledge that any such impairment resulting from such diversion of resources may be Force Majeure for the purposes of GT Section B3.

4.5 Post Emergency Claims Validation Process

4.5.1 The provisions of this paragraph 4.5 apply in relation to any claim (a “**Post-Emergency Claim**”) submitted by a claimant pursuant to paragraph 4.2.6.

4.5.2 In relation to any Day during a Gas Deficit Emergency (at Stage 2 or higher) for which a claimant wishes to submit a Post-Emergency Claim, the claimant must have posted a Market Offer to effect a Physical Market Transaction (by means of a Disposing Trade Nomination) on the Trading System for such Day prior to a Stage 4 (Restoration) being declared (if applicable). In relation to the Market Offer (in respect of the Physical Market Transaction) posted by the claimant:

- (a) for the purposes of this Section Q, the claimant must have stated the Market Transaction Lead Time as one (1) hour when placing the relevant Market Offer;
- (b) the claimant must have stated the Market Transaction Quantity and not the Market Offer Specified Rate;

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- (c) the claimant must have specified that the Market Offer is not an Option Market Offer;
 - (d) the claimant may have indicated that the Market Offer is capable of partial acceptance; and
 - (e) the Market Offer must have remained unaccepted on the Trading System for the duration of the Day in question.
- 4.5.3 In addition, the claimant may only submit a Post-Emergency Claim in respect of a Day for which the claimant had a positive Daily Imbalance quantity.
- 4.5.4 The Trading System Operator will provide the market with a calculation of an indicative volume weighted average price of all Market Offers (in respect of the Physical Market Transactions) for each Day during a Gas Deficit Emergency. The indicative volume weighted average price will be updated and published on the relevant Day by the Trading System Operator on a reasonable endeavours basis whenever a Market Offer (in respect of a Physical Market Transaction) is registered, updated, withdrawn from, or accepted on, the Trading System.
- 4.5.5 The Trading System Operator will notify National Grid NTS of the details of all Market Offers (in respect of Physical Market Transactions) that were remaining unaccepted on the Trading System at the close of the Day(s) for the duration of the Gas Deficit Emergency period.
- (a) These details will include:
 - (i) identity of the Originating Participant;
 - (ii) Market Transaction ID;
 - (iii) Market Offer Date;
 - (iv) date and time of the Market Offer was made;
 - (v) Market Transaction Quantity;
 - (vi) Market Offer Price;
 - (vii) Market Transaction Type; and
 - (viii) whether the Originating Participant would be making an Acquiring or a Disposing Trade Nomination pursuant to any Market Transaction arising from the Market Offer;
 - (b) The Trading System Operator will submit the details of the Market Offers (in respect of Physical Market Transactions) posted but not accepted for the relevant Day to National Grid NTS by 07:00 on the Day following each relevant Day for which a Gas Deficit Emergency (Stage 2 or higher) had been declared.
- 4.5.6 A User may submit a Post-Emergency Claim to National Grid NTS in respect of any Day during a Gas Deficit Emergency (Stage 2 or higher) provided that each Post-Emergency Claim will relate to a single Market Offer (in respect of a Physical Market Transaction) that complies with the requirements of paragraph 4.5.2.

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- 4.5.7 A User must submit a Post-Emergency Claim to National Grid NTS within six (6) Days following the Day to which the Post-Emergency Claim relates (the “**Post-Emergency Claims Closeout Date**”). Any Post-Emergency Claims received by National Grid NTS after the Post-Emergency Claims Closeout Date will be rejected.
- 4.5.8 For each Post-Emergency Claim (for each relevant Day), the User will provide the following mandatory details of:
- (a) User name and User identifier in relation to the Trading System; Market Transaction ID; Day; claimed quantity; Market Offer Price; time posted on the Trading System;
 - (b) the Eligible Trading System Point(s) that would have been associated to the Market Offer(s) had it become a Physical Market Transaction;
 - (c) for each Eligible Trading System Point provided in (b), the nominated end-of-day quantity for that Day (at the time the Market Offer was placed);
 - (d) for each Eligible Trading System Point that would have been associated to a System Exit Point, a copy of either the notification pertaining to the reduction of offtake at Firm Supply Points or the Interruption Notice. For the avoidance of doubt, a Post-Emergency Claim will be rejected where the System Exit Point had been previously subject to Emergency Curtailment for the relevant Day during the period of the Gas Deficit Emergency; and
 - (e) reasonable justification for the level of the Market Offer Price.
- 4.5.9 For the purposes of reviewing claims submitted by each claimant, National Grid NTS appoints the Transporter Agency as the claims reviewer (the “**Post-Emergency Claims Agent**”) to undertake the validation of all claims.
- 4.5.10 In order for a Post-Emergency Claim to be deemed as valid:
- (a) all of the requirements of paragraphs 4.5.2, 4.5.3, 4.5.6, 4.5.7 and 4.5.8 must have been satisfied;
 - (b) where the Eligible Trading System Point to which the Market Offer relates is a System Exit Point, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 3 (Allocation and Isolation) is declared (and the Trading System’s time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);
 - (c) in all other circumstances, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 4 (Restoration) is declared (and the Trading System’s time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered); and
 - (d) the User must be a Registered User at the System Point in respect of which the Market Offer is made.

Any claim which does not comply with the above requirements shall be rejected.

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4.5.11 Where a User submits one or more Post-Emergency Claims for a relevant Day (within a Gas Deficit Emergency (Stage 2 or higher)), and the aggregate Market Transaction Quantities for all such Post-Emergency Claims submitted by the User exceeds the User's positive Daily Imbalance in respect of that Day then, for each User:

- (a) the User's Post Emergency Claims for that Day will be ranked in ascending Market Offer Price order (with the claim having the lowest Market Offer Price being ranked first) and where two or more Post-Emergency Claims relate to Market Offers at the same Market Offer Price, such claims shall be ranked by time (with the claim having the earliest registered Market Offer Price being ranked first, and the Trading System's time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);
- (b) the first ranked Post Emergency Claim shall be considered first and where the Market Transaction Quantity specified in that Post Emergency Claim is less than or equal to the User's positive Daily Imbalance for that Day, then the claim shall be remain valid, and the next ranked Post Emergency Claim shall be considered on the same basis, and this process of consideration shall continue until the first Post Emergency Claim is reached (the "**First Non-Qualifying Post-Emergency Claim**") where the Market Transaction Quantity of such claim plus the sum of the Market Transaction Quantities in all of the User's Post-Emergency Claims for that Day that have been considered pursuant to this paragraph prior to the First Non-Qualifying Post-Emergency Claim being considered is greater than the User's positive Daily Imbalance for that Day;
- (c) the Market Transaction Quantity of the First Non-Qualifying Post-Emergency Claim shall, for the purposes of the remainder of this paragraph 4.5, be reduced such that, when added to the sum of the Market Transaction Quantities in all of the User's Post-Emergency Claims for that Day that have been considered pursuant to paragraph (b) prior to the First Non-Qualifying Post-Emergency Claim being considered, it is equal to the User's positive Daily Imbalance for that Day; and
- (d) all of the User's Post-Emergency Claims that are ranked after the First Non-Qualifying Post-Emergency Claim shall be rejected and deemed invalid for the purposes of the remainder of this paragraph 4.5.

4.5.12 Following validation of Post-Emergency Claims by the Post-Emergency Claims Agent, National Grid NTS (or the Post-Emergency Claims Agent on its behalf) will then determine which of the remaining valid Post-Emergency Claims should be submitted to the Authority as being recommended for payment or as being subject to further economic assessment. To determine the recommendation in respect of each remaining valid Post-Emergency Claim:

- (a) remaining valid Post-Emergency Claims will be ordered by Market Offer Price (with the claim having the lowest Market Offer Price being first) and where two or more Post-Emergency Claims relate to Market Offers at the same Market Offer Price, such claims shall be ordered by time (with the claim having the earliest registered Market Offer Price being first, and the Trading System's time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);

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- (b) each remaining valid Post-Emergency Claim will then be considered in turn in the order referred to above. Where the Market Transaction Quantity of the claim under consideration plus the aggregate Market Transaction Quantity of all other claims that have (prior to the consideration of the Post-Emergency Claim in question) been allocated a status of “recommended for payment” is less than or equal to 80% of the aggregate Market Transaction Quantities in all valid Post-Emergency Claims (taking account of any reduced Market Transaction Quantities, if applicable, in accordance with paragraph 4.5.11), then the Post-Emergency Claim in question shall be allocated a status of “recommended for payment”, otherwise the Post-Emergency Claim in question (and all Post-Emergency Claims yet to be considered) shall be allocated a status of “subject to economic price assessment”.
- 4.5.13 National Grid NTS will submit all remaining valid Post-Emergency Claims (being those allocated a status of “recommended for payment” and those allocated a status of “subject to economic price assessment”) together with their status, to the Authority for its consideration (TPD Section Q.4.2.6 (e)) in a single batch on a given date (the “**Post-Emergency Claims Review Date**”). National Grid shall use reasonable endeavours to ensure that the Post-Emergency Claims Review Date is not more than ten (10) Business Days after the fifteenth (15th) day of the month following the month in which the Day in question falls; provided that where a Gas Deficit Emergency spans multiple Billing Periods, National Grid NTS will submit the validated Post-Emergency Claims to the Authority in batches that are specific to each of the Billing Periods.
- 4.5.14 For each relevant Day and pursuant to Standard Special Condition A11(18) of National Grid NTS’s Gas Transporter’s Licence the Authority shall consider each validated Post-Emergency Claim submitted to it by National Grid NTS and shall thereafter advise National Grid NTS as to whether the Authority directs that the Post-Emergency Claim should be paid or not (and if it does direct that the Post-Emergency Claim should be paid, whether the Post-Emergency Claim should be paid at the Market Offer Price or at some other price). To the extent that the Authority has not given a direction in respect of a submitted Post Emergency Claim within twenty eight (28) days of the date of submission of such claim by National Grid NTS to the Authority for consideration, the Authority shall be deemed to have directed that such Post-Emergency Claim should be paid.
- 4.5.15 National Grid NTS will, not less than twenty nine (29) days after the Post-Emergency Claims Review Date (the “**Post-Emergency Claims Approval Date**”) calculate a volume weighted average price in pence per kWh (“**VWAPEC**”) for a Day based on all those Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment. VWAPEC for a Day shall be calculated as follows:

$$((B - C) / A)$$

Where:

A is the sum (expressed in kWh) of the Market Transaction Quantities of all Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment (taking account of any reduced Market Transaction Quantity, if applicable, in accordance with paragraph 4.5.11);

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B is the total aggregate amount payable as directed (or deemed to have been directed) by the Authority in relation to all those Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment; and

C is the sum of A multiplied by the System Average Price for the Day in question.

- 4.5.16 Each User that has submitted a Post-Emergency Claim that has been directed (or deemed to have been directed) by the Authority for payment shall be paid by National Grid NTS an amount (“**Post-Emergency Claims Payment**”) equal to the amount determined as:

$$A - (B * C)$$

Where:

A is the total amount payable as directed (or deemed to have been directed) by the Authority for payment in relation to that Post-Emergency Claim;

B is the Market Transaction Quantity (expressed in kWh) of the Post-Emergency Claim in question; and

C is the System Average Price for the Day in question.

- 4.5.17 Each User with a negative Daily Imbalance for a Day in respect of which one or more Post-Emergency Claims have been submitted and directed (or deemed to have been directed) by the Authority for payment shall pay an amount (“**Post-Emergency Claims Charge**”) determined as the User’s negative Daily Imbalance for that Day multiplied by VWAP in respect of that Day.
- 4.5.18 Post-Emergency Claims Charges and Post-Emergency Claims Payment for the relevant Day will be invoiced in accordance with TPD Section S2.4 and will be deemed to be Balancing Neutrality Charges for the purposes thereof.
- 4.5.19 In relation to each Day during a Gas Deficit Emergency (Stage 2 or higher), National Grid NTS will use reasonable endeavours to publish:
- (a) not later than ten (10) Business Days after the Post-Emergency Claims Closeout Date:
 - (i) in respect of each Post-Emergency Claim submitted:
 - (1) the Day in respect of which the Post-Emergency Claim was submitted;
 - (2) the Market Transaction Quantity claimed; and
 - (3) the Market Offer Price claimed;
 - (ii) the volume weighted average price of all submitted Post-Emergency Claims for that Day;
 - (iii) in respect of each Post-Emergency Claim rejected pursuant to paragraph 4.5.10:

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- (1) the Day in respect of which the Post-Emergency Claim was submitted;
 - (2) the Market Transaction Quantity claimed;
 - (3) the Market Offer Price claimed; and
 - (4) the reason for the rejection of the Post-Emergency Claim;
- (b) not later than one (1) Business Day after the Post-Emergency Claims Review Date:
 - (i) in respect of each valid Post-Emergency Claim which was submitted to the Authority pursuant to paragraph 4.5.13:
 - (1) the Day in respect of which the Post-Emergency Claim was submitted;
 - (2) the Market Transaction Quantity claimed (reduced, if applicable, pursuant to paragraph 4.5.11); and
 - (3) the Market Offer Price claimed;
 - (ii) the volume weighted average price of all Post-Emergency Claims for that Day submitted to the Authority pursuant to paragraph 4.5.13;
 - (iii) in respect of each Post-Emergency Claim which was rejected pursuant to paragraph 4.5.11:
 - (1) the Day in respect of which the Post-Emergency Claim was submitted;
 - (2) the Market Transaction Quantity claimed;
 - (3) the Market Offer Price claimed; and
 - (4) the reason for the rejection of the Post-Emergency Claim;
- (c) not later than fifteen (15) Business Days after the Post-Emergency Claims Approval Date, a report for each relevant Day, specifying:
 - (i) in respect of each Post-Emergency Claim that has been directed (or deemed to have been directed) by the Authority for payment, the Market Transaction Quantity directed (or deemed to have been directed) by the Authority, the Market Offer Price directed (or deemed to have been directed) by the Authority, and the total amount directed (or deemed to have been directed) by the Authority for payment in respect of such claim by National Grid NTS;
 - (ii) the sum of the Market Transaction Quantities in relation to all Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment;

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- (iii) the sum of the Market Offer Prices in relation to all Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment;
- (iv) VWAPEC for the Day; and
- (v) in respect of each Post-Emergency Claim that was submitted to the Authority pursuant to paragraph 4.5.13 and which the Authority has directed should not be paid, the Market Transaction Quantity (reduced, if applicable, pursuant to paragraph 4.5.11) and the Market Offer Price.

5 SAFETY MONITOR

5.1 Introduction

5.1.1 For the purposes of paragraph 5:

- (a) **"Annual NDM/Priority Severe Demand"** means the element of the 1-in-50 Severe Annual Demand which is attributable to those Supply Points identified in the National Grid Safety Case as being 'protected by monitor';
- (b) **"Peak NDM/Priority Demand"** means the peak day demand at those Supply Points identified in the National Grid Safety Case as being 'protected by monitor';
- (c) **"Safety Monitor"** means, for each day of the Winter Period and all Storage Facility Types, the Stored Safety Gas Requirement allocated in aggregate to all Storage Facility Types in accordance with the principles set out in the National Grid Safety Case, together with an amount of gas for all Storage Facility Types to permit the safe shutdown of those Supply Points not identified in the National Grid Safety Case as being 'protected by monitor';
- (d) **"Storage Facility Type"** means one of the types (as determined by National Grid NTS from time to time and notified to Users pursuant to paragraph 5.2.1(d)) of Storage Facility or (where the context requires) all Storage Facilities of such a type;
- (e) **"Storage Safety Deliverability Requirement"** means the amount by which the Peak NDM/Priority Severe Demand exceeds the maximum daily supply;
- (f) **"Stored Safety Gas Requirement"** means the amount (in kWh) by which the Annual NDM/Priority Demand exceeds the level of demand equal to the maximum daily supply; and
- (g) **"National Grid Safety Case"** means the safety case (in accordance with Regulation 2(5)) of National Grid NTS acting in its capacity as a gas transporter in relation to the NTS.

5.2 Information Requirements

5.2.1 National Grid NTS will by 31 May in each Gas Year, notify Users of preliminary details of the following in respect of the coming Winter Period:

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- (a) Stored Safety Gas Requirement;
 - (b) Storage Safety Deliverability Requirement;
 - (c) maximum daily supply; and
 - (d) the number and designation of Storage Facility Types, together with the classification criteria used in the determination of those Storage Facility Types and (where the classification criteria has changed from that used in respect of the previous Winter Period) details of any change to such classification criteria.
- 5.2.2 National Grid NTS will, by 31 May in each Gas Year, determine whether the available Storage Space and/or Storage Deliverability is in aggregate less than the quantities detailed in paragraph 5.2.1(a) to (b) and shall notify Users of any shortfall and the extent thereof. In this event, the Safety Monitor notified pursuant to paragraph 5.2.3 will reflect the available Storage Space and/or Storage Deliverability.
- 5.2.3 National Grid NTS will, by 1 October in each Gas Year, notify Users of final details of the items stated in paragraph 5.2.1 along with the Safety Monitor for each day of the coming Winter Period.
- 5.2.4 Calculations of available Storage Space and/or Storage Deliverability made pursuant to this paragraph 5 shall exclude:
- (a) Storage Capacity booked by National Grid for Operating Margins Purposes; and
 - (b) Storage Capacity in respect of Storage Facilities where there are relevant operational and/or physical characteristics that would make use of their Storage Capacity and/or gas-in-storage inappropriate in the calculation of any of the information specified in paragraphs 5.2.1, 5.2.2 and/or 5.2.3.
- 5.2.5 National Grid NTS will throughout the Winter Period keep under review the information previously notified pursuant to paragraphs 5.2.1, 5.2.2 and/or 5.2.3, together with any information available to National Grid NTS in respect of its estimates of expected deliveries to or offtakes from the Total System, and may:
- (a) reduce a Safety Monitor to reflect longer-term demand forecasts (for example, during the later Days of the Winter Period);
 - (b) adjust a Safety Monitor to reflect the occurrence of severe weather; and
 - (c) increase or reduce (as the case may be) a Safety Monitor to reflect any material change in National Grid NTS's estimates of expected deliveries to or offtakes from the Total System.
- 5.2.6 Where National Grid NTS undertakes any of the actions specified in paragraph 5.2.5, National Grid NTS will;
- (a) in respect of any of the actions specified in paragraphs 5.2.5(a) to 5.2.5(b), notify Users of any material changes in the information previously notified pursuant to paragraphs 5.2.1, 5.2.2 and/or 5.2.3; and

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- (b) in respect of any of the actions specified in paragraph 5.2.5(c), notify Users of the reasons for such action being taken.

5.2.7 National Grid NTS will:

- (a) notify Users, on a daily basis, of the aggregate physical gas-in-storage level (in kWh) in each Storage Facility Type; and
- (b) where National Grid NTS calculates that the aggregate physical gas-in-storage level in all Storage Facility Types exceeds the Safety Monitor by a quantity (in kWh) equal to or less than the Two Day Ahead Minimum Storage Deliverability Amount, notify Users of:
 - (i) the quantity (in kWh) by which the physical gas-in-storage levels of all Storage Facility Types exceeds the Safety Monitor; and
 - (ii) the sum of all Storage Withdrawal Nominations for all Storage Facility Types.

These physical gas-in-storage levels and the maximum withdrawal rate may reflect gas-in-storage and other information provided by the relevant Storage Operator(s), as well as Input and Output Nominations.

5.2.8 National Grid NTS shall notify all Users of potential or actual breaches of a Safety Monitor as a result of:

- (a) insufficient bookings of Storage Space and/or Storage Deliverability as notified to National Grid NTS by the relevant Storage Operator(s);
- (b) anticipated shortfall of gas-in-storage based upon current stock levels and the injection and withdrawal information notified to National Grid NTS by the relevant Storage Operator(s);
- (c) Renominations or other relevant within day information.

5.3 Storage Information

5.3.1 National Grid NTS shall have access to such details of the use of a Storage Facility by all Storage Users as may be provided for under the relevant Storage Connection Agreement.

5.3.2 In particular, each Storage Operator will provide to National Grid NTS:

- (a) where National Grid NTS so requests, the details of the amounts of aggregate Storage Capacity allocated to Storage Users for each Storage Facility for the Storage Year or remaining part of the Storage Year pursuant to applications for Storage Capacity under the relevant Storage Terms;
- (b) on a daily basis throughout the Storage Year, details for each Storage Facility of Storage Users' aggregate Storage Capacity, injections, withdrawals and gas-in-storage; and

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- (c) where National Grid NTS so requests, details of the Applicable Total Storage Space, the Applicable Total Storage Deliverability and Maximum Injection Rate of each Storage Facility.

5.3.3 Each Storage Operator shall ensure that its Storage Terms permit the disclosure by the Storage Operator to National Grid NTS of the information referred to in paragraph 5.3.2(a) and (b) and the subsequent publication of this information by National Grid NTS pursuant to the provisions of this paragraph 5 (or as otherwise required by the Code).

5.4 Actions to Prevent Safety Monitor Breaches

5.4.1 Other than notifying Users in accordance with paragraph 5.2.8, and subject to taking such steps as it is required to take under the National Grid Safety Case, National Grid NTS will not take any specific action as a consequence of identifying a potential or actual breach of a Safety Monitor.

5.4.2 Where National Grid NTS has assessed that any actions taken by it pursuant to the National Grid Safety Case and any actions taken by Users in response to the notification made under paragraph 5.2.8 have not been or, in National Grid NTS's opinion, would not be sufficient to prevent a breach of a Safety Monitor, National Grid NTS shall liaise with the Network Emergency Coordinator to declare a Network Gas Supply Emergency.

6 EMERGENCY CURTAILMENT

6.1 Definitions

6.1.1 For the purposes of the Code:

(a) **“Emergency Curtailment”** means either:

(i) Interruption due to a Network Gas Supply Emergency other than a Critical Transportation Constraint Emergency; or

(ii) any reduction or discontinuance of offtake of gas pursuant to paragraph 3.5.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point-Component or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Critical Transportation Constraint Emergency);

(b) **“Emergency Curtailment Trade Price”** means:

(i) the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1 or F1.2.2 but by reference to the 30 Days preceding the Day on which the Emergency Curtailment occurred; and

(c) **“Emergency Curtailment Quantity”** means, in respect of a User, the quantity of gas calculated by National Grid NTS as being the sum of the aggregate quantities of gas (in kWh) which each Transporter reasonably estimates (based on the information available to it at the time of making such estimate) that User

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would have offtaken from the relevant Transporter's System at System Exit Points in respect of which Emergency Curtailment has occurred but for the fact that Emergency Curtailment had occurred at those System Exit Points. The Transporter shall apply the ECQ Methodology to calculate a User's Emergency Curtailment Quantity.

- (d) **"ECQ Methodology"** means a methodology statement prepared by the Transporters and governed in accordance with Section V12 setting out the calculations that each Transporter will use to estimate (and/or revise any previous estimate of) the aggregate quantity of gas (in kWh) that each User would have offtaken during a Day from the relevant System at System Exit Points in respect of which Emergency Curtailment has occurred but for the fact that Emergency Curtailment had occurred at those System Exit Points in respect of that Day.

6.2 Emergency Curtailment Trade Arrangements

- 6.2.1 In the event that Emergency Curtailment occurs, then each User that has an Emergency Curtailment Quantity authorises National Grid NTS to make a Disposing Trade Nomination on behalf of the User, and National Grid NTS will make a corresponding Acquiring Trade Nomination, in each case for the User's Emergency Curtailment Quantity.
- 6.2.2 National Grid NTS will pay to each User an amount determined as the User's Emergency Curtailment Quantity multiplied by the Emergency Curtailment Trade Price.
- 6.2.3 In the event that further Emergency Curtailment is required in respect of a Day, or Emergency Curtailment that had previously occurred in respect of that Day is removed, then National Grid NTS shall calculate a revised Emergency Curtailment Quantity for each User based on any updated estimates provided to it by the Transporters, and:
 - (a) where the effect is such that a User's revised Emergency Curtailment Quantity is greater than the User's previously calculated Emergency Curtailment Quantity, each such User authorises National Grid NTS to make a Disposing Trade Nomination on behalf of the User, and National Grid NTS will make a corresponding Acquiring Trade Nomination, in each case for the difference between the User's revised Emergency Curtailment Quantity and the User's previously calculated Emergency Curtailment Quantity; and
 - (b) where the effect is such that a User's revised Emergency Curtailment Quantity is less than the User's previously calculated Emergency Curtailment Quantity, each such User authorises National Grid NTS to make a Acquiring Trade Nomination on behalf of the User, and National Grid NTS will make a corresponding Disposing Trade Nomination, in each case for the difference between the User's previously calculated Emergency Curtailment Quantity and the User's revised Emergency Curtailment Quantity.
- 6.2.4 In the circumstances set out in:
 - (a) paragraph 6.2.3(a), National Grid NTS will pay to the User an amount determined as the difference between the User's revised Emergency Curtailment Quantity and the User's previously calculated Emergency

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Curtailment Quantity multiplied by the Emergency Curtailment Trade Price;

- (b) paragraph 6.2.3(b), the User will pay to National Grid NTS an amount determined as the difference between the User's previously calculated Emergency Curtailment Quantity and the User's revised Emergency Curtailment Quantity multiplied by the Emergency Curtailment Trade Price.
- 6.2.5 National Grid NTS will not pay Balancing Charges, Balancing Neutrality Charges, Scheduling Charges or Daily Imbalance Charges as a result of Trade Nominations occurring as a result of the operation of paragraphs 6.2.1 or 6.2.3.
- 6.2.6 For the avoidance of doubt, any amounts payable by National Grid NTS pursuant to paragraph 6.2.2 or 6.2.4 shall not be included in the calculation of the System Marginal Buy Price, the System Marginal Sell Price or the System Average Price pursuant to Section F1.2 for the Day to which the Emergency Curtailment Quantity relates.
- 6.2.7 Where, following the end of a Day, a User (the "**claimant**") believes that it ought to have had a different Emergency Curtailment Quantity to that determined pursuant to this paragraph 6 and applicable at the end of the Day in question:
- (a) the claimant may, within such time as National Grid NTS shall reasonably require, submit to National Grid NTS a claim that it ought to have had a different Emergency Curtailment Quantity, together with details of the basis on which it believes it ought to have had a different Emergency Curtailment Quantity;
 - (b) National Grid NTS will (in consultation with the UNC Committee) appoint an independent accountant or other appropriately qualified person as "claims reviewer" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the Emergency Curtailment Quantity which (in the claims reviewer's opinion) the claimant should have had;
 - (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
 - (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid;
 - (e) in the event that either the claimant or National Grid NTS disagrees with the claims reviewer's decision, it may refer the matter to the Authority, and the Authority may determine either that the claims reviewer's decision was correct or may direct that a different Emergency Curtailment Quantity to that determined by the claims reviewer should be used; and
 - (f) where the claims reviewer advises (or, following a referral by either National Grid NTS or the claimant pursuant to paragraph (e), the Authority determines) that the User's Emergency Curtailment Quantity calculated by National Grid NTS pursuant to this paragraph 6 was larger or smaller than it ought to have

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been, then the provisions of paragraph 6.3 shall apply.

- 6.2.8 In respect of any Shared Supply Meter Point, the Registered Users of such Shared Supply Meter Point (or an agent acting on behalf of such Registered Users) shall, not more than one (1) hour after the occurrence of any Emergency Curtailment, notify the relevant Transporter of the proportions in which the relevant Transporter shall allocate between the Registered Users of such Shared Supply Meter Point the quantity of gas that would have been offtaken at such Shared Supply Meter Point but for any Emergency Curtailment. If no such proportions have been provided, the Transporter shall allocate between the Registered Users of such Shared Supply Meter Point the quantity of gas that would have been offtaken at such Shared Supply Meter Point but for any Emergency Curtailment in proportions based on the Transporter's reasonable estimate of the quantity of gas that each Registered User would have offtaken at the Shared Supply Meter Point but for the Emergency Curtailment.
- 6.2.9 As soon as reasonably practicable after the end of a Day on which Emergency Curtailment occurred (and in event, not later than 20:00 hours on the fourth Day, after the Day in question), each Transporter shall notify each User of the proportion of that User's Emergency Curtailment Quantity for that Day that relates to System Exit Points on that Transporter's System, together with the methodology used to calculate such proportion.

6.3 Emergency Curtailment Adjustment

- 6.3.1 Where the provisions of this paragraph 6.3 apply, then:
- (a) where the User's Emergency Curtailment Adjustment Quantity is positive, National Grid NTS will pay the User an amount equal to the User's Emergency Curtailment Adjustment Clearing Charge; and
 - (b) where the User's Emergency Curtailment Adjustment Quantity is negative, the User will pay National Grid NTS an amount equal to the User's Emergency Curtailment Adjustment Clearing Charge.
- 6.3.2 For the purposes of this paragraph 6.3:
- (a) in respect of each Day, a User's "**Emergency Curtailment Adjustment Quantity**" is the amount by which the User's Emergency Curtailment Quantity advised by the claims reviewer (or, following a referral by either National Grid NTS or the claimant pursuant to paragraph 6.2.7(e), determined by the Authority) differs from the User's Emergency Curtailment Quantity estimated by the Transporters;
 - (b) "**Emergency Curtailment Adjustment Clearing Charge**" is an amount equal to the User's Emergency Curtailment Adjustment Quantity multiplied by the Emergency Curtailment Trade Price.
- 6.3.3 A User's Emergency Curtailment Adjustment Quantity is positive where the User's Emergency Curtailment Quantity advised by the claims reviewer (or determined by the Authority) is greater than the User's Emergency Curtailment Quantity established by the Transporters in accordance with this paragraph 6, and is negative where the User's Emergency Curtailment Quantity established by the Transporters in accordance with

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this paragraph 6 is greater than the User's Emergency Curtailment Quantity advised by the claims reviewer (or determined by the Authority).

6.3.4 In addition to the amounts payable pursuant to paragraph 6.3.1:

- (a) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative, then National Grid NTS shall pay to the User an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant sell price applicable to such Day;
- (b) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive (but is less in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then the User shall pay National Grid NTS an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant sell price applicable to such Day;
- (c) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive (and is greater in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then the User shall pay National Grid NTS:
 - (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates multiplied by the relevant sell price applicable to such Day; plus
 - (ii) an amount equal to the sum of the Emergency Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, multiplied by the relevant buy price applicable to such Day;
- (d) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive, then the User shall pay to National Grid an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant buy price applicable to such Day;
- (e) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative (but is less in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then National Grid NTS shall pay the User an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant buy price applicable to such Day;
- (f) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative (and is greater in magnitude than

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the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then National Grid NTS shall pay the User:

- (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates multiplied by the relevant buy price applicable to such Day; plus
- (ii) an amount equal to the sum of the Emergency Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, multiplied by the relevant sell price applicable to such Day.

6.3.5 For the purposes of paragraph 6.3.4:

- (a) the **"relevant sell price"** for any Day:
 - (i) in respect of which Stage 1 (but not Stage 2 and higher) of a Gas Deficit Emergency has been declared, is the System Marginal Sell Price determined under Section F1.2.2(b) and;
 - (ii) in respect of which Stage 2 (or above) of a Gas Deficit Emergency has been declared, is the relevant price as specified in paragraph 4.2.4(a);
- (b) the **"relevant buy price"** for any Day:
 - (i) in respect of which Stage 1 (but not Stage 2 and higher) of a Gas Deficit Emergency has been declared, is the System Marginal Buy Price determined under Section F1.2.2(a) and;
 - (ii) in respect of which Stage 2 (or above) of a Gas Deficit Emergency has been declared, is the relevant price as specified in paragraph 4.2.4(b).

7 STORAGE CURTAILMENT

7.1 Definitions

7.1.1 For the purposes of the Code:

- (a) **"Storage Curtailment"** means the reduction or cessation of delivery of gas to the Total System from a Storage Facility at the relevant Storage Connection Point by the Storage Operator following a request to do so by the NEC (either directly or indirectly);
- (b) **"Storage Curtailment Compensation Price"** means the value (in pence/kWh) determined as:

SMPBuy – 30 Day SAP;

Where:

SMPBuy is the System Marginal Buy Price for the Day in question; and

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30 Day SAP is the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1 or F1.2.2 but by reference to the 30 Days preceding the Day on which the Storage Withdrawal Curtailment occurred.

- (c) **“Estimated Aggregate Storage Curtailment Compensation Quantity”** means, in respect of a User, the sum of the Estimated Individual Storage Curtailment Compensation Quantities for that User in respect of a Day;
- (d) **“Actual Aggregate Storage Curtailment Compensation Quantity”** means, in respect of a User, the sum of the Actual Individual Storage Curtailment Compensation Quantities for that User in respect of a Day;
- (e) **“Estimated Individual Storage Curtailment Compensation Quantity”** means (subject to paragraph (g)), in respect of a User, the quantity of gas (in kWh) that the User reasonably estimates it would have been allocated as having delivered (in accordance with the relevant Storage Terms) on a Day to the Total System at a Storage Connection Point in respect of which Storage Curtailment has occurred but for the fact that Storage Curtailment had occurred at that Storage Connection Point, less the quantity of gas (if any) that the User estimates will be allocated as having delivered by the User on that Day to the Total System at the Storage Connection Point in question;
- (f) **“Actual Individual Storage Curtailment Compensation Quantity”** means (subject to paragraph (g)), in respect of a User, the quantity of gas (in kWh) that the User reasonably estimates it would have been allocated as having delivered (in accordance with the relevant Storage Terms) on a Day to the Total System at a Storage Connection Point in respect of which Storage Curtailment has occurred but for the fact that Storage Curtailment had occurred at that Storage Connection Point, less the User’s UDQI on that Day at the Storage Connection Point in question;
- (g) a User’s Estimated Individual Storage Curtailment Compensation Quantity or Actual Individual Storage Curtailment Compensation Quantity in respect of a Storage Facility for any Day may not exceed a quantity equal to the lesser of:
 - (i) the User’s Available Curtailment Quantity on that Day; and
 - (ii) the maximum available deliverability of the Storage Facility for that Day as provided to National Grid NTS by the Storage Operator for the relevant Storage Facility under the relevant Storage Connection Agreement;
- (h) a User’s **“Available Curtailment Quantity”** on a Day in relation to each Storage Facility is a quantity equal to the sum of:
 - (i) the User’s gas-in-storage in that Storage Facility at the start of the First Curtailment Day; less
 - (ii) the sum of the User’s Actual Individual Storage Compensation Curtailment Quantities in respect of that Storage Facility for each Day since the First Curtailment Day; plus

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- (iii) the sum of the User's UDQOs in respect of the Storage Connection Point relating to that Storage Facility for each Day since the First Curtailment Day; less
- (iv) the sum of the User's UDQIs in respect of the Storage Connection Point relating to that Storage Facility for each Day since the First Curtailment Day;
- (i) the "**First Curtailment Day**" is the first Day in the Gas Year on which Storage Curtailment occurred at the Storage Facility in question.

7.2 Storage Curtailment Compensation Arrangements

7.2.1 On each Day that Storage Curtailment occurs, then each User will submit to National Grid NTS by 04:00 hours on the Day that Storage Curtailment occurs a CQ_{SCP} Statement detailing the User's Estimated Individual Storage Curtailment Compensation Quantity in respect of each Storage Connection Point at which Storage Curtailment occurred and a SCCQ Statement detailing the User's Estimated Aggregate Storage Curtailment Compensation Quantity. Not later than 17:00 hours on the first Business Day following the Day that Storage Curtailment occurs, National Grid NTS will advise each User that submits a SCCQ Statement, in accordance with this paragraph, of the amount payable by National Grid NTS pursuant to paragraph 7.2.2.

7.2.2 National Grid NTS will pay each User that submits a SCCQ Statement in accordance with paragraph 7.2.1 an amount determined as the User's Estimated Aggregate Storage Curtailment Compensation Quantity multiplied by the Storage Curtailment Compensation Price.

7.2.3 As soon as reasonably practicable after the end of the Day (and in event, not later than the Entry Close Out Date in respect of the Day), the User shall submit to National Grid NTS a revised CQ_{SCP} Statement detailing the Actual Individual Storage Curtailment Compensation Quantity in respect of each Storage Connection Point at which Storage Curtailment occurred and a revised SCCQ Statement detailing the User's Actual Aggregate Storage Curtailment Compensation Quantity.

7.2.4 In the event that a User's Actual Aggregate Storage Curtailment Compensation Quantity in respect of a Day differs from the User's Estimated Aggregate Storage Curtailment Compensation Quantity in respect of such Day, then:

- (a) where the User's Actual Aggregate Storage Curtailment Compensation Quantity is greater than the User's Estimated Aggregate Storage Curtailment Compensation Quantity, then National Grid NTS will pay to the User an amount determined as the difference between the User's Actual Aggregate Storage Curtailment Compensation Quantity and the User's Estimated Aggregate Storage Curtailment Compensation Quantity, multiplied by the Storage Curtailment Compensation Price; and
- (b) where the User's revised Actual Aggregate Storage Curtailment Compensation Quantity is less than the User's Estimated Aggregate Storage Curtailment Compensation Quantity, then the User will pay to National Grid NTS an amount determined as the difference between the User's Estimated Aggregate Storage Curtailment Compensation Quantity and the User's Actual Aggregate

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Storage Curtailment Compensation Quantity, multiplied by the Storage Curtailment Compensation Price.

- 7.2.5 For the avoidance of doubt, any amounts payable by National Grid NTS pursuant to paragraph 7.2.2, 7.2.4 or 7.2.6 shall not be included in the calculation of the System Marginal Buy Price, the System Marginal Sell Price or the System Average Price pursuant to Section F1.2 for the Day to which such amounts relate.
- 7.2.6 For the purposes of Code:
- (a) a **“CQ_{SCP} Statement”** is a statement prepared by a User in relation to each Storage Connection Point in respect of which it is a User and at which Storage Curtailment occurred on the Days in question specifying:
 - (i) the identity of the User to which the statement relates;
 - (ii) the Storage Connection Point to which the statement relates;
 - (iii) the name of the Storage Operator;
 - (iv) the name of the allocation agent in respect of the Storage Connection Point if different from the Storage Operator;
 - (v) the User’s gas-in-storage in the Storage Facility at the start of the First Curtailment Day;
 - (vi) the User’s prevailing Input Nomination at the time the Storage Curtailment commenced;
 - (vii) the User’s Actual Individual Storage Curtailment Compensation Quantities for the Storage Facility in question (or, where these are not available, the Estimated Individual Storage Curtailment Compensation Quantities or the Storage Facility in question) for all Days since the First Curtailment Day;
 - (viii) the User’s UDQIs at the Storage Connection Point for each Day since the First Curtailment Day;
 - (ix) the User’s UDQOs at the Storage Connection Point for each Day since the First Curtailment Day;
 - (x) the User’s Estimated Individual Storage Curtailment Compensation Quantity or Actual Individual Storage Curtailment Compensation Quantity (as the case may be) for the Storage Facility in respect of the Day in question.
 - (b) a **“SCCQ Statement”** is a statement prepared by a User specifying:
 - (i) the identity of the User to which the statement relates;
 - (ii) the User’s Estimated Individual Storage Curtailment Compensation Quantity or Actual Individual Storage Curtailment Compensation

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Quantity (as the case may be) for each Storage Connection Point in respect of the Day in question; and

- (iii) User's Estimated Aggregate Storage Curtailment Compensation Quantity or Actual Aggregate Storage Curtailment Compensation Quantity (as the case may be) in respect of the Day in question.

7.2.7 In addition to the other amounts payable pursuant to this paragraph 7.2, following the determination of the User's Actual Aggregate Storage Curtailment Compensation Quantity and the first thirty (30) consecutive Days following the Day in question on which there was not a Network Gas Supply Emergency, where:

- (a) the Storage Curtailment Reconciliation Price is negative, National Grid NTS will pay each User that submits a SCCQ Statement in accordance with paragraph 7.2.1 an amount determined as the User's Actual Aggregate Storage Curtailment Compensation Quantity multiplied by the Storage Curtailment Reconciliation Price; and
- (b) the Storage Curtailment Reconciliation Price is positive, each User that submits a SCCQ Statement in accordance with paragraph 7.2.1 will pay National Grid NTS an amount determined as the User's Actual Aggregate Storage Curtailment Compensation Quantity multiplied by the Storage Curtailment Reconciliation Price.

7.2.8 For the purposes of the Code, the "**Storage Curtailment Reconciliation Price**" is a price (in pence/kWh) determined as:

$$(30 \text{ Day SAP PE} - 0.0611\text{p}) - 30 \text{ Day SAP}$$

Where:

- (a) 30 Day SAP PE is the value of the arithmetic mean of that determined under Section F1.2.1(c) but by reference to the first thirty (30) consecutive Days following the Day in question on which there was not a Storage Withdrawal Curtailment; provided that where for any Day in such period no Market Transaction was effected (or none other than one excluded for the purposes of paragraph 1.2.1 pursuant to paragraph 1.2.3), such Day shall be excluded from the calculation of 30 Day SAP PE (which shall be calculated on the basis of the System Average Prices of the remaining Days in such period); and
- (b) 30 Day SAP is the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1 or F1.2.2 but by reference to the thirty (30) Days.

8 CLASS A CONTINGENCIES

8.1 Class A Contingencies

8.1.1 During the period of a Class A Contingency, the relevant Contingency Procedures will apply.

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UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION S – INVOICING AND PAYMENT

1 INVOICING

1.1 Introduction

1.1.1 The amounts payable by Users to the Transporter and by the Transporter to Users in accordance with the Code will be invoiced and payable in accordance with this Section S.

1.1.2 The Transporter will submit to each User Invoice Documents in respect of each Billing Period in accordance with this Section S.

1.1.3 For the purposes of this Section S:

- (a) subject to paragraph 2.5.3, a "**Billing Period**" is a calendar month; provided that in relation to a Reconciliation Invoice the Billing Period is the Reconciliation Billing Period;
- (b) a "**Billing Day**" is a Day in a Billing Period;
- (c) an "**Invoice Document**" is an invoice document submitted by the Transporter to a User pursuant to this Section S;
- (d) "**Invoice Item**" is an item (in respect of all charges of a particular kind) shown as payable by the Transporter or by a User in an Invoice Document (including where relevant a self-bill amount in accordance with paragraph 1.1.4);
- (e) the "**Invoice Amount**" in relation to an Invoice Item is the amount shown as payable by the User or the Transporter in respect of that item under the relevant Invoice Document;
- (f) a "**Reconciliation Billing Period**" is the period of one month (or in the event of a change in the last reconciliation day a shorter or longer period) ending on the last reconciliation day; for which purposes the last reconciliation day is the Day of the month (not more than 8 Business Days before the prevailing date on which the relevant Reconciliation Invoice is to be submitted pursuant to paragraph 1.4), from time to time advised by the Transporters to Users as being the last Day on which the Transporters are able to undertake calculations of Individual NDM Reconciliation and Aggregate NDM Reconciliation for inclusion in the next Reconciliation Invoice to be submitted.

1.1.4 An Invoice Document may show as an Invoice Amount an amount (a "**self-bill amount**") payable by the Transporter to a User in respect of which Regulation 13(3) of the Value Added Tax Regulations 1995 is to apply.

1.1.5 An Invoice Document may contain an adjustment by way of credit ("**Invoice Credit**") in respect of an Invoice Amount in another Invoice Document.

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1.1.6 An Invoice Document shall take effect as a separate invoice in respect of each Invoice Item, but without prejudice to paragraph 4.

1.1.7 No delay by the Transporter in submitting an Invoice Document shall prejudice the liability (once such Invoice Document has been submitted) of the Transporter or the User for the amounts subject thereto.

1.2 Invoice types

1.2.1 For each Billing Period separate Invoice Documents (as described in paragraph 1.2.2) will be submitted to each User in respect of amounts payable (if any) under different provisions of the Code.

1.2.2 The types (each an "**Invoice Type**") of Invoice Document to be submitted are NTS Entry Capacity Invoices, NTS Exit Capacity Invoices, LDZ Capacity Invoices, Balancing Invoices, Commodity Invoices, Reconciliation Invoices, Adjustment Invoices, Interest Invoices and Ad-hoc Invoices in accordance with paragraph 2.

1.3 Form and content of Invoice Document

1.3.1 Each Invoice Document will specify:

- (a) the identity of the User;
- (b) the Billing Period to which the Invoice Document (other than as respects any Invoice Credit) relates;
- (c) the Invoice Type;
- (d) in respect of each Invoice Item, the Invoice Amount;
- (e) a unique number by which the Invoice Document may be identified, and a reference number for each Invoice Item; and
- (f) the amount of Value Added Tax (if any) payable in respect of each Invoice Item and the further details required under Regulation 14 of the Regulations referred to in paragraph 1.1.4.

1.3.2 An Invoice Document which contains an Invoice Credit will also identify the Invoice Document and Invoice Item to which the Invoice Credit relates and the amount of the Invoice Credit.

1.3.3 Each Invoice Document will be accompanied by a remittance advice ("**Invoice Remittance Advice**"), to be completed by the User in accordance with paragraph 3.4.

1.3.4 Subject to paragraph 1.3.6 and to Section U6, Invoice Documents will be submitted to Users either by UK Link Communication in the form and manner described in the UK Link Manual or by Conventional Notice in the specific circumstances set out in the UK Link Manual, and subject to paragraph 1.3.5 will be accompanied by the supporting data specified in respect of each Invoice Item in the UK Link Manual (the supporting data in respect of any such UK Link Communication comprising all data contained therein other than that described in paragraph 1.3.1).

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- 1.3.5 An Invoice Document will not be invalid solely by reason of its not being accompanied by any particular item of supporting data, but (in accordance with paragraph 4.2.1(c)(i)) the specificity of any Invoice Query will depend on the extent to which such data was provided.
- 1.3.6 Supporting data in respect of an Ad-Hoc Invoice may be submitted on paper unless it would be unreasonable to expect a User to process such data so submitted by the relevant Invoice Due Date.

1.4 Invoice timing

- 1.4.1 Subject to paragraphs 1.7 and 2.5.2, Invoice Documents of different Invoice Types will be submitted at different times after the Billing Period to which they relate.
- 1.4.2 Subject to paragraphs 1.7 and 2.5.2, the Transporters will inform every User:
- (a) of the expected timing of the submission of each Invoice Type referred to in Annex S-1 (which shall be the same for each Transporter submitting each such Invoice Type);
 - (b) upon not less than 6 months notice to Users, of any change in such expected timing;
 - (c) upon becoming aware that such delay will occur, of any delay of more than 5 Business Days (by reference to such expected timing) in the submission of an Invoice Document in respect of a particular Billing Period (but the Transporter may not by notifying such delays avoid the requirements under paragraphs (b) and 1.4.3)).
- 1.4.3 Subject to paragraph 1.7, the Transporters will not change the expected timing of Invoice Documents of a particular Invoice Type more than once in any period of 12 months.
- 1.4.4 No Invoice Document shall contain an Invoice Item or Invoice Amount that shall relate to any Day or period prior to the Code Cut Off Date.

1.5 Divided Invoices

- 1.5.1 Without prejudice to paragraph 2.5.2, the Transporter may, in the circumstances in paragraph 1.5.2, after notifying the User and (in the cases in paragraph 1.5.2(b) and (c)) explaining the reason therefor in reasonable detail and providing reasonable evidence thereof, submit to a User more than one Invoice Document of the same Invoice Type in respect of a particular Billing Period.
- 1.5.2 The circumstances referred to in paragraph 1.5.1 are:
- (a) where the User has requested that more than one such Invoice Document is submitted, provided it is reasonably practicable for the Transporter to accommodate such request;
 - (b) where a problem in the operation of UK Link, which it was reasonable for the Transporter not to have foreseen at the UNC Implementation Date, adversely

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affects the ability of the Transporter to produce or submit to the User an Invoice Document in respect of a given Billing Period;

- (c) where anything required to be done (for or on behalf of or in relation to the User) by a person other than the Transporter (whether acting as Meter Reader or otherwise, and including an agent or contractor of the Transporter) to enable an Invoice Document to be produced or submitted is not done or not done by the required time.
- 1.5.3 The charges subject to each Invoice Document submitted pursuant to paragraph 1.5.1 will be allocated between such Invoice Documents by reference to the LDZ of the System Points in respect of which such charges arise or on another basis agreed with the User.
- 1.5.4 Such Invoice Documents may be submitted on different Days and each such Invoice Document will be treated as a separate Invoice Document for the purposes of this Section S; provided that the Invoice Due Date in respect of each such Invoice Document shall be:
- (a) in the cases under paragraph 1.5.2(a) and (c):
 - (i) the Invoice Due Date (in accordance with paragraph 3.1.2) of the first submitted such Invoice Document; or
 - (ii) where later, the date which is 5 Business Days after the date on which the relevant Invoice Document is submitted; provided that in such a case (notwithstanding such later Invoice Due Date) interest shall be payable pursuant to paragraph 3.5.1 as though the Invoice Due Date were the date established under paragraph (i);
 - (b) in the cases under paragraph 1.5.2(b), the Invoice Due Date (in accordance with paragraph 3.1.2) of the last-submitted such Invoice Document.
- 1.5.5 The Transporter will give the User as much notice (pursuant to paragraph 1.5.1) as is reasonably practicable, and the Transporter and the User will coordinate with each other to facilitate the giving and receiving of such Invoice Documents.

1.6 Value Added Tax

- 1.6.1 All amounts expressed as payable by a User or the Transporter pursuant to the Code, and whether the amount thereof is set out in the Code or determined by reference to a Transportation Statement, a Metering Charges Statement or otherwise, are exclusive (unless expressly otherwise stated) of any applicable Value Added Tax (and accordingly Value Added Tax shall be paid by the paying party where payable in respect of any such amount).
- 1.6.2 Where:
- (a) any amount has been included in any Adjustment Neutrality Amount or Adjustment Reconciliation Neutrality Amount pursuant to Section F4.5.3(a)(ii) or Section F6.5.1(a)(ii), by reason of any amount (as therein referred to) being unpaid by a User;

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- (b) any Value Added Tax (unpaid by the User) in respect of the unpaid charge was also so included; and
- (c) National Grid NTS, having accounted for the unpaid Value Added Tax, subsequently recovers any amount from the relevant authorities in respect of the unpaid Value Added Tax

the amount which was so recovered in respect of Value Added Tax will be included as an additional Monthly Adjustment Neutrality Revenue for the purposes of Section F4.5.3(b) in the month in which it is paid to National Grid NTS.

1.7 Termination and Insolvency

- 1.7.1 Notwithstanding paragraph 1.4, the Transporter may, at any time (whether before or after the User Discontinuance Date) after the Transporter submits to a User a Termination Notice under Section V4.3, submit to that User any Invoice Document in respect of any Billing Period or part of a Billing Period ending at or before the time at which the Transporter submits such Invoice Document.
- 1.7.2 Where the Transporter has submitted a Termination Notice to a User, all amounts payable by that User to the Transporter or by the Transporter to the User (whether the Invoice Document in which such amounts are shown was submitted before or after the date of the Termination Notice) shall be immediately payable notwithstanding paragraph 3.1.
- 1.7.3 Notwithstanding paragraph 1.4, the Transporter may, at any time on or following the occurrence of any of the events set out in paragraph V4.3.1(e) in relation to any User, submit to that User any Invoice Document in respect of any Billing Period or part of a Billing Period ending at or before the time at which the Transporter submits such Invoice Document.
- 1.7.4 In relation to a User, on the occurrence of any of the events set out in paragraph V4.3.1(e), all amounts payable to the Transporter (whether the Invoice Document in which such amounts are shown was submitted before or after the date of the occurrence of any of the events set out in paragraph V4.3.1(e)) shall be immediately payable notwithstanding paragraph 3.1.

1.8 Invoice adjustment

- 1.8.1 Subject to paragraph 1.8.3, where it appears to the Transporter that any Invoice Amount has been incorrectly stated in an Invoice Document, the Invoice Amount may be adjusted by an Adjustment Invoice or as the case may be an Ad-hoc Invoice submitted by the Transporter in accordance with paragraph 2.2 or 2.4 (and the Transporter will not be required to revise and resubmit the original Invoice Document).
- 1.8.2 An adjustment (by way of debit) representing an increase in an Invoice Amount shall be a new Invoice Amount in respect of which the Invoice Due Date will be the Invoice Due Date of the relevant Adjustment Invoice or Ad-hoc Invoice.
- 1.8.3 In the absence of fraud, after the expiry of 18 months (or any other period agreed between the Transporter and the User) after the Invoice Due Date (in accordance with paragraph 3.1) in respect of any Invoice Document:

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- (a) no adjustment may be made to an Invoice Amount under that Invoice Document, other than:
 - (i) an adjustment of which the Transporter had given notice to the User; or
 - (ii) an adjustment pursuant to an Invoice Query raised by a User (in accordance with paragraph 4) before the expiry of such period;
 - (b) no Invoice Query may be raised in respect of the Invoice Document; and
 - (c) the Invoice Document shall (subject to any adjustments already made and any permitted under paragraph (a)) be deemed to be final and conclusive as to the amounts shown as payable thereunder.
- 1.8.4 The provisions of this Section S whereby an Invoice Amount may be adjusted or an Invoice Query raised are without prejudice to the provisions of the Code pursuant to which determinations of quantities delivered to and offtaken from the Total System are made final.

1.9 Contingencies

- 1.9.1 Subject to paragraph 1.9.4, in the event that, as a result of a Code Contingency, the Transporter is unable to produce or submit any Invoice Documents within 7 Days after the expected date (in accordance with paragraph 1.4) of submission thereof:
- (a) the Transporter may prepare and submit an Invoice Document (as an Ad-hoc Invoice) containing estimated Invoice Amounts;
 - (b) such an Invoice Document will be a valid Invoice Document; and
 - (c) for the purposes of paragraph 1.3.4, the supporting data to be provided with the Invoice Document will be an explanation of the basis of estimation.
- 1.9.2 Where the User believes that the Transporter's estimate or basis of estimation is materially inaccurate, the User shall as soon as reasonably practicable after receiving the Invoice Document (and in any event before the Invoice Due Date) contact the Transporter and discuss the estimate or basis of estimation with a view to agreeing upon a more accurate estimate of the amount which is payable, which amount (if so agreed) shall be the amount payable by the User in respect of the estimated Invoice Document, but without prejudice to paragraph 1.8.1 or 4.3.
- 1.9.3 Where (following discussion under paragraph 1.9.2) the User raises an Invoice Query under paragraph 4.2.1:
- (a) paragraph 4.2.1(c)(i) shall apply on the basis of the detail provided of the basis of estimation; and
 - (b) for the purposes of paragraph 4.2.1(c)(ii), the User shall specify the amount by which the User reasonably believes the Transporter's estimate to be under-or over-stated.

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1.9.4 Except with the agreement of a User, the Transporter may not on the occurrence of any Code Contingency submit Invoice Documents containing estimated Invoice Amounts under this paragraph 1.9 in respect of consecutive Billing Periods.

1.9.5 Where in accordance with the Contingency Procedures the Transporter submits Invoice Documents, which do not contain estimated Invoice Amounts, such Invoice Documents shall be submitted in the format required in paragraph 1.3.4.

1.10 Adjustment neutrality

Where any Energy Balancing Charge has been invoiced and, upon the resolution of an Invoice Query or pursuant to paragraph 1.8.1 or (unless expressly otherwise provided) following a Code Modification or otherwise, any adjustment is subsequently made in respect of such Energy Balancing Charge, any amount payable by National Grid NTS to a User or by a User to National Grid NTS pursuant to such adjustment shall be:

- (a) except as provided in paragraph (b), an additional Monthly Adjustment Neutrality Cost, or (as the case may be) an additional Monthly Adjustment Neutrality Revenue for the purposes of Section F4.5.3(a) or (b) in respect of the month(s) to which the adjustment relates; and
- (b) where the relevant Energy Balancing Charge was a Reconciliation Clearing Charge other than in respect of an NTS System Exit Point or a Reconciliation Neutrality Charge, an additional Adjustment Reconciliation Neutrality Cost or (as the case may be) additional Adjustment Reconciliation Neutrality Revenue for the purposes of Section F6.5(a) or (b) (applying pursuant to Section F6.1.2), in respect of the month in which the amount of such adjustment was determined.

1.11 DNO Users

In this Section S references to Users include DNO Users.¹

2 INVOICE TYPES

2.1 General

2.1.1 NTS Entry Capacity Invoices, NTS Exit Capacity Invoices, LDZ Capacity Invoices, Balancing Invoices, Commodity Invoices and Reconciliation Invoices are Invoice Documents of the Invoice Types described in Annex S-1.

2.1.2 Subject to paragraphs 2.1.3 and 2.1.5, the Invoice Items to be comprised in each of the Invoice Types referred to in paragraph 2.1.1 are set out in Annex S-1.

2.1.3 Upon not less than 3 months notice to Users, the Transporter may include in any Invoice Document of an Invoice Type referred to in paragraph 2.1.1 Invoice Items which previously were or would have been contained in an Ad-hoc Invoice (but for the avoidance of doubt only in respect of Invoice Items in respect of charges payable pursuant to the Code).

¹ Implementation of modifications 0338V effective 06:00hrs on 01/01/2013 will add new paragraph 1.12.

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2.1.4 The provisions of paragraph 2 and Annex S-1 as to the scope and contents of particular Invoice Documents shall be deemed from time to time to be modified to the extent necessary to be consistent with any Manual Modification under Section U8 (but for the avoidance of doubt only in respect of Invoice Items in respect of charges payable pursuant to the Code).

2.1.5 An amount which:

(a) is payable under the Code in relation to, or in connection with the holding of System Capacity at or the offtake of gas at, a Connected System Exit Point, a Shared Supply Meter Point, a VLDMC Supply Point-Component, or a System Exit Point in a part of an LDZ to which GT Section C3.3.4 applies; and

(b) would otherwise be an Invoice Item within an Invoice Type in Annex S-1, may be contained in an Ad-hoc Invoice.

2.2 Adjustment Invoice

2.2.1 An Adjustment Invoice is an Invoice Document containing Invoice Credits or Invoice Amounts (if not contained in an Ad-hoc Invoice) representing adjustments (by way of credit or debit) to Invoice Amounts contained in one or more LDZ Capacity Invoices or Commodity Invoices.

2.2.2 The amount of interest (if any) payable in respect of any amount payable or repayable pursuant to an Adjustment Invoice will be shown in an Ad-hoc Invoice or Interest Invoice and not in the relevant Adjustment Invoice.

2.3 Interest Invoice

An Interest Invoice is an Invoice Document containing Invoice Amounts representing interest payable pursuant to paragraph 3.5 (other than pursuant to paragraph 4.2.4) by a User or the Transporter in respect of an Invoice Amount under any Invoice Document (including an earlier Interest Invoice).

2.4 Ad-hoc Invoice

2.4.1 An Ad-hoc Invoice is an Invoice Document in respect of an amount not included in another Invoice Type.

2.4.2 The Transporter may submit an Ad-hoc Invoice to any User at any time (but subject to paragraph 1.8.3) in respect of any amount (not included in another Invoice Type) which, at any time prior to the submission of such Invoice Document, becomes payable or repayable by the User or the Transporter to the other pursuant to any provision of the Code or otherwise pursuant to Section B 1.7.9 or (unless otherwise therein provided) pursuant to any Ancillary Agreement.

2.4.3 An Ad-hoc Invoice may also contain adjustments (by way of credit or debit) in respect of any Invoice Amount, other than adjustments to be contained (in accordance with paragraph 2.2) in Adjustment Invoices.

2.4.4 The Transporter will submit (as an Ad-hoc Invoice) an Invoice Document in respect of amounts becoming payable by the Transporter to a User pursuant to Sections G4 and

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M5 as soon as reasonably practicable after the month in which the liability to pay such amounts accrues.

2.4.5 The liability of the Transporter pursuant to any provision referred to in paragraph 2.4.4 or Section I3.7 or J3.5 to make any payment to a User is without prejudice to the User's liability for any charge payable to the Transporter, and the Transporter shall not be entitled to discharge its liability by releasing the User from any such liability of the User; and the Transporter shall secure that (where relevant) the Invoice Amounts in relevant Ad-hoc Invoices are stated accordingly.

2.4.6 National Grid NTS will, at the same time as it submits a Balancing Invoice in relation to any Billing Period, submit (as an Ad-hoc Invoice) an Invoice Document in respect of amounts payable by or to National Grid NTS pursuant to Section D3 in respect of such Billing Period.

2.4.7 The management of the issuing of Ad-hoc Invoices and the services provided in respect of Ad-hoc Invoices are contained in the 'Operational Rules Governing the Supply of Invoice Charges via the Ad-hoc Process' which is the document so entitled, published and revised (subject to prior approval by Panel Majority of the Uniform Network Code Committee) from time to time by the Transporters (following consultation with Users) and such document does not form part of Code.

2.5 Miscellaneous

2.5.1 An Adjustment Invoice, Interest Invoice or Ad-hoc Invoice may contain Invoice Amounts (or Invoice Credits in respect of Invoice Amounts) accruing (before such invoice is submitted):

- (a) in the calendar month in which the Invoice Document is submitted; and/or
- (b) in more than one calendar month.

2.5.2 Without prejudice to paragraph 2.4.6, there is no expected timing within a calendar month for the submission of an Adjustment Invoice, Interest Invoice or Ad-hoc Invoice; and, except in the case of an Interest Invoice, more than one such Invoice Document may be submitted to a User in the same calendar month.

2.5.3 A reference to a Billing Period in the context of an Adjustment Invoice, Interest Invoice or Ad-hoc Invoice (other than where submitted pursuant to paragraph 2.4.6) is to the period from the date of accrual of the first to that of the last accruing Invoice Amount contained in such Invoice Document.

3 INVOICE PAYMENT

3.1 Invoice Due Date

3.1.1 Subject to paragraphs 1.7.2, 1.7.4 and 4.2.2, the Invoice Amounts under each Invoice Document shall be paid (by the User to the Transporter or by the Transporter to the User, as the case may be) on or before the Invoice Due Date.

3.1.2 The "**Invoice Due Date**" in respect of an Invoice Document is the day ending at 24:00 hours on:

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- (a) subject to paragraphs (b) and (c), whichever is the later of:
 - (i) the 12th Day after the Day on which the Invoice Document was deemed to be received in accordance with Section U and GT Section B5; and
 - (ii) the 20th Day after the last Day of the Billing Period to which the Invoice Document relates;
- (b) in the case of an Adjustment Invoice, Interest Invoice or Ad-hoc Invoice, subject to paragraph (c) and paragraph (d), the 12th Day after the Day on which the Invoice Document was deemed to be received in accordance with Section U and GT Section B5;
- (c) where the Day (the "**target due date**") determined under paragraph (a), (b) or (d) is not a Business Day:
 - (i) subject to paragraph (ii), the Business Day (whether before or after the target due date) which is nearest to the target due date; or
 - (ii) if the nearest Business Days before and after the target due date are equally near, the nearest Business Day after the target due date.
- (d) subject to paragraph (e), in the case of a Small Value Invoice, the 30th Day following the end of the month in which the Invoice Document was deemed to be received in accordance with Section U and GT Section B5, or
- (e) the Day determined in accordance with paragraph (b), where the Small Value Invoice is not paid by the Day in paragraph (d).

3.1.3 Where an Invoice Type contains Invoice Amounts payable both by and to a User, only the net amount (the "**Net Invoice Amount**") shall be payable.

3.2 Payment details

- 3.2.1 Payment of any amount payable under the Code shall be made in pounds sterling in same day funds to the account of the payee at a bank in the United Kingdom notified to the paying party in accordance with paragraph 3.2.2.
- 3.2.2 The Transporter will notify each User, and each User shall notify the Transporter, of the account name and number, and the name, address and sort code of the account bank, to which payments to the Transporter by such User or (as the case may be) to such User by the Transporter are to be made, within 5 Business Days after the User Accession Date, and of any change in such details not less than 30 Days before such change occurs.
- 3.2.3 The payer shall instruct the bank remitting payment of any amount payable under the Code to quote the number (under paragraph 1.3.1(e)) of the relevant Invoice Document to the payee's bank when remitting such payment.

3.3 Deductions, withholdings, taxes etc

- 3.3.1 Without prejudice to paragraphs 3.8, 3.9 and 4.2.2, amounts payable under the Code shall be paid:

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- (a) free and clear of any restriction, reservation or condition; and
 - (b) except to the extent (if any) required by law, without deduction or withholding in respect of tax or on account of any amount due or to become due to the paying party, whether by way of set off, counterclaim or otherwise.
- 3.3.2 If, in respect of a payment to be made to the Transporter by a User, any deduction or withholding is required to be made by the law of any country other than a country of the United Kingdom, the User shall:
- (a) ensure that the amount of such withholding or deduction does not exceed the minimum so required;
 - (b) forthwith pay the Transporter such additional amounts as will ensure that the net amount received by the Transporter will be equal to that which would have been received had no deduction or withholding been made; and
 - (c) pay the amount withheld or deducted to the relevant authority in accordance with the relevant requirement of law, and provide to the payee a receipt issued by such authority or (if such a receipt is not available) a certificate in respect of such payment.

3.4 Remittance advice

- 3.4.1 Where payment of any amount is made pursuant to an Invoice Document, the User shall complete and submit to the payee the Invoice Remittance Advice not later than the Day on which payment is made (but no inability of the User to do so shall affect its obligation to make payment).
- 3.4.2 The completed Invoice Remittance Advice shall specify:
- (a) the date when payment is to be made;
 - (b) the amounts, by reference to each Invoice Item (payable to the Transporter) specified in the Invoice Document, in respect of which the payment is to be made, and the total amount to be paid; and
 - (c) any amount or amounts, by reference to each Invoice Item, in respect of which payment is not being made pursuant to paragraph 3.9.4 and/or 4.2.2.
- 3.4.3 Where the Transporter makes payment of any amount pursuant to an Invoice Document, the Transporter will not later than the date on which payment is made notify the User of details equivalent to those to be specified in an Invoice Remittance Advice pursuant to paragraph 3.4.2 (but no inability of the Transporter to do so shall affect its obligation to make payment).
- 3.4.4 Where the Transporter or a User makes payment under more than one Invoice Document on the same Day, it shall secure that a separate remittance is made in respect of each Invoice Document.
- 3.4.5 Where the Invoice Document number is not quoted (in accordance with paragraph 3.4.4) with any remittance made by or on behalf of a User, and no Invoice Remittance Advice corresponding to the remittance is submitted, the Transporter will endeavour to

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obtain the User's instructions (by telephone or facsimile) as to the application thereof; but if it has not (by the Business Day following the Day of the remittance) obtained such instructions, the Transporter will apply the amount remitted to or towards Invoice Amount(s) in order of Invoice Due Date (the earliest first) and proportionately as between Invoice Amounts with the same Invoice Due Date, but applying such amount last to any Invoice Amounts which are subject to an Invoice Query.

3.5 Late payment

3.5.1 Without prejudice to Section V4.3.1, where any amount payable under an Invoice is not paid on or before the Invoice Due Date, the paying party shall pay interest, after as well as before judgment, at the Applicable Interest Rate, on the unpaid amount from the Invoice Due Date until the Day on which payment is made.

3.5.2 For the avoidance of doubt paragraph 3.5.1 shall not be construed as permitting late payment of any Invoice Amount.

3.5.3 Without prejudice to any other rights of the Transporter under the Code, including without limitation those under Section V4.3, where, in relation to any amount (or amounts in aggregate) of not less than £10,000 which has become due for payment by a User under the Code (excluding for the avoidance of doubt amounts which are the subject of an Invoice Query which by virtue of paragraph 4.2.2 have not become due for payment or amounts which are the subject of Profiling Payment by virtue of paragraph 3.9.4 provided strictly that such amounts are repaid in accordance with paragraph 3.9.6) and the relevant User has not paid the amount in full by the due date for payment the Transporter shall be entitled to reject or refuse to accept all or any of the following by the relevant User:

- (a) an application for System Capacity or increased System Capacity at any System Point under Section B or Section G5; and
- (b) a System Capacity Trade under Section B5 in respect of which the User is Transferee User; and
- (c) a Supply Point Nomination or Supply Point Confirmation under Section G, other than a Supply Point Renomination or Supply Point Reconfirmation (unless made in the context of an application under paragraph (a) (above))

with effect from the day after the due date for payment until such time as the relevant User has paid the amount due for payment in full.

3.6 Interest

3.6.1 Where pursuant to any provision of this Section S interest is payable by the Transporter or a User, such interest shall accrue on a daily basis and on the basis of a 365 day year.

3.6.2 Interest payable under this Section S will be compounded to the extent and by virtue of being invoiced in an Interest Invoice, late payment of which will itself be subject to interest under this paragraph 3.6.

3.6.3 The "**Applicable Interest Rate**" is the rate of interest, expressed as a percentage rate per annum, payable in respect of amounts overdue for payment, or subject to repayment, under the Code.

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- 3.6.4 The Applicable Interest Rate shall be:
- (a) except as provided in paragraph (b), the rate of interest set for the relevant period as the statutory interest rate for the purposes of the Late Payment of Commercial Debts (Interest) Act 1998; or
 - (b) for the purposes only of paragraphs 1.5.4(a)(ii), 4.2.5 and 4.3.2, or where otherwise expressly provided in the Code, the base rate for the time being of Barclays Bank PLC plus one (1) percentage point per annum.
- 3.6.5 If the Applicable Interest Rate (pursuant to paragraph 3.6.4(a)) is exercised then the creditor shall be entitled to recover compensation from the debtor to the value according to the provisions of the Late Payment of Commercial Debts (Interest) Act 1998.
- 3.6.6 Except in the case of late payment of a Balancing Invoice, where pursuant to paragraph 3.5.1 interest is payable by a Transporter or a User, the Transporter shall submit to the relevant User, an Interest Invoice within 35 Days of the Day on which payment is made.

3.7 Statement of account

- 3.7.1 The Transporter will provide to each User each month a statement of account showing, by reference to individual Invoice Documents (but not individual Invoice Items) and in aggregate:
- (a) the amounts shown under paragraph (d) in the preceding statement of account (if any) as payable by the User or the Transporter;
 - (b) the amounts shown as payable by the User or the Transporter under Invoice Documents submitted to the User since the date of the preceding statement of account (if any), including any amount for which the Invoice Due Date is after the date of the statement of account for the current month;
 - (c) the amounts paid by the User or the Transporter since the date of the preceding statement of account (if any); and
 - (d) the sum of the amounts shown under paragraphs (a) and (b) less the amounts shown under paragraph (c).
- 3.7.2 Each statement provided under paragraph 3.7.1 shall state that it is not a tax invoice for Value Added Tax purposes.
- 3.7.3 No payment obligation of any User or the Transporter shall be affected by any delay or failure by the Transporter in producing a statement of account.

3.8 Set off notice

- 3.8.1 A Transporter may submit a notice ("**Set off Notice**") to a User in respect of a relevant Invoice Document where either:
- (a) such User has failed to make payment in full in respect of such Invoice Document by the Invoice Due Date in accordance with paragraph 3.1; or
 - (b) such User has agreed in writing that a Transporter may apply set off in

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accordance with this paragraph 3.8 and such User has not withdrawn such agreement by notice in writing at least 5 Business Days prior to any Set Off Notice;

in such case, the provisions of this paragraph 3.8 shall apply.

3.8.2 For the purposes of this paragraph 3.8 a "**relevant**" Invoice Document is an Invoice Document which:

- (a) has been submitted to the User;
- (b) comprises Invoice Amounts (including Invoice Amounts under any other relevant Invoice Document specified in the Set off Notice) which are payable both by and to a User; and
- (c) such Invoice Amounts are in respect of Transportation Charges.

3.8.3 A Set off Notice shall specify:

- (a) the identity of the User;
- (b) in respect of each relevant Invoice Document:
 - (i) the unique number by which the Invoice Document is identified;
 - (ii) the date the Invoice Document was submitted to the User;
 - (iii) the Invoice Type;
 - (iv) the Invoice Due Date;
 - (v) in respect of each Invoice Item, the Invoice Amount;
- (c) by reference to each of the Invoice Amounts payable both by and to a User under each relevant Invoice Document, the net amount payable by or to the User (the "**net invoice amount**"); and
- (d) the Invoice Document (the "**specified**" Invoice Document) in respect of which the net invoice amount is to be treated as payable (which in the case of a Set off Notice in respect of a single Invoice Document shall be such Invoice Document).

3.8.4 Following the submission of a Set off Notice:

- (a) payment of the net invoice amount by the Transporter or (as the case may be) the User on or before the Invoice Due Date of the specified Invoice Document shall be treated for the purposes of this Section S as payment in full of all Invoice Amounts payable by or to the User under each relevant Invoice Document specified in the Set off Notice;
- (b) paragraphs 3.2, 3.4 and 3.7 shall apply in respect of each relevant Invoice Document;
- (c) the Transporter or (as the case may be) the User will remain liable for the

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payment of interest in accordance with paragraph 3.5 in respect of the late payment of any Invoice Amount under a relevant Invoice Document where payment was not made by the Invoice Due Date; and

- (d) in the event the net invoice amount is not paid on or before the Invoice Due Date of the specified Invoice Document paragraph 3.5 shall apply in respect of each Invoice Document specified in the Set off Notice.

3.8.5 Where a User has notified the Transporter of an Invoice Query (in accordance with paragraph 4.2) in respect of an Invoice Item under a relevant Invoice Document:

- (a) prior to the submission of a Set off Notice, the Transporter shall take account of the Invoice Amount which is the subject of the Invoice Query when determining the net invoice amount payable;
- (b) following the submission of a Set off Notice, the Transporter may:
 - (i) make payment of any such amount for which it is liable pursuant to this Section S in respect of the Invoice Query; or
 - (ii) submit a revised Set off Notice to take account of the Invoice Amount which is subject of the Invoice Query (and the first Set off Notice shall cease to have effect).

3.9 Profiling Payment

3.9.1 For the purposes of this paragraph 3.9:

- (a) A **“Qualifying User”** shall be deemed to be a User:
 - (i) who is a Registered User in respect of no more than 100,000 Smaller Supply Points across all Distribution Networks;
 - (ii) has a Code Credit Limit in relation to the relevant DNO which, in aggregate with the Code Credit Limits in relation to that DNO of each other User in respect of which an instrument of surety or security has been provided pursuant to Section V3.4.6 jointly with such User, is no greater than £500,000; and
 - (iii) whose maximum Value at Risk in the three months preceding May of the calendar year is still less than the User’s Code Credit Limit.
- (b) **“Profiling Payment”** shall mean the payment of LDZ Capacity Invoice by a Qualifying User in accordance with paragraph 3.9.4.
- (c) **“Profiling Month”** shall mean a month where an LDZ Capacity Invoice relates to a Billing Period covering May, June, July or August.
- (d) **“Profiling Amount”** shall mean the Invoice Amount of an LDZ Capacity Invoice relating to the Smaller Supply Point element of:
 - (i) the LDZ Capacity Charge; and
 - (ii) the Capacity Variable Component of the Customer Charge.

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- 3.9.2 A Qualifying User shall be entitled to elect to Profiling Payment for the purposes of settling LDZ Capacity Invoice.
- 3.9.3 Where a Qualifying User wishes to move to Profiling Payment in respect of a LDZ Capacity Invoice, it shall submit a notice (“profiling notice”) to the relevant DNO confirming its intention to do so.
- 3.9.4 Subject to paragraph 3.9.5, where a Qualifying User submits a profiling notice, it shall be entitled to withhold, in any Profiling Month, up to 50% of the Profiling Amount, provided that it pays no less than 50% of the Profiling Amount by the Invoice Due Date.
- 3.9.5 Where pursuant to paragraph 3.9.4 any amount is withheld on the Invoice Due Date, the withheld amount shall be payable by the Qualifying User in accordance with paragraph 3.9.6, and interest from the Invoice Due Date shall be payable in accordance with paragraph 3.5 on such amount withheld.
- 3.9.6 Where any amount is withheld on the Invoice Due Date by a Qualifying User pursuant to paragraph 3.9.4 above, then the aggregate of the amounts withheld for each Profiling Month (such aggregate to be calculated following 31 August in each calendar year) shall be paid by the Qualifying User in six equal instalments on or before the last Business Day of each month from October through to March (inclusive), provided that at any time during this period the Qualifying User shall have the option to pay more than the sum equivalent to the instalment due.
- 3.9.7 All amounts withheld by a Qualifying User pursuant to paragraph 3.9.4 shall be settled in full by 31 March following the period where Profiling Payment occurred.
- 3.9.8 All payments made by Qualifying User in accordance with paragraph 3.9.6 shall be offset against the earliest occurring withheld amount for the purposes of calculating interest pursuant to paragraph 3.5 and VAT pursuant to paragraph 1.6.
- 3.9.9 A Qualifying User shall clarify to the relevant DNO their VAT payments in relation to withheld amounts subject to Profiling Payment.
- 3.9.10 Where a Qualifying User adheres, to the fullest extent, to the terms of paragraph 3.9.6 and 3.9.7, the relevant DNO shall exclude amounts subject to Profiling Payment (by virtue of paragraph 3.9.4) when determining any amount (or amounts in aggregate) which have become due for payment by the Qualifying User under the Code.
- 3.9.11 To extent that a Qualifying User does not comply with paragraph 3.9.6 and/or 3.9.7, any amounts previously excluded by the relevant DNO by virtue of paragraph 3.9.10 shall, with immediate effect, be included for the purpose of determining any amount (or amounts in aggregate) which have become due for payment by the Qualifying User under the Code and the relevant DNO shall be entitled to exercise any right available to it including (without limitation) any right pursuant to paragraph 3.5 and/or Section V4.3.
- 3.9.12 Subject to paragraph 3.9.10, the provisions of this paragraph 3.9 are without prejudice to TPD Section V3 and Section TPD V4 of the Code.
- 3.9.13 In this paragraph 3.9 a references to User shall not include a DNO User.

4 INVOICE QUERIES, ETC

4.1 Invoice Queries

- 4.1.1 For the purposes of this Section S an "**Invoice Query**" is any question or dispute as to the proper calculation of any amount shown as payable by a User or the Transporter under an Invoice Document or as to whether any such amount is or was properly payable and references to the amount of an Invoice Query are to the amount by which the User submitting the Invoice Query considers the Invoice Amount to be incorrect.
- 4.1.2 A User may notify an Invoice Query by telephone (subject to paragraph 4.1.3), by Conventional Notice or by UK Link Communication.
- 4.1.3 Where a User notifies an Invoice Query by telephone, the Transporter may (at the time of the telephone communication) require that the Invoice Query be notified by Conventional Notice or UK Link Communication, in which case the Invoice Query shall be deemed not to have been raised for the purposes of paragraph 4.2.1 until so notified.
- 4.1.4 The Transporter and the relevant User will endeavour to resolve Invoice Queries by agreement.
- 4.1.5 Any reference in this Section S:
- (a) to the resolution of an Invoice Query is a reference to the resolution thereof by agreement (at any time) between the Transporter and the relevant User or by determination thereof (in accordance with paragraph (b));
 - (b) to the determination of an Invoice Query is a reference:
 - (i) to the resolution of a dispute in respect thereof under any provision of GT Section A where applicable; and
 - (ii) except as provided in paragraph (i), to the outcome of any proceedings commenced by the Transporter or the relevant User in respect thereof.
- 4.1.6 Without prejudice to any obligation (including any liability to pay interest pursuant to paragraph 4.2.4) of Users pursuant to this Section, the Transporter agrees that it will make available such resources as are in its reasonable opinion reasonably adequate to deal reasonably promptly with reasonable Invoice Queries.
- 4.1.7 In paragraph 4.1.8 'appropriate resources' shall mean the application by the Transporter in respect of an Invoice Query, of available resources that are commensurate with and appropriate to the value of the Invoice Query.
- 4.1.8 In relation to an Invoice Query, for which there exists an Invoice Query Methodology, relating to an Invoice Document in respect of which the relevant Billing period is February 1998 or any subsequent month:
- (a) where it has not been possible to resolve the Invoice Query by applying appropriate resources; or

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- (b) the Transporter is of the opinion that the Invoice Query will not be resolved by applying appropriate resources

the Transporter shall, where agreed with the User, calculate, in accordance with the Invoice Query Estimation Methodology, an estimated value for the Invoice Amount which is the subject of the Invoice Query.

- 4.1.9 Without prejudice to paragraph 4.1.5 where the Transporter calculates an estimated value for the amount of an Invoice Query in accordance with paragraph 4.1.8, the Invoice Query shall be held to have been resolved on the basis of such estimated value, which estimated value shall be deemed to be final and conclusive as to the proper calculation of the amount payable.
- 4.1.10 An "**Invoice Query Estimation Methodology**" is a document so entitled, prepared, published and revised (subject to prior approval by Panel Majority of the Uniform Network Code Committee) from time to time by Transporters (in consultation with Users) setting out (inter alia) the methodology to be applied by the Transporter for the purposes of calculating an estimated value of the amount of each Invoice Query.
- 4.1.11 In the preparation (and revision) of an Invoice Query Methodology the Transporters shall seek to ensure that the methodology is designed to apply in such a manner that the estimated values calculated for amounts that are the subject of Invoice Queries are, as between the Transporter and Users and as between Users, fair and equitable.
- 4.1.12 Without prejudice to paragraphs 4.1.6, 4.1.8 and 4.1.9, where a User gives simultaneous notification to the Transporters of thirty or more relevant Invoice Queries, the User may also notify the Transporters that it elects that paragraph 4.5 apply to the resolution of the relevant Invoice Queries (an "**Invoice Query Batch**").
- 4.1.13 For the purposes of paragraph 4.1.12, a "**relevant Invoice Query**" is an Invoice Query:
 - (a) which relates to a Larger Supply Point, other than in respect of an Invoice Item on a Commodity Invoice or Reconciliation Invoice determined by reference to the Metered Quantity or Reconciliation Quantity respectively; and
 - (b) where the amount is less than £40.

4.2 Invoice Queries before payment

- 4.2.1 Where a User wishes to raise any Invoice Query in respect of an amount shown as payable by the User under an Invoice Document, the User may, not later than the Day before the Invoice Due Date, notify (in accordance with paragraph 4.1.2 and 4.1.3) such Invoice Query to the Transporter, specifying:
 - (a) the Invoice Type, date and number of the Invoice Document;
 - (b) the Invoice Item to which the Invoice Query relates;
 - (c) an explanation of the basis on which the Invoice Query arises, and the amount of the Invoice Amount which is subject to the Invoice Query:
 - (i) identified by reference to the particular item of supporting data (in accordance with paragraph 1.3.4) in respect of which the Invoice Query

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arises, on the basis of the level of greatest detail of such supporting data provided for in the UK Link Manual, to the extent that such data was provided by the Transporter, and subject to paragraph 4.2.6 where applicable; and

- (ii) where the basis of the Invoice Query is that the value of any parameter by reference to which the Invoice Amount is determined is incorrectly stated in such supporting data, the amount (estimated as accurately as is reasonably practicable) by which such value is incorrectly stated; and
 - (d) the amount of the Invoice Amount which is not subject to the Invoice Query, determined on the basis that only so much of the Invoice Amount as is identified in paragraph (c) is subject to the Invoice Query.
- 4.2.2 Where a User raises an Invoice Query in accordance with the requirements of paragraph 4.2.1 (but not otherwise), the amount subject to the Invoice Query (in accordance with paragraph 4.2.1(c)) shall not be payable on the Invoice Due Date, but without prejudice to paragraph 4.2.4.
- 4.2.3 Except as provided in paragraph 4.2.2, but without prejudice to paragraph 4.3.1, the whole amount shown as payable by a User in any Invoice Document shall be payable on the Invoice Due Date.
- 4.2.4 Where pursuant to paragraph 4.2.2 any amount is not paid on the Invoice Due Date by a User, the amount (if any) which is agreed or determined (following resolution of the Invoice Query) to be payable by the User shall be payable upon such resolution, and interest from the Invoice Due Date shall be payable in accordance with paragraph 3.5 (but subject to paragraph 4.2.5) on such amount.
- 4.2.5 For the purposes of paragraph 4.2.4, where it is agreed or determined that the question or dispute the subject of the Invoice Query pursuant to paragraph 4.2.2 was a bona fide question or dispute, the Applicable Interest Rate shall be:
- (a) for Invoice Items other than those listed in paragraph 5 of Annex S-1, the rate under paragraph 3.6.4(b); and
 - (b) for Invoice Items listed in paragraph 5 of Annex S-1 the rate under paragraph 3.6.4(b) until the expiry of 2 Business Days after the date of resolution of the Invoice Query.
- 4.2.6 Where, by reason of a delay (after the UNC Implementation Date) in the preparation or submission of any Invoice Documents:
- (a) the Transporter submits to a User, in the same month, Invoice Documents of the same Invoice Type (other than the Invoice Types referred to in paragraph 4.2.8) in respect of several Billing Periods to a User; or
 - (b) the Transporter submits to a User in any month Invoice Documents of different Invoice Types (other than the Invoice Types referred to in paragraph 4.2.8) at intervals which are substantially less (so that they are submitted on the same Day or within the space of a few Days) than those allowed for by the expected timing under paragraph 1.4.2

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paragraph 4.2.7 shall apply.

4.2.7 In relation to any such Invoice Document as is referred to in paragraph 4.2.6:

- (a) the level of detail by reference to which (for the purposes of paragraph 4.2.1) any Invoice Query is required to be given shall be such as is reasonable having regard to the extent of the supporting data and the time (from submission of the Invoice Document until the Invoice Due Date) available for the User to review such Invoice Documents and the supporting data; and
- (b) where the User raised an Invoice Query containing less detail than would have been required but for paragraph (a):
 - (i) the User shall as soon as is reasonable provide to the Transporter the details which were omitted; and
 - (ii) to the extent that the User does not comply with paragraph (i), the suspension (pursuant to paragraph 4.2.2) of the User's obligation to pay shall cease to apply.

4.2.8 The Invoice Types excluded from paragraph 4.2.6(a) and (b) are Invoice Types within paragraph 2.5.1, except that Ad-hoc Invoices submitted pursuant to paragraph 1.9.1 shall be included.

4.3 Other Invoice Queries

4.3.1 Subject to paragraph 1.8.3, nothing in this paragraph 4 shall prevent a User from raising any Invoice Query other than pursuant to paragraph 4.2.1, including in respect of any amount after payment has been made in respect of such amount, or from paying any such amount at the same time as notifying an Invoice Query in respect thereof; provided that (without prejudice to the resolution of the Invoice Query) no constructive trust or other implied term as to the receipt or application by the payee of the amount paid shall arise.

4.3.2 Where, upon the resolution of an Invoice Query or otherwise, it is agreed or determined that any amount or part of any amount paid should not have been paid, the payee shall repay such overpaid amount with interest at the Applicable Interest Rate from the date on which payment was made to it or if later the Invoice Due Date until the date of such repayment.

4.3.3 Notwithstanding paragraph 4.2.2, a User shall pay the Invoice Amount in respect of NTS Entry Capacity Charges in respect of Daily NTS Entry Capacity, NTS Entry Capacity Charges in respect of Interruptible NTS Entry Capacity and (where payable by the User) Capacity Neutrality Charges under each NTS Entry Capacity Invoice in full on the Invoice Due Date, notwithstanding any Invoice Query, and paragraphs 4.3.1 and 4.3.2 will apply in respect of any such Invoice Query.

4.4 Invoicing of resolved Queries

4.4.1 As soon as reasonably practicable after any Invoice Query is resolved, and in any event by the end of the second following month, the Transporter will prepare and submit to the relevant User an appropriate Invoice Document in respect of the amount (if any) agreed or determined to be payable or repayable by the Transporter or the relevant User.

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4.4.2 Save in respect of an Invoice Query relating to charges in respect of the Invoice Items listed in paragraph 5 of Annex S-1, as soon as reasonably practicable after any Invoice Query is resolved, and in any event by the end of the third following month, the Transporter will prepare and submit to the relevant User an appropriate Invoice Document in respect of the amount (if any) of interest payable by the Transporter or the User in respect of such Invoice Query.

4.5 Invoice Query Batch sampling

4.5.1 Following an election by a User pursuant to paragraph 4.1.12:

- (a) the Transporters shall take a batch sample from the Invoice Query Batch and determine in respect of each Invoice Query in the batch sample whether the Invoice Query complies with paragraph 4.2.1;
- (b) where:
 - (i) more than 5% (in number) of the Invoice Queries in the batch sample do not comply with the requirements of paragraph 4.2.1, all Invoice Queries in the Invoice Query Batch shall be deemed not to comply with paragraph 4.2.1;
 - (ii) 5% or fewer (in number) of the Invoice Queries in the batch sample do not comply with the requirements of paragraph 4.2.1, all Invoice Queries in the Invoice Query Batch shall be deemed to comply with paragraph 4.2.1;
- (c) where paragraph (b)(i) applies:
 - (i) the Transporters will provide the User with details of the Invoice Queries in the batch sample which did not comply with paragraph 4.2.1;
 - (ii) the User shall be deemed not to have notified the Transporters of any of the Invoice Queries in the Invoice Query Batch and the User may notify the Transporter of such Invoice Queries pursuant to paragraph 4.2.1 or 4.1.12;
 - (iii) where paragraph (b)(ii) applies, the Transporters shall calculate the average invoice query factor;
- (d) the "**average invoice query factor**" shall be, for each Invoice Query in the batch sample which complied with paragraph 4.2.1, the sum of the amounts determined by the Transporters as being the amount which should have properly been the subject of the Invoice Query divided by the sum of the amounts as notified by the User; and
- (e) in respect of each Invoice Query in the Invoice Query Batch, the amount which should have properly been the subject of the Invoice Query shall be, where the average invoice query factor is:
 - (i) less than or greater than 1, the amount notified by the User multiplied by the average invoice query factor;

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(ii) equal to 1, the amount notified by the User.

4.5.2 For the purposes of paragraph 4.5.1, the "**batch sample**" shall comprise, where the number of Invoice Queries comprised in the Invoice Query Batch:

- (a) exceeds 10,000, a random sample of 222 Invoice Queries;
- (b) is greater than 30 but less than 10,000, a random sample of such number of Invoice Queries ('s') determined as follows:

$$s = (nl + (f * (nh - nl)))$$

where: f equals $(N - NI)/(Nh - NI)$;

N is the number of Invoice Queries in the Invoice Query Batch;

'NI' is the closest batch size below (lower batch size) the actual number of queries is an Invoice Query Batch; and

'Nh' is the closest batch size above (higher batch size) the actual number of queries in the Invoice Query Batch

'nl' and 'nh' are the appropriate sample size set out in Annex S-2.

4.6 GRE Invoice Query Incentive Scheme Methodology

4.6.1 For the purposes of this section:

- (a) the "**GRE Invoice Query Incentive Scheme Methodology**" is a document prepared by National Grid NTS and agreed with the Authority dated February 2003 setting out the methodology for the calculation of Incentive Payments;
- (b) the "**GRE Invoice Query**" shall mean an Invoice Query raised by a User for the overpayment of Reconciliation Clearing Charges as determined in accordance with the GRE Invoice Query Incentive Scheme Methodology;
- (c) a "**Valid GRE Invoice Query**" is a GRE Invoice Query which results in a financial adjustment for the overpayment of Reconciliation Clearing Charges;
- (d) a "**month**" for the purposes of this paragraph is the period from the 6th day in one month until and including the 5th day in the following month;
- (e) the "**Query Receipt Month**" shall mean the month in which the GRE Invoice Query is received by National Grid NTS;
- (f) the "**Service Standard Adjustment Month**" shall mean the target month for the processing of financial adjustments in respect of a Valid GRE Invoice Query and this will be the third month following the Query Receipt Month;
- (g) the "**Relevant Month**" shall mean the month in which the financial adjustment for the overpayment of the Reconciliation Charge is paid by National Grid NTS to the User in accordance with the service standard as defined within the GRE Invoice Query Incentive Scheme Methodology; and

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- (h) the "**Incentive Payment**" shall mean the amount payable by National Grid NTS the User and such amounts will be determined in accordance with the GRE Invoice Query Incentive Table contained within the GRE Invoice Query Incentive Scheme Methodology.

4.6.2 For the purposes of Section V10, the rules in this paragraph are Compensation Rules within Compensation Group F; and in relation thereto the 'payment month' is the second month following the Relevant Month.

4.6.3 Amounts payable by National Grid NTS pursuant to this GRE Invoice Query Incentive Scheme Methodology will be invoiced and are payable in accordance with Section S.

4.7 Operational Queries

4.7.1 For the purposes of this Section S:

- (a) the "**Guidelines**" is the document entitled 'Standards of Service Query Management Operational Guidelines' as prepared, published and revised (subject to prior approval by Panel Majority of the Uniform Network Code Committee) from time to time by the Transporters (in consultation with Users);
- (b) "**Queries**" shall have the meaning of 'Invoice and Operational queries for both Gas Transportation (GT) and Meter Asset Queries' as defined in the Guidelines but not including Excluded Queries and "**Query**" shall be defined accordingly;
- (c) the "**Query Receipt Day**" shall mean the day in which a Query is received by the Transporter in accordance with the Guidelines;
- (d) a "**Query Count Day**" shall have the same meaning as 'Transporter Day' in the Guidelines being a Business day where the resolution of the query is within the direct control of the Transporter;
- (e) an "**Excluded Query**" shall (subject to paragraph 4.8.8) be a Query of a type that is to be excluded from the calculation of liability payments under this Section as further set out in the Guidelines in relation to 'Query Categories Excluded';
- (f) "**Final Achieved Performance**" is the performance figure for the resolution of Queries calculated in accordance with the Guidelines; and
- (g) "**Query Standard**" shall mean:
 - (i) from the Query Implementation Date (subject to paragraph (ii) below), the appropriate percentage set out in the "**Query Implementation Date**" column in Annex S-3;
 - (ii) from the first day of the calendar month that is no less than 6 months after the Query Implementation Date (subject to paragraph (iii) below), the appropriate percentage set out in the '6 month' column in Annex S-3;
 - (iii) from the first day of the calendar month that is no less than 12 months after the Query Implementation Date (subject to paragraph (iv) below),

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the appropriate percentage set out in the '12 month' column in Annex S-3;

- (iv) from the first day of the calendar month that is no less than 18 months after the Query Implementation Date, the appropriate percentage set out in the '18 month' column in Annex S-3.

4.7.2 In respect of Queries relating to Smaller Supply Points and Larger Supply Points respectively, Transporters are required to resolve within a calendar month not less than the appropriate Query Standard set out for 'metering' Queries and 'GT' Queries respectively (and as such terms are further described in the guidelines).

4.7.3 Where Final Achieved Performance for Smaller Supply Points is less than the relevant Query Standard for a User within a calendar month Transporters will in aggregate pay to the User an amount calculated as the aggregate of:

$$(a) \quad \begin{aligned} & (((SGT_4/100)*A) - B_4 - C) * £1) + \\ & (((SGT_{10}/100)*A) - B_{10} - C) * £3) + \\ & (((SGT_{20}/100)*A) - B_{20} - C) * £6) + \end{aligned}$$

where:

SGT₄ is the relevant Query Standard for '4 day standard' for Smaller Supply Points: GT set out in Annex S-3;

SGT₁₀ is the relevant Query Standard for '10 day standard' for Smaller Supply Points: GT set out in Annex S-3;

SGT₂₀ is the relevant Query Standard for '20 day standard' for Smaller Supply Points: GT set out in Annex S-3;

A is the number of Queries resolved in the calendar month relating to gas transportation at Smaller Supply Points;

B₄ is the number of Queries resolved within 4 Query Count Days for Smaller Supply Points in the calendar month relating to gas transportation;

B₁₀ is the number of Queries resolved within 10 Query Count Days for Smaller Supply Points in the calendar month relating to gas transportation;

B₂₀ is the number of Queries resolved within 20 Query Count Days for Smaller Supply Points in the calendar month relating to gas transportation;

C is the number of Excluded Queries resolved for the User within the calendar month; and

$$(b) \quad \begin{aligned} & (((SM_4/100)*A) - B_4 - C) * £1) + \\ & (((SM_{10}/100)*A) - B_{10} - C) * £3) + \end{aligned}$$

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$$(((SM_{20}/100)*A) - B_{20} - C) * \text{£}6) +$$

where:

- SM₄ is the relevant Query Standard for '4 day standard' for Smaller Supply Points: metering set out in Annex S-3;
- SM₁₀ is the relevant Query Standard for '10 day standard' for Smaller Supply Points: metering set out in Annex S-3;
- SM₂₀ is the relevant Query Standard for '20 day standard' for Smaller Supply Points: metering set out in Annex S-3;
- A is the number of Queries resolved in the calendar month relating to metering at Smaller Supply Points;
- B₄ is the number of Queries resolved within 4 Query Count Days for Smaller Supply Points in the calendar month relating to metering;
- B₁₀ is the number of Queries resolved within 10 Query Count Days for Smaller Supply Points in the calendar month relating to metering;
- B₂₀ is the number of Queries resolved within 20 Query Count Days for Smaller Supply Points in the calendar month relating to metering; and
- C is the number of Excluded Queries resolved for the User within the calendar month.

4.7.4 If for a Smaller Supply Point the Transporter does not resolve the Query within 40 Query Count Days the Transporter will be liable to pay to the User £20 and the Transporter will further pay an additional £20 for each further period of not less than 20 Query Count Days in which the Query remains unresolved. Such payment to become due upon resolution of such Query.

4.7.5 Where Final Achieved Performance for Larger Supply Points is less than the relevant Query Standard for a User within a calendar month Transporters will pay in aggregate to the User an amount calculated as the aggregate of:

(a) $(((LGT_{10}/100)*A) - B_{10} - C) * \text{£}5) + (((LGT_{20}/100)*A) - B_{20} - C) * \text{£}30)$

where:-

- LGT₁₀ is the relevant Query Standard for '10 day standard' for Larger Supply Points: GT set out in Annex S-3;
- LGT₂₀ is the relevant Query Standard for '20 day standard' for Larger Supply Points: GT set out in Annex S-3;
- A is the number of Queries resolved in the calendar month relating to gas transportation at Larger Supply Points;
- B₁₀ is the number of Queries resolved within 10 Query Count Days for Larger Supply Points in the calendar month relating to gas transportation;

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B₂₀ is the number of Queries resolved within 20 Query Count Days for Larger Supply Points in the calendar month relating to gas transportation;

C is the number of Excluded Queries resolved for the User within the calendar month; and

$$(b) \quad \begin{aligned} & (((LM_{10}/100)*A) - B_{10} - C) * £5) + \\ & (((LM_{20}/100)*A) - B_{20} - C) * £30) \end{aligned}$$

where:-

LM₁₀ is the relevant Query Standard for '10 day standard' for Larger Supply Points: metering set out in Annex S-3;

LM₂₀ is the relevant Query Standard for '20 day standard' for Larger Supply Points: metering set out in Annex S-3;

A is the number of Queries resolved in the calendar month relating to metering at Larger Supply Points;

B₁₀ is the number of Queries resolved within 10 Query Count Days for Larger Supply Points in the calendar month relating to metering;

B₂₀ is the number of Queries resolved within 20 Query Count Days for Larger Supply Points in the calendar month relating to metering; and

C is the number of Excluded Queries resolved for the User within the calendar month.

4.7.6 If for a Larger Supply Point the Transporter does not resolve the Query within 40 Query Count Days the Transporter will be liable to pay to the User £70 and the Transporter will further pay an additional £70 for each further period of not less than 20 Query Count Days in which the Query remains unresolved. Such payment to become due upon resolution of such Query.

4.7.7 Where the volume of Queries submitted by a User on a day exceeds the volume daily limits set out in the Guidelines, the rules for dealing with such daily excess submissions set out in the Guidelines will be applied.

4.7.8 Queries relating to Meter assets shall be Excluded Queries from Metering Separation Date.

4.7.9 For the purposes of Section V10, the rules in this paragraph are Compensation Rules within Compensation Group L; and in relation thereto the "**payment month**" is the second month following the month in which the Query was resolved.

Annex S-1

INVOICE TYPES AND INVOICE ITEMS

1 NTS Entry Capacity Invoice

An "**NTS Entry Capacity Invoice**" is an Invoice Document in respect of the following separate Invoice Items:

- (a) NTS Entry Capacity Charges in respect of Monthly NTS Entry Capacity;
- (b) NTS Entry Capacity Charges in respect of Daily NTS Entry Capacity;
- (c) NTS Entry Capacity Charges in respect of Interruptible NTS Entry Capacity;
- (d) Capacity Surrender Charges;
- (e) Firm Curtailment Charges;
- (f) System Entry Overrun Charges;
- (g) Capacity Neutrality Charges; and
- (h) Force Majeure Premium Charge.

2 NTS Exit Capacity Invoice

An "**NTS Exit Capacity Invoice**" is an Invoice Document in respect of the following separate Invoice Items:

- (a) NTS Exit Capacity Charges – Annual NTS Exit (Flat) Capacity;
- (b) NTS Exit Capacity Charges – Daily NTS Exit (Flat) Capacity;
- (c) NTS Exit Capacity Charges – Off-peak Daily NTS Exit (Flat) Capacity;
- (d) NTS Exit (Flat) Capacity Surrender Charges;
- (e) NTS Offtake Reduction Charges; and
- (f) NTS Exit (Flat) Overrun Charges.

3 LDZ Capacity Invoice

An "**LDZ Capacity Invoice**" is an Invoice Document in respect of the following Invoice Items:

- (a) LDZ Capacity Charges;

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- (b) Customer Charges - Capacity Variable Component; and
- (c) Customer Charges - Fixed Component.

4 Commodity Invoice

A "**Commodity Invoice**" is an Invoice Document in respect of the following Invoice Items:

- (a) (i) NTS Entry Commodity Charges;
- (a) (ii) NTS Exit (Flat) Commodity Charges; and
- (a) (iii) NTS Optional Commodity Charges;
- (b) LDZ Commodity Charges;
- (c) Customer Charges - Commodity Variable Component;
- (d) Supply Point Ratchet Charges - LDZ Capacity Charges; and
- (e) Supply Point Ratchet Charges - Capacity Variable Component of Customer Charge

5 Balancing Invoice

A "**Balancing Invoice**" is an Invoice Document in respect of the following Invoice Items:

- (a) Market Balancing Action Charges in respect of Market Balancing Sell Actions;
- (b) Daily Imbalance Charges in respect of which National Grid NTS is the seller;
- (c) Scheduling Charges - Input;
- (d) Scheduling Charges - Output;
- (e) Balancing Neutrality Charges;
- (f) Not used;
- (g) Reconciliation Neutrality Charges - NDM Reconciliation and CSEP Reconciliation for Unmetered Connected System Exit Points;
- (h) Reconciliation Neutrality Charges - DM Reconciliation and CSEP Reconciliation for Metered Connected System Exit Points;
- (i) Market Balancing Action Charges in respect of Market Balancing Buy Actions (a self-bill amount);
- (j) Daily Imbalance Charges in respect of which the User is the seller (self-bill amount);

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- (k) Physical Renomination Incentive Charges; and
- (l) Total Incentivised Nomination Charges.

6 Reconciliation Invoice

A "**Reconciliation Invoice**" is an Invoice Document in respect of the following Invoice Items:

- (a) Reconciliation Clearing Charge;
- (b) Reconciliation Transportation Charge Adjustments in respect of the NTS Exit Commodity Charge, the LDZ Commodity Charge and the Commodity Variable Component of Customer Charges;
- (c) User Aggregate Reconciliation Clearing Charges; and
- (d) User Aggregate Transportation Charge Adjustments in respect of the NTS Exit Commodity Charge, the LDZ Commodity Charge and the Commodity Variable Component of Customer Charges.

Amounts in respect of Aggregate LDZ Reconciliation pursuant to Section E7.8.2 shall be invoiced by way of Ad-hoc Invoice and not Reconciliation Invoice.

7 Small Value Invoice

A "**Small Value Invoice**" is an Invoice Document in respect of an Invoice Amount which has a value of less than £25 and which is:

- (a) listed under Appendix II of the Operation Rules Governing the Supply of Invoice Charges via the Ad-hoc Process; or
- (b) an Adjustment Invoice; or
- (c) an Interest Invoice;

except where it contains a Balancing Neutrality Charge, a Capacity Neutrality Charge or a Reconciliation Neutrality Charge.

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Annex S-2

Invoice Query Batch Size (NI/Nh)	Sample Size (nl/nh)
30	30
50	41
100	69
200	105
300	128
500	154
1,000	182
2,000	200
10,000	217

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Annex S-3

QUERY STANDARD	Query Implementation Date	6 month	12 month	18 month
Smaller Supply Points: GT				
4 Day Standard: GT (SGT ₄)	50%	65%	75%	80%
10 Day Standard: (SGT ₁₀)	85%	90%	95%	95%
20 Day Standard (SGT ₂₀)	98%	98%	98%	98%
SMALLER SUPPLY POINTS: METERING				
4 Day Standard: GT (SM ₄)	50%	65%	75%	80%
10 Day Standard: (SM ₁₀)	85%	90%	95%	95%
20 Day Standard (SM ₂₀)	98%	98%	98%	98%
Larger Supply Points: GT				
4 Day Standard: (LGT ₄)	50%	65%	75%	80%
10 Day Standard: (LGT ₁₀)	85%	90%	95%	95%
20 Day Standard (LGT ₂₀)	98%	98%	98%	98%
LARGER SUPPLY POINTS: METERING				
4 Day Standard: (LM ₄)	50%	65%	75%	80%
10 Day Standard: (LM ₁₀)	85%	90%	95%	95%
20 Day Standard (LM ₂₀)	98%	98%	98%	98%

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