

Stage 01: Modification

0449: *(Joint Office to insert number)*

Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures

At what stage is this document in the process?

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

This proposal seeks to facilitate compliance with Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks with regards to the Congestion Management Procedures



The Proposer recommends that this modification should be (delete as appropriate):

- assessed by a workgroup



High Impact:
Shippers and Transporters



Medium Impact:



Low Impact:

0xxx

Modification

Day Month Year

Version 1.0

Page 1 of 23

© 2013 all rights reserved

Contents

1 Summary	3
2 Why Change?	4
3 Solution	5
4 Relevant Objectives	221918
5 Implementation	2219
6 Legal Text	231920
7 Recommendation	232020

About this document:

This modification will be presented by the proposer to the panel on 21 March 2013. The panel will consider the proposer's recommendation, and agree whether this modification should be issued for consultation or be referred to a workgroup for assessment



Any questions?

Contact:
Joint Office



enquiries@gasgovernance.co.uk



0121 623 2115

Proposer: Fergus Healy



Fergus.healy@nationalgrid.com



01926 65 5031

Licence Holder:
National Grid Transmission



Fergus.healy@nationalgrid.com



01926 65 5031

Systems Provider:
Xoserve



commercial.enquiries@xoserve.com



telephone

0xxx

Modification

Day Month Year

Version 1.0

Page 2 of 23

© 2013 all rights reserved

1 Summary

Is this a Self-Governance Modification?

Self Governance procedures are not proposed because this Modification Proposal would have an impact on Users and their NTS Entry and NTS Exit Capacity booking requirements at Interconnection Points.

Why Change?

On 24 August 2012 the European Commission adopted rules to reduce congestion in European gas transmission pipelines as Congestion in gas pipelines, has long been viewed as an obstacle to a well-functioning, open and integrated gas market across the European Union. The rules amend the existing Annex I to the Gas Regulation (EC) no. 715/2009 and require a number of the Congestion Management Procedures to be implemented by the 1 October 2013.

Solution

This modification will introduce a new classification of System Entry Point and NTS Exit Point within the UNC. It will also put in place an oversubscription process for the AMSEC Auction, new transparency obligations and new NTS Entry and Exit Capacity surrender processes for the following entry and exit capacity products:

- NTS Entry Capacity
 - Quarterly System Entry Capacity
 - Monthly System Entry Capacity (excluding the RMSEC Auction)
- NTS Exit Capacity
 - Enduring Annual NTS Exit (Flat) Capacity
 - Annual NTS Exit (Flat) Capacity

As the CMP regulations are closely linked to the proposed Capacity Allocation Mechanism (CAM) Regulation any solution will need to be reviewed as part of CAM, the CMP oversubscription and surrender solution detailed within this Modification Proposal will be facilitated via a combination of operational processes and existing Gemini system functionality.

Relevant Objectives

Implementation of this Modification would better facilitate the following relevant objective:

g) "Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators"

Implementation

No implementation timescales are proposed.

Introduction of new processes will be necessary to facilitate implementation of this Modification and will be based on the use of existing system functionality. A Rough Order Of Magnitude (ROM) request will be raised with Xoserve to confirm whether this Modification will result in changes to the Gemini system and the timeframes associated with any changes.

0xxx
Modification

Day Month Year

Version 1.0

Page 3 of 23

© 2013 all rights reserved

2 Why Change?

On 24 August 2012 the European Commission adopted rules to reduce congestion in European gas transmission pipelines as Congestion in gas pipelines, has long been viewed as an obstacle to a well-functioning, open and integrated gas market across the European Union. The rules amend the existing Annex I to the Gas Regulation (EC) no. 715/2009 and require a number of the Congestion Management Procedures to be implemented by the 1 October 2013.

The Congestion Management Procedures are to be applied only at “Interconnection Points” which is a classification of System Point that is not currently defined within the Uniform Network Code, and will cover a number of requirements:

Long Term use it or lose it
Firm Day Ahead use it or lose it
Oversubscription and Buyback
Surrender
Transparency

However of the above, only the Oversubscription and Buyback, Surrender processes and Transparency obligations are required for 1 October 2013. Whilst oversubscription and buyback are processes that are currently catered for within the UNC the AMSEC Auction will require an oversubscription process to be put in place, a number of new surrender processes and Transparency obligations will be required in order to enact the regulation.

The oversubscription and surrender processes introduced by this modification will need to be reviewed as part of the implementation of the Capacity Allocation Mechanism (CAM) Regulation, potentially requiring the development of a CMP solution that can be applied to the CAM processes when implemented. The definition of Interconnection Points, Transparency obligations, oversubscription and surrender processes will need to be reviewed as part of the CAM implementation process.

3 Solution

It is proposed that a number of new processes and defined terms be introduced into the UNC:

New Defined Terms

- “Annual Release Process” means the release of:
 - NTS Entry Capacity following an annual capacity invitation
 - NTS Exit (Flat) Capacity following an annual capacity notification
- “Surrender Invitation” means an invitation made in advance of an annual release process informing Users that they may make surrender offers
- “Surrender Offer” means an offer to surrender System Capacity
- “Surrender Window” means the period of five Business Days specified in a in a surrender invitation during which Users may submit surrender offers
- “Surrendered Capacity” is in relation to a relevant quarter or year, the aggregate amount of system capacity in respect of which Users have submitted surrender offers in response to a surrender invitation

—

Surrender Invitation

Surrendered Capacity

Surrender Window

Interconnection Points

- An “Interconnection Point” (IP) is:
 - An Aggregate System Entry Point at which gas is delivered to the Total System through an interconnector connecting the Total System to the national gas transmission system of another EU member state.
 - An NTS Exit Point at which gas is offtaken from the Total System through an interconnector connecting the Total System to the national gas transmission system of another EU member state
 - [any such point as is designated by the Authority]

~~An Interconnection Point may be defined as a cross-border interconnection point, whether it is physical or virtual, between two or more European Union Member States as well as to interconnections between adjacent entry-exit systems within the same Member State, insofar as the points are subject to booking procedures by users. Exit points to end-consumers and DNO’s, entry points to supply-only networks, entry points from LNG terminals and production facilities, and entry/exit points to or from storage facilities will not be defined as an Interconnection Point. An Interconnection Point may be either an Aggregate System Entry Point or a NTS Exit Point.~~

~~Where an Interconnection Point forms part of an existing ASEP the Interconnection Point will remain part of this ASEP, however such an ASEP will be an Interconnection Point ASEP (IP-ASEP).~~

0xxx

Modification

Day Month Year

Version 1.0

Page 5 of 23

© 2013 all rights reserved

National Grid NTS shall only accept the surrender of a Users Available or Registered System Capacity Firm NTS Entry Capacity and Firm NTS Exit (Flat) Capacity held by a User at an Interconnection Point, where:

~~• All Available Firm Capacity has been allocated~~

- The quantity offered for ~~surrendered~~ is for a minimum of 1 calendar month ~~but (depending on the product) and shall reflect in aggregate with other surrender offers can satisfy one or more sub-transaction periods of~~ the allocation process for which the capacity has been offered for surrender
- the Unsold NTS Entry Capacity made available for the period in the relevant Annual Release Process, for which the Surrender Offer applies, is sold
- the Remaining Available NTS Exit (Flat) Capacity for the period in the relevant Annual Release Process, for which the Surrender Offer applies, is sold

Available System Capacity is the System Capacity which a User holds at the IP after taking into account any System Capacity Transfer under UNC TPD B5.

NTS Entry Capacity Surrender and Oversubscription Processes

QSEC Auction Surrender Process

- No ~~more~~ less than [fifteen ~~(15)~~] Business Days prior to the notification of the issuing of the QSEC a Annual Invitation for Quarterly NTS Entry Capacity, National Grid NTS will invite Users to surrender Available System Firm NTS Entry Capacity at an IP ASEP (the "QSEC Surrender Invitation"), for allocation to Users requesting capacity in the QSEC auction ~~(for the purposes of this Modification such capacity will be described as Surrendered Capacity)~~ at that IP ASEP.
- A surrendering User shall remain liable for all charges and liabilities associated with NTS Entry Capacity Charges for the Surrendered Firm NTS Entry Capacity irrespective of whether it is subsequently allocated.
- Until Where Surrendered Firm NTS Entry Capacity is not allocated the surrendering Users Available System Firm NTS Entry Capacity shall remain unchanged.
- The Surrender Process i Invitation will state:
 - The IP ASEP(s)
 - The duration of the S surrender W window, which shall be a minimum of [five ~~(5)~~] Business Days
 - The details of how Users can provide their Surrender Offer(s) ~~to surrender capacity at an Interconnection Point ASEP which shall be via [Fax]~~
 - The M minimum E eligible A amount u quantity of QSEC NTS Entry Capacity which will be 100,000 kWh /day.
 - That a User cannot offer to surrender a quantity greater than their Available Firm NTS Entry Capacity i.e. net of NTS Entry Capacity trades at that IP ASEP for the Quarter(s) that they are offering to surrender capacity for.
- Users wishing to take part in the QSEC A auction Surrender p Process must, between 0800 and 1700 on the dates specified, provide the following information to National Grid NTS ~~via [fax]~~:
 - The IP ASEP
 - User ID

0xxx
Modification

Day Month Year

Version 1.0

Page 6 of 23

© 2013 all rights reserved

- The ~~amount maximum quantity of Firm NTS Entry Capacity per IP ASEP~~ that they are offering to surrender. This must be equal to or greater than the ~~M~~minimum ~~E~~ligible ~~A~~amount of 100,000kWh/day
 - The minimum ~~amount~~quantity of Firm NTS Entry Capacity per IP ASEP that they are offering to surrender. This must be equal to or greater than the ~~M~~minimum ~~E~~ligible ~~A~~amount of 100,000kWh/day and less than or equal to the ~~amount that is being offered for surrender~~maximum quantity detailed above
 - The calendar quarter(s) for which the ~~S~~surrender ~~O~~ffer applies (these do not have to be consecutive quarters), ~~and~~
- ~~By submitting a Surrender Offer Confirmation that the surrendering User agrees to surrender Available System Capacity up to the amount offered and is confirming that they have sufficient Available System Capacity to fulfill~~satisfy the Surrender Offer, ~~holds the Firm NTS Entry capacity and will continue to hold the Firm NTS entry Capacity until the allocation process is complete.~~
- Where ~~the User does not have sufficient Available System Capacity to fulfill~~satisfy the Surrender ~~Offers~~such confirmation required in the above paragraph is not received, National Grid NTS will not accept the ~~NTS Entry Capacity~~Surrender Offer.
 - Users may submit more than one Surrender Offer but may not submit more than one ~~(1)~~ Surrender Offer per calendar quarter per IP, ~~ASEP, A~~a submitted offer may cover multiple quarters and must fall within the quarters that can be allocated within the relevant QSEC auction
 - Users can amend or withdraw their ~~Surrender Offer(s)~~ at any time between 08:00 and 17:00 hours on each ~~invitation Day of the Surrender Window~~date until 17:00 hours on the last ~~Day of the Surrender Window~~
 - Users will be informed by the QSEC invitation ~~letter~~of ~~Available System~~ the aggregate quantity of ~~Firm NTS Entry Capacity~~ that has been ~~offered for provisionally~~surrendered and the quarter(s) that it ~~has been offered~~made available for.
 - Where National Grid NTS has received ~~Capacity b~~Bids that in aggregate exceed the quantity of ~~Unsold obligated~~NTS Entry Capacity that has been made available in the QSEC ~~a~~uction, ~~s~~Surrendered ~~Available System~~Firm NTS Entry Capacity will be allocated ~~as Additional Quarterly NTS Entry Capacity~~ before both ~~any other such Additional Quarterly NTS Entry Capacity that National Grid NTS in its own discretion make available to Users Discretionary NTS Entry Capacity and Incremental NTS Entry Capacity.~~
 - The ~~allocation of~~surrendered ~~Available System Capacity~~ is allocated to Users as ~~Additional Quarterly Firm NTS Entry Capacity to Users who have requested Firm NTS Entry Capacity will be effected through the release of Discretionary NTS Entry Capacity~~ and will feed into the ~~C~~capacity neutrality arrangements ~~as a Relevant Capacity Revenue.~~
 - A User(s) will pay ~~in respect of each Day, when due, NTS Entry Capacity Charges for any Additional Quarterly Firm NTS Entry Capacity allocated through this process~~i.e. the quantity of ~~NTS Entry Capacity allocated~~ multiplied by the ~~Applicable Daily Rate, QSEC Auction cleared price multiplied by the relevant period for which capacity has been allocated.~~ ~~For the avoidance of doubt this will be either the applicable Reserve Price or The surrendering User will receive the c~~Cleared ~~P~~price paid for the surrendered ~~Firm NTS Entry Capacity allocated.~~
 - Surrendered ~~Available System Firm NTS Entry~~ Capacity allocated through this process shall be;

- utilised in respect of overrun calculations i.e. ~~at the~~ User's Available NTS Entry Capacity will reflect either the Quarterly NTS Entry Capacity bought or Available System Capacity surrendered as applicable and the allocated price will be considered in feed through to the calculation of the System Entry Overrun Charge~~overrun-price calculation~~.
- subject to the provisions of UNC Section V3, as ~~now for all other allocation processes~~, if a User fails to meet these provisions then their NTS Entry Capacity Bids will be rejected.
- Where more than one User has surrendered Available System~~Firm NTS Entry~~ Capacity, ~~the~~ Unsold ~~Firm~~ NTS Entry Capacity made available has been allocated and the aggregate quantity of surrendered Available~~NTS Entry System~~ Capacity exceeds the remaining unsatisfied bid quantities, the Surrender Offers will be prorated. Where ~~a Surrender Offer~~ the resulting prorated quantity is less than the minimum ~~amount~~ specified by the User then the Surrender Offer will be rejected and the pro-ration recalculated for the remaining Surrender Offers.
- When prorating the Surrender Offers results in Surrender Offers not being accepted and there remain unsatisfied Capacity Bids the Surrender Offers will be accepted (subject to the surrendering Users specified minimum amount) in order of time stamp i.e. Surrender Offers will be taken based on the time and date that they were received by National Grid NTS with the earliest received taken first.~~Time stamping~~
- Where Surrendered Available System~~Firm NTS Entry~~ Capacity is ~~to be~~ allocated National Grid NTS will undertake~~effect~~ the NTS Entry Capacity ~~Surrender~~ on the Users~~ir~~ behalf
- National Grid NTS will undertake~~effect~~ the capacity surrender through an ~~amended~~ Forward Agreement(s). This will not require the User(s) to undertake any actions on National Grid NTS' systems or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.
- National Grid NTS will use an ~~amended~~ Forward Agreement(s) to adjust the surrendering Users Available System ~~Firm NTS Entry~~ Capacity to reflect the Users quantity of surrendered Available System ~~Firm NTS Entry~~ Capacity allocated as Additional Quarterly NTS Entry Capacity in the QSEC auction for the relevant quarter(s).
- National Grid NTS will update its systems with the details of the Forward Agreement(s)~~on behalf of each surrendering User~~ within [Five ~~(5)~~] Business Days of the allocation of the Additional Quarterly~~the surrendered~~ NTS Entry Capacity
- Each Forward Agreement~~Contract~~ will detail:
 - IP ~~ASEP~~
 - User ID
 - The duration, this may be for a quarter or number of quarters (non consecutive quarters may be reflected through the use of multiple Forward Agreement~~contracts~~)
 - The Maximum Forward Quantity (kWh/day) – The Users Available System ~~Firm NTS Entry~~ Capacity that has been surrendered (and subsequently allocated as Additional Quarterly NTS Entry Capacity)
 - Price – the price that is to be paid to the Users for the surrendered Available System~~NTS Entry~~ Capacity which in this instance will be the relevant Cleared Price or Reserve Price~~f of~~ the relevant quarter(s) in the relevant QSEC auction
- Once National Grid NTS has updated the relevant systems it will provide each surrendering User at the IP ~~ASEP~~ details of their accepted Surrender Offers i.e.

- The duration
 - IP ~~ASEP~~
 - The Maximum Forward Quantity (kWh/day) – The ~~Available System Firm NTS Entry Capacity~~ that has been surrendered (and ~~subsequently allocated as Additional Quarterly NTS Entry Capacity~~)
 - Price
- ~~Allocated Additional Quarterly surrendered Firm~~ NTS Entry Capacity ~~that is allocated~~ shall be included in the ~~allocated~~ User's aggregate Available NTS Entry Capacity (determined as fully adjusted) to determine the Users ~~Overrun Quantity~~ and be considered when calculating the ~~System Entry Overrun Charge Price~~.
 - ~~A Users Available System Allocated surrendered~~ Capacity ~~that is allocated as Additional Quarterly NTS Entry Capacity~~ shall be deducted from their ~~surrendering Users~~ aggregate Available NTS Entry Capacity (determined as fully adjusted) ~~for the period for which it has been surrendered~~, to determine the Users ~~Overrun Quantity~~ and be considered when calculating the Overrun Price.
 - ~~The Forward Agreement will be treated as a Relevant Capacity n NTS Entry Capacity Constraint Management Cost and feed into the NTS Entry Capacity Neutrality Arrangements in accordance with UNC TPD B2.13.2. For the avoidance of doubt the Relevant Capacity Costs feed into the National Grid NTS and the cConstraint mManagement iIncentive.~~
 - ~~Amounts payable from the Surrender Forward Agreement will be treated as NTS Entry Capacity Surrender Charges and be invoiced and payable in accordance UNC TPD Section S.~~
 - ~~The surrendering User will be invoiced for their Registered original NTS Entry Capacity (which is unaffected by the surrender of Available System Capacity) allocation and will then receive a credit for their surrendered Available System Capacity allocated as Additional Quarterly NTS Entry Capacity that is allocated to another User via the QSEC auction.~~ This will be done via the existing invoicing processes.

AMSEC Auction Surrender and Oversubscription processes

- No ~~less more~~ than [fifteen ~~(15)~~] Business Days prior to the ~~notification of Annual Invitation for issuing of the A Monthly System Entry Capacity annual invitation~~ National Grid NTS will invite Users to surrender ~~Available System Firm NTS Entry Capacity~~ at an IP ~~ASEP~~ (the "AMSEC Surrender Invitation"), for allocation to Users requesting capacity in the AMSEC auction ~~(for the purposes of this Modification such NTS Entry Capacity will be described as Surrendered Capacity at that IP ASEP.~~
- ~~A surrendering User shall remain liable for all NTS Entry Capacity cCharges and liabilities associated with for the Surrendered Firm NTS Entry Capacity irrespective of whether it is subsequently allocated.~~
- ~~Until Where Surrendered Firm NTS Entry Capacity is not allocated then the surrendering Users Available System Firm NTS Entry Capacity shall remain unchanged.~~
- The Surrender ~~Process i~~ Invitation will state:
 - The IP ~~ASEP(s)~~
 - The duration of the ~~Ssurrender Wwindow~~, which shall be ~~a minimum of [five (5)] Business Days~~

- The details of how Users can provide their Surrender Offer(s) to surrender capacity at an IP-ASEP, ~~which shall be via [Fax]~~.
 - The Minimum Eligible Amount quantity of AMSEC NTS Entry Capacity surrender offers which will be 100,000 kWh/day.
 - That a User cannot offer to surrender a quantity greater than their Available Firm NTS Entry Capacity i.e. net of NTS Entry Capacity at that IP ASEP for the month(s) that they are offering to surrender AMSEC capacity for.
- Users wishing to take part in the AMSEC auction ~~sSurrender~~ Process must, between 0800 and 1700 on the dates specified, provide the following information to National Grid ~~NTS via [Fax]~~:
 - The IP-ASEP
 - User ID
 - The amount ~~maximum quantity of Firm NTS Entry Capacity per IP ASEP~~ that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount of 100,000kWh/day
 - The minimum amount ~~quantity of Firm NTS Entry Capacity per IP ASEP~~ that they are offering to surrender. This must be equal to or greater than the Minimum Eligible Amount of 100,000kWh/day and less than or equal to the amount that is being offered for surrender ~~maximum quantity detailed above~~
 - The calendar month(s) for which the Surrender Offer applies (these do not have to be consecutive months) ~~and~~
 - By submitting a Surrender Offer Confirmation ~~that~~ the surrendering User agrees to surrender Available System ~~holds the Firm NTS Entry Capacity up to the amount offered and is confirming that they have sufficient Available System and will continue to hold the Firm NTS Entry Capacity to fulfill the Surrender Offer until the allocation process is complete.~~
 - When ~~re the surrendering User does not have sufficient Available System Capacity to fulfil the Surrender Offers such confirmation required in the above paragraph is not received~~ National Grid NTS will not accept the Firm NTS Entry Capacity Surrender Offer.
 - Users may submit more than one ~~(1)~~ Surrender Offer but may not submit more than one ~~(1)~~ Surrender Offer per calendar month per IP-ASEP. ~~a~~ submitted offer may cover multiple months and must fall within the months that can be allocated within the relevant AMSEC auction.
 - Users can amend or withdraw their Surrender Offers at any time between 08:00 and 17:00 hours on each Day of the Surrender Window ~~invitation date~~ until 17:00 hours on the last Day of the Surrender Window
 - Users will be informed by the AMSEC invitation ~~letter~~ of the Available System aggregate quantity of Firm NTS Entry Capacity that has been offered for ~~provisionally been surrendered~~ and the months that it has been offered ~~made available for~~.
 - National Grid NTS may also choose to make additional Discretionary Firm-NTS Entry Capacity available through this process.
 - When ~~re~~ National Grid NTS has received Capacity Bids that in aggregate exceed the quantity of Unsold obligated-NTS Entry Capacity that has been made available in tranche 4 of the AMSEC auction, unsatisfied Tranche 4 Capacity Bids will be allocated ~~sSurrendered~~ Available System Firm NTS Entry Capacity ~~will be allocated~~ and Discretionary NTS Entry Capacity.

0xxx

Modification

Day Month Year

Version 1.0

Page 10 of 23

© 2013 all rights reserved

- ~~If there is no or insufficient surrendered Available System Capacity~~ National Grid NTS may also ~~be allocated to any~~ unsatisfied tranche 4 bids ~~via Discretionary NTS Entry Capacity which National Grid NTS in its sole discretion may make available to Users. This will be done via~~ an adhoc allocation process (the AMSEC Surrender and Oversubscription Auction)
- National Grid NTS will ~~undertake~~ the AMSEC Surrender and Oversubscription Auction on behalf of Users ~~via through the use of an amended~~ DRSEC ~~a~~ Auction.
- National Grid NTS will place all unsatisfied AMSEC tranche 4 ~~Capacity bBids quantities~~ in the Surrender and Oversubscription Auction and each ~~Capacity bBid~~ shall specify (please note that these bids will be the same as the original AMSEC bid(s) submitted in tranche 4 of the AMSEC auction except where pro-rated in the tranche 4 allocation):
 - User ID
 - The IP ~~ASEP~~
 - The Month(s) for which ~~Firm~~ NTS Entry Capacity is applied for
 - The amount ~~applied for~~, which shall not be less ~~than than the M~~ minimum ~~E~~ eligible ~~A~~ amount of 100,000kWh/day
 - The minimum amount which the User is willing to be allocated (except where a bid has been part allocated within Tranche 4), which shall not be less than ~~the Minimum Eligible Amount 100,000kWh/day~~
 - The ~~Bbid P~~ price which the User is willing to pay by way of NTS Entry Capacity Charges, which shall not be less than the ~~prevailing AMSEC +R~~ Reserve ~~P~~ price at the IP ~~ASEP~~ at which the User had placed its original ~~Capacity bBid~~
- National Grid NTS will reject a bid where:
 - Any requirements of the paragraph above are not complied with
 - In accordance with UNC TPD Section V3
- Surrendered ~~Available System Firm NTS Entry~~ Capacity and any ~~additional~~ Discretionary NTS Entry Capacity that National Grid NTS releases, will be allocated as follows:
 - All ~~Capacity bBids~~ will be ranked in order of ~~bid~~ price with the highest ranked first
 - Surrendered ~~Available System Firm NTS Entry~~ Capacity will be allocated first to the highest priced bid(s)
 - Where the amount of ~~Firm~~ NTS Entry Capacity applied for under a ~~Bbid~~ exceeds any remaining unallocated Surrendered ~~System Firm NTS Entry~~ Capacity, after allocation to higher priced bids and National Grid NTS does not choose to release Discretionary NTS Entry Capacity, the User will be allocated an amount equal to the remaining unallocated amount (subject to the minimum amount criteria unless previously part allocated within Tranche 4)
 - Where two or more bids specify the same ~~Bbid P~~ price and the amount of ~~Firm~~ NTS Entry Capacity applied for exceeds any remaining unallocated Surrendered ~~System NTS Entry~~ Capacity, where National Grid NTS does not choose to release Discretionary NTS Entry Capacity, the bids will be allocated prorata to the amounts applied for in each such bid (subject to the minimum amount criteria unless previously part allocated within Tranche 4). Where any such bids are rejected (due to the ~~m~~ Minimum

- ~~a~~Amount) the remaining bid(s) at that price shall be allocated/pro-rated.
- Bids may be allocated with a combination of both Surrendered Available System Capacity and additional Discretionary Firm-NTS Entry Capacity however additional Discretionary NTS Entry Capacity will be only be allocated/ utilised when re:
 - National Grid NTS in its sole discretion chooses to make it available; and
 - no Available System NTS-Entry Capacity has been surrendered; or
 - the ~~available~~-surrendered Available System NTS-Entry Capacity has been allocated
 - Each User whose Capacity Bid is allocated/ accepted will be registered as holding Firm NTS Entry Capacity (for the amount allocated) for the relevant Month(s) at that IP-~~ASEP~~
 - The ~~allocation of~~-surrendered Available System Firm-NTS-Entry Capacity is allocated to Users ~~as who have requested Firm NTS-Entry Capacity will also be via the release of~~ Discretionary Firm NTS Entry Capacity and will feed into the capacity neutrality arrangements as a Relevant Capacity Revenue
 - A User(s) will pay in respect of each Day, when due, allocated Firm-NTS-Entry Capacity will pay NTS Entry Capacity Charges for any Discretionary Firm NTS Entry Capacity allocated through this process i.e. the quantity of Firm-NTS Entry Capacity allocated multiplied by the bid price tendered multiplied by the relevant period ~~Bid price multiplied by the relevant period for which capacity has been allocated.~~
 - The surrendering User will receive the Weighted Average Price of all the bids allocated surrendered Available System Firm-NTS-Entry Capacity for that month at that IP-~~ASEP~~.
 - Surrendered Available System Firm-NTS-Entry Capacity allocated through this process shall be;
 - utilised in respect of System Entry NTS-Entry Overrun Charge calculations i.e. at the User's Available System Firm-NTS-Entry Capacity will reflect either the Discretionary NTS Entry Capacity bought or Available System Capacity -surrendered as applicable and the allocated price will be considered feed through to in the calculation of the System Entry Overrun Charge price calculation.
 - subject to the provisions of UNC Section V3, as for all other allocation processes, now if a User fails to meet these provisions then their NTS-Entry Capacity Bids will be rejected.
 - No later than two ~~(2)~~ Business Days prior to the first day of the period to which the AMSEC ~~a~~ Auction relates, National Grid NTS will inform ~~a~~ each User of:
 - those of its Capacity Bids that have been accepted,
 - the amount of Discretionary Firm NTS Entry Capacity which it is registered as holding for the IP-~~ASEP~~ and the relevant period (for clarification the relevant period will be the period for which the capacity has been allocated) via the AMSEC Surrender ~~process~~ and ~~of~~ Oversubscription process.
 - No later than one ~~(1)~~ Business Day prior to the first day of the period to which the AMSEC relates, National Grid NTS will provide information to all Users in accordance with UNC Section B paragraph 2.14.2 other than sub paragraphs (a), (b) and (h).
 - When re more than one User has surrendered Available System Firm-NTS-Entry Capacity, the and all Unsold Firm-NTS Entry Capacity made available has been allocated and, if the aggregate quantity of surrendered Available

~~System Firm NTS Entry~~ Capacity exceeds the remaining unsatisfied bid quantities, the Surrender Offers will be prorated. When ~~re a Surrender Offers the~~ resulting prorated quantity is less than the ~~m~~Minimum ~~Aa~~mount specified by the surrender User then the ~~AMSEC~~Surrender ~~O~~ffer will be rejected and the proration recalculated for the remaining Surrender ~~O~~ffers.

- ~~When~~ ~~re~~ ~~a~~ Surrender Offers results in Surrender Offers not being accepted and there remain unsatisfied Capacity Bids the Surrender Offers will be accepted (subject to the surrendering Users specified minimum amount) in order of time stamp i.e. Surrender Offers will be taken based on the time and date that they were received by National Grid NTS with the earliest received taken first. ~~Timestamping~~
- When ~~re~~ Surrendered ~~Available System Firm NTS Entry~~ Capacity is ~~required to be re-~~allocated National Grid NTS will ~~undertake effect~~ the ~~Firm NTS Entry Capacity S~~surrender on their ~~Users~~ behalf.
- National Grid NTS will reject or pro-rate a ~~S~~surrender ~~O~~ffer where a User does not hold sufficient Available ~~System Firm NTS Entry~~ Capacity at that IP ~~ASEP~~ for the period for which the Surrender Offer has been made.
- National Grid NTS will ~~undertake effect~~ the ~~surrender capacity surrender on behalf of the surrendering User~~ through an ~~amended~~ Forward Agreement(s). This will not require the User(s) to undertake any actions on National Grid NTS' systems or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.
- National Grid NTS will use ~~a the~~ Forward ~~Agreement Contract(s)~~ to adjust the surrendering Users Available ~~System Firm NTS Entry~~ Capacity to reflect the ~~Users~~ quantity of surrendered ~~Available System Firm NTS Entry~~ Capacity allocated ~~as Discretionary NTS Entry Capacity~~ in the AMSEC Surrender and Oversubscription Auction for the relevant month(s)
- National Grid NTS will update its systems ~~with the details of the Forward Agreement(s) on behalf of each surrendering User~~ within [Five ~~(5)~~] Business Days of the allocation of ~~Discretionary the surrendered Firm~~ NTS Entry Capacity
- Each Forward ~~Agreement Contract~~ will detail:
 - IP ~~ASEP~~
 - ~~User ID~~
 - The duration, this may be for a Month or consecutive months
 - The Maximum Forward Quantity (kWh/day) for each month(s) – The ~~Users Available System Firm NTS Entry~~ Capacity that has been surrendered (and ~~subsequently re-~~allocated ~~as Discretionary NTS Entry Capacity~~)
 - Price – the price that is ~~to be~~ paid to the User for the surrendered ~~Available System Firm NTS Entry~~ Capacity which in this instance will be the Weighted Average Price (WAP) in respect of all ~~Capacity b~~Bids ~~that were~~ allocated with surrendered ~~Available System Firm NTS Entry~~ Capacity for the relevant month in the AMSEC Surrender and Oversubscription Auction
 - A separate WAP may be applicable for each relevant month
- Once National Grid NTS has updated the relevant systems it will provide each surrendering User at the IP ~~ASEP~~ details of their accepted Surrenders i.e.
 - The duration

0xxx

Modification

Day Month Year

Version 1.0

Page 13 of 23

© 2013 all rights reserved

- IP-ASEP
- The Maximum Forward Quantity (kWh/day)
- Price
- ~~Discretionary Allocated surrendered Firm~~ NTS Entry Capacity that is allocated shall be included in the allocated Users aggregate Available ~~Firm~~ NTS Entry Capacity (determined as fully adjusted) to determine the Users ~~NTS Entry Capacity~~ Overrun ~~Q~~ quantity and be considered when calculating the System Entry ~~Overrun~~ Charge price.
- A surrendering Users Available System ~~Allocated surrendered~~ Capacity that is allocated as Discretionary NTS Entry capacity shall be deducted from their ~~surrendering Users~~ aggregate Available NTS Entry Capacity (determined as fully adjusted) to determine the User's ~~NTS Entry Capacity~~ Overrun ~~Q~~ quantity and be considered when calculating the System Entry ~~Overrun~~ Charge price.
- The Forward Agreement will be treated as a Relevant Capacity Cost and ~~n NTS Entry Capacity Constraint Management Cost and~~ feed into the NTS Entry Capacity Neutrality Arrangements in accordance with UNC TPD B2.13.2. For the avoidance of doubt the Relevant Capacity Cost feeds into the National Grid NTS and the Constraint Management Incentive.
- Amounts payable ~~under from~~ the Forward Agreement will be treated as NTS Entry Capacity Surrender Charges and be invoiced and payable in accordance with UNC TPD Section S.
- The surrendering User will be invoiced for their Registered NTS Entry Capacity (which is unaffected by the surrender of Available System Capacity) billed for their original allocation and will then receive a credit for their ~~surrendered Available System NTS Entry Capacity allocated as Discretionary NTS Entry Capacity to another User via the AMSEC surrender auction.~~ This will be done via the existing invoicing processes.

NTS Exit Capacity Surrender Processes

Enduring Annual NTS Exit (Flat) Capacity Surrender Process

- No ~~less more~~ than [fifteen ~~(15)~~] Business Days prior to the notification issuing of the invitation to participate in the NTS Exit (Flat) Capacity Annual Application Window (the July Application Window) National Grid NTS will invite Users to surrender Enduring Annual NTS Exit (Flat) Capacity at an Interconnection Point (IP) NTS Exit Point from their Registered System Firm NTS Exit (Flat) Capacity (the "Enduring Annual Surrender Invitation"), for allocation to Users requesting Enduring Annual NTS Exit (Flat) Capacity in the July Application Window (for the purposes of this Modification such capacity will be described as Surrendered Capacity) at that IP NTS Exit Point.
- Where Surrendered System NTS Exit Capacity that is not allocated as part of this process the surrendering User shall remain as part of the surrendering Users Registered System Capacity the holder of the Enduring Annual NTS Exit (Flat) Capacity for all purposes.
- The Surrender Process ~~i~~ Invitation will state:
 - The IP NTS Exit Point(s)
 - The duration of the Surrender W window, which shall be a minimum ~~of~~ [five ~~(5)~~] Business Days

0xxx

Modification

Day Month Year

Version 1.0

Page 14 of 23

© 2013 all rights reserved

- The details of how Users can provide their ~~Surrender Offers to surrender capacity~~ at an IP ~~NTS Exit Point which shall be via [Fax]~~.
- The ~~M~~minimum ~~e~~Eligible ~~Amount~~quantity of ~~Enduring Annual NTS Exit (Flat) Capacity~~ ~~surrender offers~~ which ~~will~~shall be 100,000 kWh/day.
- That ~~a~~ Users cannot offer to surrender a quantity greater than their Available ~~System~~Enduring Annual NTS Exit (Flat) Capacity i.e. net of NTS Exit Capacity ~~T~~ ~~transfers~~es, Reductions and Assignments (including any Reduction Notices that have been submitted within the July Reduction Window which National Grid NTS has not yet given effect) at that IP ~~NTS Exit Point~~ ~~t~~for the period that they are offering to surrender ~~Firm Enduring Annual NTS Exit (Flat) Registered System~~ Capacity for
- Users wishing to take part in the ~~s~~Surrender ~~P~~process must, between 0800 and 1700 on the dates specified, provide the following information to National Grid NTS ~~via [Fax]~~:
 - The IP ~~NTS Exit Point~~
 - User ID
 - The ~~amount~~ maximum quantity of ~~Enduring Annual NTS Exit (Flat) Capacity per IP NTS Exit Point~~ that they are offering to surrender. This must be equal to or greater than the ~~M~~minimum ~~E~~Eligible ~~A~~amount of 100,000kWh/day
 - The minimum ~~amount~~quantity ~~Enduring Annual NTS Exit (Flat) Capacity per IP NTS Exit Point~~ that they are offering to surrender. This must be equal to or greater than the ~~M~~minimum ~~E~~Eligible ~~A~~amount of 100,000kWh/day and less than or equal to the ~~amount that is being offered for surrender~~maximum quantity detailed above
 - The start date for which the ~~S~~surrender ~~O~~ffer applies, which must be the 1st day of a calendar month and cannot be earlier than the 1 October Y+4 or later than 1 October Y+6, ~~and~~
- ~~By submitting a Surrender Offer the surrendering Confirmation that the User agrees to surrender Registered System holds the Enduring Annual NTS Exit (Flat) Capacity up to the amount offered and is confirming that they have sufficient Registered and Available system will continue to hold the Enduring Annual NTS Exit (Flat) Capacity to fulfil the Surrender Offer until the allocation process is complete.~~
- Where ~~the surrendering User does not have sufficient Registered and/or Available System Capacity to fulfil the Surrender Offer~~confirmation required by the above paragraph is not received National Grid NTS will not accept the ~~Enduring Annual NTS Exit (Flat) Capacity~~ Surrender Offer.
- ~~For the avoidance of doubt A~~an allocated ~~S~~surrender ~~O~~ffer cannot result in a User ~~having~~holding a negative ~~Registered and/or Available System quantity of Enduring Annual NTS Exit (Flat) Capacity~~
- Users may submit no more than one ~~(1)~~ Surrender Offer per IP ~~in this surrender process~~NTS ~~Exit Point for Enduring Annual NTS Exit (Flat) Capacity~~
- Users can amend or withdraw their ~~NTS Exit Capacity Surrender Offers~~ at any time between 08:00 and 17:00 hours on each ~~Day of the Surrender Window invitation date~~ until 17:00 hours on the last ~~Day~~ of the ~~S~~surrender ~~W~~indow.
- Users will be informed of the aggregate quantities of ~~Registered System Enduring Annual NTS Exit (Flat) Capacity~~ that has ~~ve~~ been offered for surrender

and the calendar month(s) from which it is has been offered available, via the Notification Invitation to participate in the July Application Window.

- When re National Grid NTS has received applications for Enduring Annual NTS Exit (Flat) Capacity that in aggregate exceed the quantity of Remaining Available unsold Enduring Annual NTS Exit (Flat) Capacity that has been made available at an IP in the July Application Window, surrendered Registered System Enduring Annual NTS Exit (Flat) Capacity will be allocated after the Remaining Available NTS Exit (Flat) Capacity but before incremental Enduring Annual NTS Exit (Flat) Capacity
- ~~The allocation of surrendered Registered System Capacity~~ will be allocated through the release of as Enduring Annual NTS Exit (Flat) Capacity
- For the avoidance of doubt allocated Enduring Annual NTS Exit (Flat) Capacity allocated via this process will be subject to User Commitment as determined in accordance with the principles of the prevailing Exit Capacity Release Methodology Statement
- A User allocated surrendered Registered System Capacity as Enduring Annual NTS Exit (Flat) Capacity, will pay the Applicable Daily Rate at the IP NTS Exit Point
- Surrendered Registered System Enduring Annual NTS Exit (Flat) Capacity allocated through this process shall be;
 - Utilised in determining whether there is a Chargeable NTS Exit (Flat) Overrun and the NTS Exit (Flat) Overrun Charges respect of overrun calculations i.e. at the User's Registered and Available Enduring Annual NTS Exit (Flat) Capacity will reflect the amount of Enduring Annual NTS Exit (Flat) Capacity allocated or either bought or surrendered as applicable. ~~And the allocated price will feed through to the overrun price calculation~~
 - subject to the provisions of UNC Section V3, as for all other allocation processes, now if a User fails to meet these provisions then their Enduring Annual NTS Exit (Flat) Capacity application will be rejected.
- When re more than one User has surrendered Registered System Enduring Annual NTS Exit (Flat) Capacity, the and all Remaining Available NTS Exit (Flat) unsold Enduring Annual NTS Exit (Flat) Capacity can be allocated and. If the aggregate quantity of surrendered Registered System Enduring Annual NTS Exit (Flat) Capacity exceeds the remaining application quantities, the surrender offers will be prorated. When re the resulting prorated quantity is less than the minimum amount specified by the surrender User then the Surrender Offer will be rejected and the proration recalculated for the remaining Surrender Offers.
- When prorating the Surrender Offers results in Surrender Offers not being accepted and there remain unsatisfied applications for Enduring Annual NTS Exit (Flat) Capacity the Surrender Offers will be accepted (subject to the surrendering Users specified minimum amount) in order of time stamp i.e. Surrender Offers will be taken based on the time and date that they were received by National Grid NTS with the earliest received taken first.
- National Grid NTS will undertake the surrender of Registered System effect the Enduring Annual NTS Exit (Flat) Capacity on behalf of the surrendering User surrender through the existing Enduring Annual NTS Exit (Flat) Capacity Reduction process functionality. This will not require the surrendering User(s) to undertake any actions on the National Grid NTS system
- National Grid NTS will update its system on behalf of each surrendering User after the closure of the July Application Window and no later than five

0xxx

Modification

Day Month Year

Version 1.0

Page 16 of 23

© 2013 all rights reserved

Business Days after ~~prior to~~ the completion of the Enduring Annual NTS Exit (Flat) Capacity allocation process on 30 September in Gas Year Y.

- National Grid NTS will then notify the surrendering User of the following ~~details~~:
 - IP ~~NTS-Exit Point~~
 - The User Reduction Date, which must be the 1st Day of a calendar ~~m~~Month and cannot be earlier than 1 October Y+4 or later than 1 October Y+6
 - The amount of Enduring Annual NTS Exit (Flat) Capacity that the User will be registered as holding at the IP ~~NTS-Exit Point~~ from the User Reduction Date
- When A ~~allocated,~~ surrendered Registered System ~~Enduring Annual NTS Exit (Flat)~~ Capacity shall be included in the allocated Users Registered and Available Enduring Annual NTS Exit (Flat) Capacity (determined as fully adjusted), at the IP ~~NTS-Exit Point~~ when ~~,~~ to determining a Chargeable NTS Exit (Flat) Capacity ~~the User's O~~ verrun ~~quantity~~.
- When A ~~allocated,~~ surrendered Registered System Enduring Annual NTS Exit (Flat) Capacity shall be deducted from the surrendering Users Registered and Available Enduring Annual NTS Exit (Flat) Capacity (determined as fully adjusted), at the IP when NTS-Exit Point, ~~to determining a Chargeable~~ NTS Exit (Flat) Capacity ~~the Users o~~ verrun ~~quantity~~.
- The surrendering User shall not be invoiced or credited for any surrendered Registered System Capacity ~~quantity~~ that is allocated through this process.

Annual NTS Exit (Flat) Capacity Surrender Process

- No less more ~~than~~ [fifteen ~~(15)~~] Business Days prior to the notification issuing of the invitation ~~to~~ participate in the NTS Exit (Flat) Capacity Annual Application Window (the July Application Window) National Grid NTS will invite Users to surrender Available System annual NTS Exit (Flat) Capacity at an IP ~~NTS-Exit Point from their Available Annual NTS Exit (Flat) Capacity holdings~~ (the "Annual Surrender Invitation"), for allocation to Users requesting Annual NTS Exit (Flat) Capacity in the July Application Window (for the purposes of this Modification such capacity will be described as Surrendered Capacity) at that IP ~~NTS-Exit Point~~.
- A ~~surrendering~~ User shall remain liable for all NTS-Exit Capacity Charges and liabilities associated with the for the ~~Surrendered Annual NTS Exit (Flat) Capacity~~ irrespective of whether it is subsequently allocated.
- Until ~~Where S~~ surrendered Annual NTS Exit (Flat) Capacity is not ~~allocated then~~ the surrendering Users Available System Annual NTS Exit (Flat) Capacity shall remain unchanged.
- The Surrender Process i ~~Invitation~~ will state:
 - IP (s) NTS-Exit Point(s)
 - The duration of the S ~~surrender~~ W ~~window,~~ which shall be a minimum of ~~[five (5)]~~ Business Days
 - The details of how Users can provide their Surrender o ~~ffers to~~ surrender capacity at an IP ~~NTS-Exit Point which shall be via [Fax]~~.
 - The M ~~minimum~~ E ~~ligible~~ Amount ~~quantity of Annual NTS Exit (Flat) Capacity~~ surrender offers which will be 100,000 kWh/day.
 - That Users cannot offer to surrender a quantity greater than their Available System Annual NTS Exit (Flat) Capacity i.e. net of NTS Exit

Capacity ~~Transfers~~ and Assignments for that Gas Year at that IP-~~NTS Exit Point~~

- Users wishing to take part in the ~~surrender process~~ must, between 0800 and 1700 on the dates specified, provide the following information to National Grid NTS ~~via [Fax]~~:
 - User ID
 - The IP-~~NTS Exit Point~~;
 - The ~~amount~~maximum quantity of Annual NTS Exit (Flat) Capacity per IP-NTS Exit Point that they are offering to surrender. This must be equal to or greater than the ~~M~~minimum ~~E~~eligible ~~A~~amount of 100,000kWh/day
 - The minimum ~~amount~~quantity of Annual NTS Exit (Flat) Capacity per IP-NTS Exit Point that they are offering to surrender. This must be equal to or greater than the ~~M~~minimum ~~E~~eligible ~~A~~amount of 100,000kWh/day and less than or equal to the ~~amount that is being offered for surrender~~maximum quantity detailed above
 - The start date of the surrender offer which shall be 1 October Y+1

~~o~~• ~~By submitting a Surrender Offer the surrendering User agrees to surrender Available System holds the Annual NTS Exit (Flat) Capacity up to the amount offered and is confirming that they have sufficient Available System and will continue to hold the Annual NTS Exit (Flat) Capacity to fulfil the Surrender Offer until the allocation process is complete.~~

- Where ~~the surrendering User does not have sufficient Available System Capacity to fulfil the Surrender Offer such confirmation required in the above paragraph is not received~~ National Grid NTS will not accept the ~~Annual NTS Exit (Flat) Capacity~~ Surrender Offer.
- Users may submit ~~no more than one (1)~~ Surrender Offer per IP ~~in this surrender process~~ NTS Exit Point for Annual NTS Exit (Flat) Capacity
- Users can amend or withdraw their Surrender Offer at any time between 08:00 and 17:00 hours on each ~~Day of the Surrender Window~~invitation date until 17:00 hours on the last ~~D~~day of the ~~S~~surrender ~~W~~window
- Users will be informed of the aggregate quantity of ~~Available System~~annual NTS Exit (Flat) Capacity made available for surrender and the period (i.e. ~~from 1 October to 30 September in Y+1~~) via the ~~notification~~ Invitation to participate in the July Application Window.
- When~~re~~ National Grid NTS has received ~~applications for Annual NTS Exit (Flat) Capacity~~applications that in aggregate exceed the quantity of ~~Remaining Available~~ ~~unsold Annual~~ NTS Exit (Flat) Capacity that has been made available in the July Application Window ~~for Y+1~~, Surrendered ~~Available System~~ Annual NTS Exit (Flat) Capacity will ~~then~~ be allocated ~~after the Remaining Available NTS Exit (Flat) Capacity~~ as additional Annual NTS Exit (Flat) Capacity above the Baseline NTS Exit (Flat) Capacity. ~~after the Remaining Available NTS Exit (Flat) Capacity.~~
- ~~National Grid NTS may also allocate additional Discretionary NTS Exit (Flat) Capacity after the allocation of surrendered Annual NTS Exit (Flat) Capacity.~~
- ~~The allocation of surrendered Annual NTS Exit (Flat) Capacity will also be effected through the release of Discretionary Annual NTS Exit (Flat) Capacity.~~
- Surrendered ~~Available System~~annual NTS Exit (Flat) Capacity allocated through this process shall be;
 - Utilised in ~~determining whether there is a Chargeable NTS Exit (Flat) Overrun and the NTS Exit (Flat) Overrun Charge respect of overrun calculations~~ i.e. the User's Registered and/or Available Annual NTS Exit

0xxx

Modification

Day Month Year

Version 1.0

Page 18 of 23

© 2013 all rights reserved

(Flat) Capacity will reflect the amount of Annual NTS Exit (Flat) Capacity either bought or surrendered as applicable appropriate and the allocated price will feed through to the overrun price calculation.

- subject to the provisions of UNC Section V3, as for all other allocation processes now if a User fails to meet these provisions then their NTS Exit (Flat) Capacity applications will be rejected.
- When re the Remaining Available unsold Annual NTS Exit (Flat) Capacity has been allocated, more than one User has surrendered Annual NTS Exit (Flat) Capacity and the aggregate quantity of surrendered Available System NTS eCapacity exceeds the requested application quantities, the Surrender Offers will be prorated accordingly. When a Surrender Offers resulting re this prorated edion quantity is less than the mMinimum Aamount specified by the surrender User then the Surrender Offer will be rejected and the proration will be recalculated for those remaining Surrender Offers.
- When prorating the Surrender Offers results in Surrender Offers not being accepted and there remain unsatisfied applications for Annual NTS Exit (Flat) Capacity the Surrender Offers will be accepted (subject to the surrendering Users specified minimum amount) in order of time stamp i.e. Surrender Offers will be taken based on the time and date that they were received by National Grid NTS with the earliest received taken first.
- When re Surrendered Available System Annual NTS Exit (Flat) Capacity is to be allocated National Grid NTS will undertake effect the Annual NTS Exit (Flat) Capacity Sthe surrender on their Users behalf
- National Grid NTS will reject or prorate an Annual NTS Exit (Flat) Capacity Ssurrender Offer where a User does not hold sufficient Available System Annual NTS Exit (Flat) Capacity at that IP NTS Exit Point for the period for which the Surrender Offer has been made.
- National Grid NTS will undertake effect the Capacity the surrender through an amended Forward Agreement. This will not require the User(s) to undertake any actions on National Grid NTS' systems or for National Grid NTS to issue a Forward Agreement Tender Invitation Notice.
- National Grid NTS will use an amended Forward Agreement to adjust the surrendering Users Available System Annual NTS Exit (Flat) Capacity to reflect the Users quantity of surrendered Available System annual NTS Exit (Flat) Capacity allocated as additional in the Annual NTS Exit (Flat) Capacity Application process.
- National Grid NTS will update its systems with the details of the Forward Agreement(s) on behalf of each Surrendering User within [Five (5)] Business Days of the allocation of the additional surrendered Annual NTS Exit (Flat) Capacity
- Each Forward Agreement Contract will detail:
 - User ID
 - IP NTS Exit Point
 - The duration – which will be 1 October Y+1 to 30 September Y+1
 - The Maximum Forward Quantity (kWh/day) – The Users Available System Annual NTS Exit (Flat) Capacity that has been surrendered (and subsequently re-allocated as additional Annual NTS Exit (Flat) Capacity)

- Price – the price that is paid to be paid to the User for the surrendered Available System NTS-Exit (Flat) Capacity which will be 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 the Annual Firm-NTS Exit (Flat) Capacity is to be held charge applicable for the Gas Year for which the capacity has been surrendered
- Once National Grid NTS has updated the relevant systems it will provide each surrendering User at the IP details of their accepted Surrenders i.e.
 - The duration
 - IP
 - The Maximum Forward Quantity (kWh/day)
 - Price
- Additional Annual NTS Exit (Flat) Capacity allocated above the Baseline NTS Exit (Flat) Capacity ~~Where a User has been allocated surrendered Annual NTS Exit (Flat) Capacity it shall be included in the allocated~~ Users aggregate Available NTS Exit (Flat) Capacity (determined as fully adjusted) to determine whether there is a Chargeable NTS Exit (Flat) Overrun and the NTS Exit (Flat) Overrun Charge ~~the User's overrun quantity and be considered when calculating the overrun price~~
- A surrendering Users Available System ~~Allocated surrendered Annual NTS Exit (Flat) Capacity that is allocated as additional Annual NTS Exit (Flat) Capacity~~ shall be deducted from the surrendering Users aggregate Available Annual NTS Exit (Flat) Capacity (determined as fully adjusted) to determine whether there is a Chargeable NTS Exit (Flat) Overrun and the NTS Exit (Flat) Overrun Charge ~~the User's NTS-Exit Capacity overrun quantity and be considered when calculating the overrun price.~~
- Amounts payable under from the Surrender Forward Agreement will be ~~treated as Capacity Surrender Charges and be~~ invoiced and payable in accordance UNC TPD Section S.
- The surrendering User will be invoiced for their Registered Annual NTS Exit (Flat) Capacity (which is unaffected by the surrender of Available System Capacity) ~~original allocation~~ and will receive a credit for their surrendered Available System ~~Annual NTS-Exit (Flat) Capacity that is allocated as additional Annual NTS Exit (Flat) Capacity.~~ to another User via the Surrender process. This will be done via existing invoicing processes.

Transparency Obligations

The CMP Transparency obligations require that National Grid NTS publish, for IPs only, on a [quarterly] [monthly] basis;

- ~~At an IP NTS-Exit Point~~ For Enduring Annual NTS Exit (Flat) Capacity and Annual NTS Exit (Flat) Capacity, the occurrences and volumes of valid requests for Firm Capacity with a duration of one month or longer including the number and volume of unsuccessful requests i.e.
 - ~~The IP NTS-Exit Point~~
 - Contract type, which will be whether the occurrence is an application for Enduring Annual NTS Exit (Flat) Capacity or Annual NTS Exit (Flat) Capacity
 - Application start date, which is the Gas Year in respect of which the application is made

- Application quantity, which is the amount of NTS Exit (Flat) Capacity applied for
- Allocated amount, which is the amount of NTS Exit (Flat) Capacity allocated
- ~~At an IP-NTS-Exit-Point-t~~ The total Firm NTS Exit (Flat) Capacity made available via:
 - The CMP surrender process[es]
 - The CMP oversubscription and buyback process[es]
- ~~At an IP-ASEP-th~~ The total Firm NTS Entry Capacity made available via:
 - The CMP surrender process[es]
 - The CMP oversubscription and buyback process[es]
- The above information will be published no later than [5 Business Days] after the last Day of each calendar quarter.

At an IP ~~ASEP~~ for Firm Quarterly and Monthly NTS Entry Capacity allocation processes i.e. Auctions with a duration of one month or longer, where and when they have cleared at prices higher than the Reserve Price, National Grid NTS will publish;

- The IP ~~ASEP~~
- The allocation process
- The reserve price
- The cleared price, which will be;
 - The relevant QSEC clearing (Step) price
 - The AMSEC [WAP] [Maximum Price] by tranche
 - The RMSEC [WAP] [Maximum Price]
- This information will be published no later than [5 Business Days] after the allocation of the relevant auction process

At IP ~~s-ASEPs and IP-NTS-Exit-Points~~, where and when no Firm Capacity with a duration of one month or longer has been offered in the allocation process, National Grid NTS will publish;

- The IP ~~ASEP and/or IP-NTS-Exit-Point~~
- The relevant allocation process
- This information will be published no later than [5 Business Days] after allocation of the relevant auction and/or application process.

User Pays

Classification of the modification as User Pays, or not, and the justification for such classification

This modification is not proposed to be User Pays as existing system functionality will be utilised.

0xxx

Modification

Day Month Year

Version 1.0

Page 21 of 23

© 2013 all rights reserved

Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view
NA
Proposed charge(s) for application of User Pays charges to Shippers
NA
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve
NA

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	Positive

Implementation of this Modification would better facilitate the following relevant objective.

g) "Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators"

0xxx

Modification

Day Month Year

Version 1.0

Page 22 of 23

© 2013 all rights reserved

5 Implementation

- No implementation timescales are proposed.

6 Legal Text

Insert text here

7 Recommendation

The Proposer invites the Panel to:

- Determine that this modification should not be subject to self-governance
- Determine that this modification should progress to Workgroup assessment

0xxx

Modification

Day Month Year

Version 1.0

Page 23 of 23

© 2013 all rights reserved