

Appendix 4

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Prevailing Emergency Claims Arrangements

1.1 UNC Section Q.4.2.6 states;

*"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 quantity of gas which exceeds the amount of the claimant's Daily Imbalance if any under paragraph 4.2.2(a)):"*

- The Claimant is required to submit a claim.
- Provide details regarding the basis for the claim.
Claim is only relevant to gas delivered on the GDE day over and above gas daily balance.
- National Grid NTS will appoint a claims reviewer.
- The Claimant will make available information and cooperate with the claims reviewer.
- The duration of the claims process is not defined.
- Ofgem may review the claim and determine whether it should be approved (paid).

Payment to claimant and recovery of costs

- Following consultation with the Authority, and the Claimant, Under Licence Condition A11(18) the Authority may approve the claim, National Grid NTS will pay the Claimant the amount advised by the Claims reviewer.
- National Grid NTS will recover any cost for claims as if it were a **Market Balancing Action Charge** payable to National Grid and then recovers these costs through Balancing Neutrality (ref Q4.2.5). Costs are therefore smeared over shipper physical throughputs on the relevant day (the GDE day).
- National Grid NTS will recover the fees and costs of the claims reviewer through the **Monthly Adjustment Neutrality Costs**.

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**Revision of UNC Post-Emergency Arrangements
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Proposed business rules (in addition to Section Q.4.2.6)

In order to submit a post-emergency claim to National Grid NTS for payment:

2.0 During a Gas Deficit Emergency (Stages 1 – 4)

2.1 A User must place a Market Offer (in relation to a Gas Deficit Emergency being declared by the NEC) to effect a Physical Market Transaction (to make a Disposing Trade Nomination) on the Trading System *prior* to a Stage 5 (Restoration) being declared for Users that:

- a) have been able to source additional gas supplies above their demand i.e. through emergency instructions from the NEC to maximise supplies (Stage 1+).
- b) have effected demand-side interruption of interruptible or firm DM loads, prior to Emergency Curtailment and the initiation of the ECQ process (prior to Stage 1 & 3).

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2.2 Pursuant to 2.1, the User;

- a) For the purposes of this Section Q.x.x.x a User shall state the Market Transaction Lead Time as one (1) hour when placing a Physical Market Offer.
- b) Shall state the Physical Market Offer Specified Quantity and not the Physical Market Offer Specified Rate;
- c) Shall specify that the Physical Market Offer is not an Option Market Offer (linked offers) and;
- d) May indicate that the Physical Market Offer is capable of partial acceptance.

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2.3 The Physical Market Offer must remain on the Trading System for the Gas Day(s) declared as a Gas Deficit Emergency unless the Physical Market Offer has been taken as an Acquiring Trade Nomination by an Accepting Participant.

2.4 During a Gas Deficit Emergency (Stages 1 to 4) where a Physical Market Offer has been posted in accordance with this Section Q.x.x.x and has been taken by an Accepting Participant;

- a) The payments/charges will be fully cleared by the Trading System Clearer.
- b) The Originating Participant shall;
 - i) Submit a Contract Renomination in accordance with UNC Section D.5.2.3.
 - ii) Notify* National Grid NTS when a Contract Renomination revises a System Exit Point Nomination (or renomination), indicating it is no longer off-taking gas at that System Exit Point for the remainder of that Gas Day... *[unless the NEC subsequently declares a Gas Deficit Emergency Stage 5 (restoration) on that Gas Day]*
- c) For the avoidance of doubt, National Grid NTS will not accept a Post-Emergency Claim relating to a Physical Market Offer that has been taken by an Accepting Participant.

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- 2.5 The Trading System Operator will provide the market with a 'real-time' calculation of an indicative weighted average price of all Physical Market Offers during the Gas Deficit Emergency. For the avoidance of doubt, the *indicative* weighted average prices will be updated by the Trading System Operator whenever a Market Offer (Physical Market) is registered, updated, withdrawn from or, accepted on, the Trading System.

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3.0 Post Gas Deficit Emergency

Trading System Operator

- 3.1 The Trading System Operator will notify National Grid NTS of the details of all Physical Market Offers that were remaining on the Trading System at the close of the Gas Day(s) for the duration of the Gas Deficit Emergency period.

- a) These details will include;
- Identity of the Originating Participant;
 - Market Transaction ID;
 - Market Offer Date;
 - Market Offer Timestamp (Date-Time);
 - Market Offer Specified Quantity;
 - Market Offer Price;
 - Market Transaction Type and;
 - Whether the Originating Participant had posted as an Acquiring or a Disposing Market Offer;
- b) The Trading System Operator will submit the details of the Physical Market Offers to National Grid NTS by 7am on the Day following each Gas Day for which a Gas Deficit Emergency Stage 2+ had been declared.

Post-Emergency Claims - validation rules

Claims submission:

- 3.2 A User may submit a Post-Emergency Claim to National Grid NTS where the Network Emergency Co-ordinator (NEC) had declared a Gas Deficit Emergency Stage 2+ for the period that the claim relates to;
- a) A Post-Emergency Claim will relate to a Physical Market Offer(s), specific to a Gas Day within a Gas Deficit Emergency Stage 2+ that was registered on (but not taken or, withdrawn from) the Trading System before the end of duration of the Gas Day of the Gas Deficit Emergency; prior to the NEC declaring a Stage 5 (restoration).
- b) A User shall submit a Post-Emergency Claim to National Grid NTS within [six (6) [10]] Days following the NEC declaration of Stage 5 of a Gas Deficit Emergency period; the 'Emergency Claims Closeout Date'.
- c) Any Post-Emergency Claims received by National Grid NTS after the 'Emergency Claims Closeout Date' will be rejected.

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**Revision of UNC Post-Emergency Arrangements
Proposed Business Rules**

3.3 For each Post-Emergency Claim (for each Gas Day), the User will provide details of;

[Consider the inclusion of a User standardised 'claims submission' pro-forma]

- a) Shipper Name/User-ID; Market Transaction ID; Gas Day; claimed quantity; offer price.
- 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 Gas Day (at the time the offer was placed).
- d) For each Eligible Trading System Point that would have been associated to a System Exit Point, a copy of the notification pertaining to either; the reduction of offtake at Firm supply Points or Interruption Notice (P70/P71 notifications).

For the avoidance of doubt, an emergency claim will be rejected where the System Exit Point had been subject to an ECQ [on a Gas Day](#) during the period of the Gas Deficit Emergency.

~~e) Where appropriate, the 'market reference' to which the Market Offer Price has been valued. *[This must be a recognised market by which National Grid NTS can verify the Market Offer Price e.g. Heron publication of TTF, Zeebrugge, UK Electricity Market, BEB]; Market Name, Date, lowest Market Offer Price, Highest Market Offer Price; [conversion/exchange rate].*~~

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[Subject to further discussion at Workshop 4 on 24th June 2009](#)

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f) Justification for the level of the Market Offer Price.

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Claims validation:

3.4 National Grid NTS will appoint the Transporters' Agency as the 'Post-Emergency Claims Agent' to undertake the validation of the claims (rules 3.5 to 3.11).

3.5 A Post-Emergency Claim (price and quantity) must [relate to a Physical Market Offer\(s\) remaining on the Trading System at the end](#) of that Gas Day of the Gas Deficit Emergency; prior to the NEC declaring a Stage 5 (restoration).

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3.6 The User must have a surplus Daily Imbalance quantity [on a Gas Day\(s\) that was declared as a Gas Deficit Emergency \(Stage 2+\) to be allowed to submit a Post-Emergency Claim](#).

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3.7 Where a User submits a single Post-Emergency Claim for a specific Gas Day (within a Gas Deficit Emergency), and the Market Offer Specified Quantity exceeds the User's Daily Imbalance quantity surplus then;

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- a. the Market Offer Specified Quantity will be scaled-back to the User's surplus Daily Imbalance quantity;
- b. for the avoidance of doubt, the Claimant will receive payment based on the scaled-back Market Offer Specified Quantity in the event the Post-Emergency Claim is valid.

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- 3.8 Where a User submits multiple Post-Emergency Claims for a specific Gas Day (within a Gas Deficit Emergency), and the aggregate Market Offer Specified quantities exceeds the User's Daily Imbalance surplus then;
- a) the aggregate 'Market Offer Specified' quantities will be scaled-back to the User's surplus Daily Imbalance quantity.
 - b) The order in which the Market Offer Specified quantities will be scaled-back is based on descending Market Offer Price order (highest priced quantities excluded first).
 - c) For the avoidance of doubt, the Claimant will receive payment based on the remaining Market Offer Specified quantities /prices after the scale-back has taken place.
- 3.9 A Post-Emergency Claim will be rejected where a User registered a Market Offer (based on timestamp) on the Trading System;
- a) and the Eligible Trading System Point related to a System Exit Point after the time at which the Network Emergency Co-ordinator had declared a Gas Deficit Emergency; Stage 4 (Allocation and Isolation) [\[Why?? – Any User making a claim based on demand side response will have interrupted at stage 2 so why should they be prevented from claiming during Stage 4\]](#) and/or;
 - b) after the time at which the Network Emergency Co-ordinator had declared a Gas Deficit Emergency; Stage 5 (Restoration).

Post-Emergency Claim Price validation:

- 3.10 Where a User has submitted a Post-Emergency Claim with a Market Reference, the claimed price will be assessed against that Market Reference;
- a) the assessment between the Post-Emergency Claim Price and the Market Reference will be based on the date [Gas Day, Calendar Date?] that the User submitted its Market Offer on the Trading System.
 - b) Where the Post-Emergency Claim Price is lower, or equal to, the highest price on the Market Reference, the remaining Post-Emergency Claim is valid, it will be approved for payment.
 - c) Where the Post-Emergency Claim Price exceeds the highest price on the Market Reference (taking into consideration any currency exchange-rate fluctuations), the Post-Emergency Claim/justification will then be considered for approval by the Authority.

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3.11 ~~Where a User has submitted a Post-Emergency Claim without a Market Reference, the claimed price will be assessed against the Market Reference (list) that achieved the highest 'market' price on the date;~~

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- a) ~~the assessment between the Post-Emergency Claim Price and the Market Reference will be based on the date [Gas Day, Calendar Date?] that the User submitted its Market Offer on the Trading System.~~
- b) ~~Where the Post-Emergency Claim Price is lower, or equal to, the highest price on the Market Reference, the remaining Post-Emergency Claim is valid, it will be approved for payment.~~
- c) ~~Where the Post-Emergency Claim Price exceeds the highest price on the Market Reference (taking into consideration any currency exchange rate fluctuations), the Post-Emergency Claim/justification will then be considered for approval by [xxxxx].~~

Subject to further discussion at Workshop 4 on 24th June 2009

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3.12 ~~For the purposes of this Section Q, a Market Reference table ('the Market Reference Table') will be defined and agreed by all Users within xxx and approved by the Authority.~~

Example:

Market Reference	Country	Published
NBP	United Kingdom	Daily, Heron
TTF	Netherlands	Daily, Heron
Zee	Belgium	Daily, Heron
Peg	France?	Daily, Heron
CEGH	Austria?	
MS-ATR	Spain?	
Henry Hub	US?	

3.13 ~~The Market Reference Table will be subject to an annual review/consultation notwithstanding interim updates that might be sought and implemented as necessary.~~

Subject to further discussion at Workshop 4 on 24th June 2009

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Final Approval of Post-Emergency Claims:

3.14 ~~National Grid NTS will provide to the Authority for its due consideration, information relating to all Post-Emergency Claims (including any revised quantities therein) that pass the claims validation process in accordance with this Section Q.x.x.x].~~

Subject to further discussion at Workshop 4 on 24th June 2009

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3.15 Under Licence Condition A11(18) the Authority may approve the Post-Emergency Claims, upon which National Grid NTS will arrangement payment to the Claimant(s) of the amount approved by the Authority.

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4.0 Emergency Claims/Neutrality process:

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For each **Gas Day** that occurred during a National Gas Supply Emergency, Gas Deficit Emergency Stage 2+:

- 4.1 All valid Post-Emergency Claims will be cleared through the 'Emergency Claims Neutrality' process within [3] Months of the Emergency Claims Closeout Date.
- 4.2 The weighted average price of all valid Post-Emergency Claims ('WAPOEC') will be derived as;

- a) Calculate the total quantity (kWh) of all valid Post-Emergency Claims;

$$A = \sum \text{Post-Emergency Claims offer quantities}^1 \text{ (kWh)}$$

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- b) Calculate the total cost of all valid Post-Emergency Claims;

$$B = \sum \text{emergency claims } ((\text{Market Offer Price}^2 - \text{System Average Price (Stage 2+)}) * \text{offer quantities}^3)$$

- c) Calculate the weighted average price of the valid Post-Emergency Claims;

$$\frac{A / B}{A} = \frac{(\text{£/kWh})}{100} = \text{WAPOEC (p/kWh)}$$

- 4.3 A User with a Daily Imbalance deficit will incur an Emergency Claim Neutrality Charge calculated as;

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User Daily Imbalance Deficit Quantity multiplied by WAPOEC

- 4.4 A Claimant that submitted a valid Post-Emergency Claim will receive payment based on $(\text{Market Offer quantity}^4 * (\text{Market Offer Price} - \text{System Average Price}))$.

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- 4.5 Any over- or under-recovery of the Emergency Claims Total Costs will be apportioned through the Energy Balancing Neutrality process.

¹ Scaled-back where appropriate as a consequence of rules 3.7 or 3.8

² Where appropriate taking account of rule 3.8.

³ Scaled back where appropriate as a consequence of rules 3.7 or 3.8.

⁴ Where appropriate taking account of rule 3.8.

**Revision of UNC Post-Emergency Arrangements
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5.0 Information Provision

The publication of Post-Emergency Claims information is to be defined and agreed within the Transmission Workstream.

For each Gas Day (Stage 2+) that was declared by the Network Emergency Co-ordinator, as a Gas Deficit Emergency, the following information will be published [timescales to be agreed];

- a. For each Post-Emergency Claim submitted: Gas Day, Quantity, Price; Market Reference (if provided), weighted average price of all submitted claims;
- b. For each valid Post-Emergency Claim: Gas Day, Quantity⁵, Price, Market Reference (if provided), weighted average price of all valid Post-Emergency Claims;
- c. For each rejected Post-Emergency Claim: Gas Day, Quantity, Price, Market Reference (if provided), reason for rejection,

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⁵ [Scaled back where appropriate](#), as a consequence of rules 3.7 or 3.8..

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