

UNIFORM NETWORK CODE

Binder 4 of 5

EUROPEAN INTERCONNECTION DOCUMENT

UNIFORM NETWORK CODE – EUROPEAN INTERCONNECTION DOCUMENT

TABLE OF CONTENTS

- A GENERAL**
- B CAPACITY**
- C NOMINATIONS**
- D ALLOCATION**
- E RULES FOR THE RELEASE OF INCREMENTAL CAPACITY AT INTERCONNECTION POINTS**

UNIFORM NETWORK CODE – EUROPEAN INTERCONNECTION DOCUMENT**SECTION A – GENERAL****1 SCOPE****1.1 General**

- 1.1.1 This Document applies in relation to Interconnection Points.
- 1.1.2 This Document sets out provisions relating to Interconnection Points which differ from, or are additional to, the provisions of the Transportation Principal Document.
- 1.1.3 Except as provided in this Document, the provisions of the Transportation Principal Document apply to Interconnection Points.
- 1.1.4 Unless otherwise provided, in this Document words and expressions which are defined in or for the purposes of the Transportation Principal Document have the meanings given to them in or for the purposes of the Transportation Principal Document.
- 1.1.5 In the case of any conflict between the provisions of this Document and of the Transportation Principal Document in relation to an Interconnection Point, the provisions of this Document shall prevail.
- 1.1.6 The provisions of this Document may be varied in respect of a particular Interconnection Point by an Ancillary Agreement.

1.2 Interconnection Agreement

- 1.2.1 An “**Interconnection Agreement**” is an agreement between National Grid NTS and the Adjacent TSO in relation to an Interconnection Point which takes effect (among other things) as Network Entry Agreement and Network Exit Agreement.
- 1.2.2 The Interconnection Agreement for each Interconnection Point will include provisions agreed between the TSOs which implement or support provisions of this Document.
- 1.2.3 In relation to an Interconnection Point, provisions of TPD Sections I and J which state what may or must be contained in a Network Entry Agreement or a Network Exit Agreement are to be construed consistent with the provisions of this Document as to the Interconnection Agreement

1.3 Physical flows at Interconnection Points

- 1.3.1 At an Interconnection Point physical flows of gas may be permitted in both directions (i.e. as physical flows both out of and into the NTS) or in one direction only; and the Interconnection Agreement will specify which is the case for the time being.
- 1.3.2 Certain provisions of this Document apply in relation to an Interconnection Point by reference to whether physical flow is permitted in both directions or one direction only.
- 1.3.3 Where physical flow at an Interconnection Point is permitted in one direction only (the forward Direction):

- (a) Nominations may be made by, and quantities allocated (as UDQIs or UDQOs as the case may be) to, Users in the reverse Direction only as to rates and quantities which do not exceed the rates and quantities in which gas is nominated or allocated by or to Users in the forward Direction;
- (b) references to the delivery or offtake (whichever is in the reverse Direction) of gas at the Interconnection Point, and to the Interconnection Point as a System Point in the reverse Direction, shall be construed in accordance with paragraph (a);
- (c) (as provided in Section B1.2) Interconnection Point Capacity in the reverse Direction may be held only as Interruptible Daily Interconnection Point Capacity;
- (d) for the purposes of the curtailment provisions of TPD Sections B2.9 and B3.10, circumstances in which the condition (in respect of Nominations) in paragraph (a) is not satisfied shall be treated as an Entry Capability Shortfall or (as the case may be) an NTS Exit Constraint (and as a Transportation Constraint for the purposes of Section C3);
- (e) quantities will be allocated in the reverse (and forward) Directions in accordance with Section D;
- (f) for the avoidance of doubt Users will be liable for Commodity Charges in respect of the Interconnection Point (in respect of UDQIs or UDQOs as the case may be) in the reverse Direction.

1.4 Moffat Designated Arrangements

- 1.4.1 For the purposes of this Document, the “**Moffat Designated Arrangements**” are arrangements (which differ from or are additional to those under the Code) applying in relation to the NTS Exit Point at Moffat and designated by National Grid NTS either pursuant to a Code Modification authorising such designation or with Condition A11(18) Approval for such designation.
- 1.4.2 The provisions contained in the Moffat Designated Arrangements shall be treated as incorporated into and forming part of the Code, and binding pursuant to National Grid's Shippers Framework Agreement, in relation to the Moffat NTS Exit Point; and may be modified by way of Code Modification.
- 1.4.3 The provisions contained in the Moffat Designated Arrangements shall (in relation to the Moffat NTS Exit Point) prevail over the provisions of the Code in the case of any conflict between such provisions.
- 1.4.4 The Moffat Designated Arrangements shall be published in the same manner as the Code.

1.5 Reference temperatures at Interconnection Points

- 1.5.1 For the purposes of the Code:
 - (a) any value for a volume of gas flowing at an Interconnection Point is expressed on the basis that, in the definition of Cubic Metre in GT Section C3.2.1, the reference temperature is 0°C rather than 15°C;

- (b) any value for the calorific value of gas flowing at an Interconnection Point is expressed on the basis that, in the definition of calorific value in GT Section C3.2.1, the reference temperature is 25°C rather than 15°C;

and in relation to Interconnection Points GT Section C3.2.1 is modified accordingly; and for the purposes of this paragraph 1.5 (in the relation to the definitions of Cubic Metre and calorific value) “**Code Reference Conditions**” means the reference temperatures in GT Section C3.2.1, and “**Europe Reference Conditions**” means the reference temperatures in paragraph (a) and (b) above.

1.5.2 For the purposes of the Code, in relation to any quantity at an Interconnection Point expressed in kWh, including:

- (a) an amount of Interconnection Point Capacity in kWh/Day;
- (b) a Nomination Quantity or Nominated Quantity, under an Interconnection Point Nomination, in kWh;
- (c) a quantity of gas flowing or treated as flowing in any period at an Interconnection Point, including a Measured Quantity (as referred to in Section D) at an Interconnection Point (but subject to paragraph 1.5.8), and an Entry Point Daily Quantity Delivered and a CSEP Daily Quantity Offtaken, in kWh;
- (d) a rate of flow at an Interconnection Point, in kWh/hour or kWh/Day;
- (e) a quantity allocated to a User at an Interconnection Point as UDQI or UDQO in kWh

the amount of gas which comprises 1 kWh is determined on the basis of the Europe Reference Conditions, but subject to paragraph 1.5.4.

1.5.3 It is acknowledged that for the purposes of the provisions of the Code in relation to energy balancing, quantities are expressed in kWh on the basis that the amount of gas comprising 1 kWh is determined on the basis of the Code Reference Conditions; and paragraph 1.5.4 applies for the purposes of ensuring that quantities allocated to Users (as UDQIs and UDQOs) at Interconnection Points are treated on a like-for-like basis with UDQIs and UDQOs in respect of all other NTS Entry Points and NTS Exit Points for the purposes of energy balancing.

1.5.4 For the purposes set out in paragraph 1.5.5 only, the UDQI or UDQO of a User in respect of an Interconnection Point for any Day, as determined in accordance with EID Section D and TPD Section E, shall be adjusted by the conversion factor specified in paragraph 1.5.6; and references in the provisions of the Code specified in paragraph 1.5.5 to an UDQI or UDQO in respect of an Interconnection Point is to the UDQI or UDQO as so adjusted.

1.5.5 Paragraph 1.5.4 applies in relation to:

- (a) the determination of a User's Daily Imbalance in accordance with TPD Section E5.1; and
- (b) the determination of the Balancing Neutrality Charge and Unit Daily Neutrality Amount in accordance with TPD Section F4.

- 1.5.6 For the purposes of paragraph 1.5.4 the conversion factor is $\{1/F\}$, where F is 0.9990, which is assumed and agreed to represent the amount of gas comprised in 1 kWh determined on the basis of the Code Reference Conditions as a proportion of such amount determined on the basis of the Europe Reference Conditions.
- 1.5.7 Except as provided in paragraph 1.5.5 and subject to paragraph 1.5.8, no other adjustment shall be made (to any UDQI or UDQO or other quantity) and no other account shall be taken for the purposes of the Code in relation to an Interconnection Point in respect of the difference between the Europe Reference Conditions (applying at the Interconnection Point pursuant to paragraph 1.5.1 and 1.5.2) and the Code Reference Conditions; and in particular no such adjustment shall be made for the purposes of any provision of the Code relating to System Capacity at an Interconnection Point (including determining amounts of Technical Interconnection Point Capacity).
- 1.5.8 For the purposes of determining the Daily Shrinkage Quantity for a Day in respect of the NTS, National Grid NTS may determine the Total Daily System Quantity (referred to in TPD Section N1.4.2) either by adjusting the Measured Quantity at an Interconnection Point by the conversion factor in paragraph 1.5.6 or by using a measured quantity determined on the basis of the Code Reference Conditions.
- 1.5.9 This paragraph 1.5 shall not apply in relation to an Interconnection Point where pursuant to the Interconnection Agreement (and with the approval of the Authority) National Grid NTS agrees with the Adjacent TSO to use the Code Reference Conditions.

1.6 Relevant CSEP

- 1.6.1 An Interconnection Point is a relevant Connected System Exit Point or relevant System Exit Point for the purposes of the following provisions of the Transportation Principal Document:
- (a) TPD Section C2.2.3(b);
 - (b) TPD Section J4.5, J4.6, J4.7 (as those Sections apply on the basis of the Interconnection Agreement), J6.7.1.

2 INTERPRETATION

2.1 Interconnection Point, etc

- 2.1.1 For the purposes of this Document, subject to paragraph 2.1.3:
- (a) **“Interconnector”** means an interconnector pipeline which connects the National Transmission System to a gas transmission system of an EU Member state (or to more than one such system);
 - (b) an **“Interconnection Point”** is the point or points at which an Interconnector is connected to the NTS;
 - (c) an Interconnection Point comprises for the purposes of the Code a NTS System Entry Point and/or a NTS Connected System Exit Point (each of which may comprise one or more Individual System Points), as specified for the time being in the Interconnection Agreement;

- (d) an Interconnection Point comprises for the purposes of the Adjacent TSO Rulebook a point at which gas can flow into or out of the Interconnector.

2.1.2 In relation to an Interconnection Point, subject to paragraph 2.1.3:

- (a) the “**Interconnected System**” is the Interconnector which is connected to the NTS at that Interconnection Point;
- (b) the “**Adjacent TSO**” is the operator of the Interconnected System (and for the purpose of TPD Sections I and J is a Delivery Facility Operator and Connected System Operator respectively);
- (c) “**Transmission System Operator**” or “**TSO**” means National Grid NTS or the Adjacent TSO;
- (d) “**IS User**” means a user of the Interconnected System (whether or not a User);
- (e) references to an IS User are to the IS User in that capacity;
- (f) references to a User include the User in the capacity of IS User, where applicable; and
- (g) “**Adjacent TSO Rulebook**” means the terms and conditions in force between the Adjacent TSO and IS Users for use of the Interconnected System at the Interconnection Point.

2.1.3 Where so provided in the Moffat Designated Arrangements in relation to the Interconnection Point at Moffat, for the purposes specified in this Document and any other purposes specified in those Designated Arrangements:

- (a) the Interconnection Point (“**Primary Interconnection Point**”) is to be treated as comprising two separate Interconnection Points (each a “**Subsidiary Interconnection Point**”);
- (b) in relation to each Subsidiary Interconnection Point:
 - (i) the gas transmission system specified in the Designated Arrangements is to be treated as the Interconnected System; and
 - (ii) the operator of such gas transmission system is to be treated as the Adjacent TSO;

and (for such purposes) references in this Document to TSO, IS User, Adjacent TSO Rulebook, Interconnected System Capacity and Equivalent Interconnected System Capacity shall be construed accordingly.

2.2 IP ASEP

2.2.1 An “**IP ASEP**” is an Aggregate System Entry Point (designated pursuant to TPD Section II.5) which comprises one or more Interconnection Points.

2.2.2 No Aggregate System Entry Point shall comprise both an Interconnection Point and a System Entry Point which is not an Interconnection Point.

- 2.2.3 A reference to the IP ASEP in relation to an Interconnection Point is to the IP ASEP in which the Interconnection Point is comprised; and where the context requires, a reference to an Interconnection Point includes the IP ASEP in which it is comprised.
- 2.2.4 A “**Binary IP ASEP**” is an IP ASEP which comprises two Interconnection Points (and it is acknowledged that at the EID Implementation Date there is no case where an IP ASEP comprises more than two Interconnection Points and that a modification of this Document would be necessary to address such a case).

2.3 Direction

- 2.3.1 For the purposes of this Document, “**Direction**” refers to the direction of commercial flow of gas at an Interconnection Point.
- 2.3.2 In the context of Interconnection Point Capacity and/or Interconnected System Capacity, Direction denotes whether such capacity is:
- (a) NTS Entry Capacity and/or Interconnected System Capacity for exit from the Interconnected System, or
 - (b) NTS Exit (Flat) Capacity and/or Interconnected System Capacity for entry to the Interconnected System.
- 2.3.3 In the context of an Interconnection Point Nomination and/or Interconnected System Nomination, Direction denotes whether such nomination is:
- (a) an Input Nomination and/or Interconnected System Nomination for exit from the Interconnected System, or
 - (b) an Output Nomination and/or Interconnected System Nomination for entry to the Interconnected System.
- 2.3.4 In the context of the allocation of gas to a User or US User as offtaken from or delivered to the System and/or Interconnected System at an Interconnection Point, Direction denotes whether such allocation is:
- (a) an UDQI and/or exit quantity from the Interconnected System, or
 - (b) an UDQO and/or entry quantity to the Interconnected System.
- 2.3.5 Except in relation to a Day on which (where permitted as referred to in paragraph 1.3.1) physical flows of gas occur at an Interconnection Point in both Directions (at different times on the Day):
- (a) the Direction in which physical flow occurs is the “**forward**” Direction;
 - (b) the other Direction is the “**reverse**” Direction.

2.4 Users

- 2.4.1 Before a User can hold Interconnection Point Capacity or nominate gas for offtake or delivery at a particular Interconnection Point, the User must notify National Grid NTS (as required by the UK Link Manual) of its intention to do so.

- 2.4.2 A reference in this Document to a User:
- (a) subject to paragraph (b), is to a User which has given notification as provided in paragraph 2.4.1 in relation to any Interconnection Point and not withdrawn such notice;
 - (b) in relation to a particular Interconnection Point, is to a User which has given such notification in relation to that Interconnection Point and not withdrawn such notice.

2.5 Other interpretation

2.5.1 In this Document:

- (a) “**ENTSOG**” means the European Network of Transmission System Operators for Gas, an 'Association Internationale Sans But Lucratif' established under Belgian law;
 - (b) the “**EID Implementation Date**” is the Implementation Date of the Modification pursuant to which this Document was inserted in the Code;
 - (c) a reference to a Party is to National Grid NTS or a User as provided in paragraph 2.4.2(a) or in relation to a particular Interconnection Point a User as provided in paragraph 2.4.2(b).
- 2.5.2 A reference in this Document to a provision of the Transportation Principal Document is to that provision as modified (in relation to Interconnection Points) by this Document.
- 2.5.3 For the purposes of this Document information or any document is “**published**” if it is provided or made available to Users including by posting on a website accessible to Users.

3 FURTHER PROVISIONS

3.1 Relationships

- 3.1.1 Except as expressly provided in the Code, neither TSO in relation to an Interconnection Point acts as agent for the other TSO in any relationship with Users or IS Users.
- 3.1.2 Nothing in the Code purports to or has effect to confer any rights or obligations on a User, or any rights or obligations as between National Grid NTS and a User, in respect of an Interconnected System.
- 3.1.3 Nothing in any Adjacent TSO Rulebook creates any rights or obligations as between National Grid NTS and any User or IS User or otherwise binds National Grid NTS.

3.2 Adjacent TSO Rulebook

- 3.2.1 Where a provision (“**relevant provision**”) of this Document refers to or operates by reference to the Adjacent TSO Rulebook in relation to an Interconnection Point:
 - (a) the Parties confirm that they consider that the provisions of the Adjacent TSO Rulebook are compatible with the relevant provision;

- (b) if (and for so long as) there is any incompatibility between the provisions of the Adjacent TSO Rulebook and the relevant provision, to the extent to which such incompatibility affects the implementation of the relevant provision:
 - (i) National Grid NTS shall be entitled to implement the relevant provision in any way which (in its reasonable discretion) it determines to be practicable and appropriate in the circumstances (and the Code shall take effect in accordance with such determination);
 - (ii) National Grid NTS will to the extent practicable consult with Users, and will in any event notify Users, as to how it implements such provision;
 - (iii) for the avoidance of doubt, any Party may propose a Code Modification which would remove such incompatibility;
- (c) if a Code Modification is proposed which (in the opinion of any Party) would result in the relevant provision becoming incompatible with the provisions of the Adjacent TSO Rulebook, that Party may require that the Modification Report contains a statement to that effect;
- (d) for the avoidance of doubt, if an amendment or proposed amendment of the Adjacent TSO Rulebook would (in the opinion of any Party) result in the provisions of the Adjacent TSO Rulebook becoming incompatible with the relevant provision, that Party may propose a Code Modification which would remove such incompatibility.

3.2.2 Where any provision of this Document refers to or operates by reference to the Adjacent TSO Rulebook or any act of or circumstance relating to an IS User or the Adjacent TSO in relation to the Interconnected System:

- (a) the information provided by or other determination of the Adjacent TSO shall be taken to be correct and definitive as to the operation, effect or interpretation of the Adjacent TSO Rulebook or such act or circumstance;
- (b) nothing shall require National Grid NTS to question or validate such information or determination;
- (c) accordingly no User may question or dispute the application of any provision of this Document on the basis of any question or dispute in relation to the Adjacent TSO Rulebook or such act or circumstance.

3.3 Information

3.3.1 Nothing in TPD Section V5.1 shall apply to the disclosure of Protected Information by National Grid NTS to an Adjacent TSO where such disclosure is provided for or contemplated by this Document or an Interconnection Agreement.

3.3.2 Where this Document contemplates that a Party will receive information from an Adjacent TSO, such information shall be treated as being obtained by such Party pursuant to the implementation of the Code for the purposes of TPD Section V5.3.1(a)(i) and (b)(i).

3.4 Code Communications

3.4.1 Unless otherwise provided in this Document, any communication to be made by National Grid NTS or a User under this Document is a Code Communication (and accordingly in the definition of Code Communication in GT Section C1 the reference to the Transportation Principal Document shall be deemed to include this Document).

3.4.2 Unless otherwise provided in this Document, Code Communications under this Document are to be given as UK Link Communications in accordance with GT Section D (and it is acknowledged that for certain purposes the UK Link Manual makes separate provision in relation to certain Code Communications under this Document).

3.5 Other provisions of TPD

3.5.1 References to the Transportation Principal Document in the following provisions of the Code shall be deemed to include this Document:

- (a) GT Section B3.1.3(b);
- (b) GT Section C2.5.

3.6 Correction of Errors

3.6.1 For the purposes of this paragraph 3.6, **“Nomination or Allocation Error”** (or **“Error”**) means (in relation to an Interconnection Point and a Day, and a User and Counterparty IS User) an error made by National Grid NTS or the Adjacent TSO in implementing the provisions of the Code or the Adjacent TSO Rulebook or the Interconnection Agreement (including the provisions of EID Sections C and D, and the Matching Procedures and Rules) in respect of:

- (a) the determination of the Processed Nomination Quantity or Confirmed Nomination Quantity in respect of the User’s Interconnection Point Nomination or IS User’s Interconnected System Nomination; or
- (b) the determination of the quantities to be allocated (pursuant to an Interconnection Point Nomination or Interconnected System Nomination) to the User or IS User;

as a result of which the quantity allocated to the User (as UDQI or UDQO) and/or to the IS User is incorrectly determined.

3.6.2 Where, in relation to an Interconnection Point and a Day:

- (a) a Nomination or Allocation Error occurs; and
- (b) not later than the end of the Business Day before the Exit Close-out Date:
 - (i) if the Error was made by National Grid NTS, the User notifies National Grid NTS of the Error, or
 - (ii) if the Adjacent TSO Rulebook so provides, if the Error was made by the Adjacent TSO, the IS User notifies the Adjacent TSO, of the Error; and
 - (iii) (in either case) the User and IS User confirm to National Grid NTS and the Adjacent TSO respectively that they agree to the correction by each

TSO of the Error

then the Error will be so corrected (and where the Error was notified within the Day and it is practicable to do so, the Error will be corrected within the Day); and the quantity allocated as UDQI or UDQO to the User (or in the case of a Non-OBA Day) the quantities so allocated to all Users, and where applicable the User's Confirmed Nomination Quantity and Nominated Quantity, will be redetermined accordingly no later than the Exit Close-out Date (and the corresponding matters redetermined under the Adjacent Rulebook); and National Grid NTS will notify the User of the correction of the Error as soon as reasonably practicable.

4 Interconnection Agreement and Adjacent TSO

4.1 Interconnection Provisions

4.1.1 For the purposes of this Document:

- (a) **“Interconnection Provisions”** are the following provisions contained in an Interconnection Agreement;
 - (i) Network Entry Provisions;
 - (ii) Network Exit Provisions;
 - (iii) provisions (**“Capacity Bundling Provisions”**) as to the arrangements between the TSOs for the designation of Interconnection Point Capacity and Interconnected System Capacity as Bundled, and for holding Auctions of and taking other steps in relation to such Bundled Interconnection Point Capacity and Interconnected System Capacity;
 - (iv) provisions (**“Matching Provisions”**) as to Matching Procedures and Rules (as provided in Section C1.5);
 - (v) provisions (**“Allocation Provisions”**) as to the arrangements between the TSOs for an Operational Balancing Account and the basis of allocation to Users and IS Users of quantities of gas flowing at an Interconnection Point;
 - (vi) provisions for communications between the TSOs in case of an exceptional event;
- (b) **“Relevant Interconnection Provisions”** are the following Interconnection Provisions:
 - (i) Network Entry Provisions which fall within TPD Section I2.3.1;
 - (ii) Network Exit Provisions which govern or are directly relevant to the arrangements between National Grid NTS and Users pursuant to the Code (as provided in TPD Section J6.4.1);
 - (iii) Capacity Bundling Provisions so far as they provide for or directly affect how the provisions of Section B are to operate as between National Grid NTS and Users;

- (iv) Matching Provisions so far as they provide for or directly affect how the provisions of Section C are to operate as between National Grid NTS and Users;
- (v) Allocation Provisions so far as they provide for or directly affect how the provisions of Section D are to operate as between National Grid NTS and Users;
- (vi) provisions for communications between the TSOs in case of an exceptional event, so far as they affect Users.

4.1.2 National Grid NTS will, in relation to each Interconnection Point:

- (a) publish the Relevant Interconnection Provisions and any amendment of such provisions;
- (b) provide to any User upon request the Interconnection Provisions which are not Relevant Interconnection Provisions, other than provisions which National Grid NTS considers to be commercially sensitive or which it is restricted from providing under the relevant Interconnection Agreement.

4.1.3 National Grid NTS will not agree with the Adjacent TSO to amend the Relevant Interconnection Provisions in relation to an Interconnection Point except:

- (a) with the approval of each User which for the time being holds Available Interconnection Point Capacity at the Interconnection Point, or
- (b) pursuant to a Code Modification which authorises such agreement; or
- (c) as may (in the reasonable opinion of National Grid NTS) be required to enable National Grid NTS or the Adjacent TSO to comply with any Legal Requirement.

4.1.4 This paragraph 4.1 applies in place of TPD Sections I2.1.1, I2.2, J6.1.1 and J6.4, which do not apply in relation to Network Entry Provisions or Network Exit Provisions in an Interconnection Agreement.

4.1.5 Where a Code Modification is required (under paragraph 4.1.3) to authorise an amendment of Relevant Interconnection Provisions in an Interconnection Agreement (an “**IA Amendment**”), the Modification Rules shall apply on the following basis:

- (a) in a case where the Interconnection Agreement provides that alternate IA Amendments may be proposed by National Grid NTS and by the Adjacent TSO, then National Grid NTS may make a Modification Proposal in respect of one of the alternate proposed IA Amendments and (in respect of such Modification Proposal) the Adjacent TSO may make an alternative Modification Proposal under MR Section 6.4.1(a) in respect of the other alternate proposed IA Amendment; and MR Section 6.1.1 shall be deemed to allow the Adjacent TSO to do so and the Modification Rules shall apply on the basis that the Adjacent TSO is Proposer accordingly;
- (b) where (under the Interconnection Agreement) the Adjacent TSO is required to consult with IS Users in respect of the proposed IA Amendment, National Grid NTS will ensure that the Modification Proposal sets out a timetable and basis

for coordination with the Adjacent TSO in respect of the procedures under the Modification Rules and the consultation procedures adopted by the Adjacent TSO, with a view to achieving coordinated consultation.

- 4.1.6 If, in relation to an Interconnection Point, a User considers that a Relevant Interconnection Provision (as defined in paragraph 4.1.1(b)) in the Interconnection Agreement is adverse to the interests of Users pursuant to the Code:
- (a) the User may so notify National Grid NTS, explaining the User's view and describing how the User considers the Interconnection Agreement could be amended to remedy such adverse effect;
 - (b) National Grid NTS will within 30 business days after receiving the User's notification:
 - (i) propose to the Adjacent TSO an amendment of the Interconnection Agreement which would remedy the adverse effect identified by the User, or
 - (ii) reply to the User setting out the reasons for which National Grid NTS does not consider it appropriate to propose an amendment of the Interconnection Agreement in respect of the matter raised by the User, or
 - (iii) invite the User to discuss the matter, and within 30 business days after such discussion do either (i) or (ii).

4.2 Indemnity of Adjacent TSO

4.2.1 In relation to each Interconnection Point, each User irrevocably and unconditionally:

- (a) agrees and acknowledges that National Grid NTS may agree to indemnify any Adjacent TSO in respect of any costs, losses or damages incurred by the Adjacent TSO as a result of a relevant claim by any User arising out of any relevant failure by the Adjacent TSO; and
- (b) where (in the Interconnection Agreement) National Grid NTS has so agreed to indemnify the Adjacent TSO:
 - (i) undertakes that it will not make and will waive any relevant claim in relation to any Adjacent TSO;
 - (ii) agrees to indemnify National Grid NTS in respect of any liability (pursuant to an indemnity within paragraph (a)) to an Adjacent TSO resulting from any relevant claim by the User.

4.2.2 For the purposes of paragraph 4.2.1:

- (a) a **“relevant claim”** is a claim (in tort or otherwise) in respect of costs, losses or damages of a User arising under any provision of the Code, but excluding a claim arising under a contract between the User and the Adjacent TSO;
- (b) a **“relevant failure”** is a failure by the Adjacent TSO:

- (i) to comply with the Capacity Bundling Provisions, Matching Provisions or Allocation Provisions of the Interconnection Agreement; or
- (ii) to accept delivery of gas, or to make available for offtake gas, or gas complying with specification, at the Interconnection Point.

4.3 Effect of flow rate limits and other terms of Interconnection Agreement

4.3.1 In accordance with TPD Sections J4 and J6 an Interconnection Agreement may contain provisions (“**Flow Rate Rules**”) under which, in relation to the gas flows from the NTS to the Interconnected System:

- (a) there may be limits or other restrictions on the magnitude of flow rates or changes in flow rates, or the rate of change of such flow rates, or the times at or within which a change in such flow rates may occur;
- (b) National Grid NTS may agree (in any circumstances or at any time) to provide flexibility (including suspension or relaxation) in relation to the limits or restrictions referred to in paragraph (a), and (where it has done so) may curtail or withdraw such flexibility;
- (c) the Adjacent TSO is responsible for the preparation and revision of an exit flow profile (as an Offtake Profile Notice for the purposes of TPD Section J4.5) consistent with the provisions referred to in paragraph (a) and (b).

4.3.2 It is acknowledged and agreed that:

- (a) the quantities (in net aggregate) in which IS Users may nominate gas for delivery to or offtake from the Interconnected System at an Interconnection Point are limited by reference to the applicable Flow Rate Rules (and, in the case of renominations, may also be limited by any flexibility requested by the Adjacent TSO as referred to in paragraph 4.3.1(b));
- (b) it is the responsibility of the Adjacent TSO to determine or redetermine Processed Nomination Quantities (in respect of Interconnected System Nominations) accordingly (and National Grid NTS will not validate or process Users' Nomination Quantities by reference to the Flow Rate Rules);
- (c) National Grid NTS is entitled to plan the operation of the NTS (and determine the existence or otherwise of any Transportation Constraint) on the basis that the Flow Rate Rules are complied with; and
- (d) (in accordance with TPD Section J4) National Grid NTS is not obliged to make gas available for offtake from the NTS at an Interconnection Point at a rate or rates and/or at a time or times in respect of which the Flow Rate Rules are not complied with, and National Grid NTS will not be liable for any failure to so to make gas available for offtake.

UNIFORM NETWORK CODE – EUROPEAN INTERCONNECTION DOCUMENT**SECTION B – CAPACITY¹****1 GENERAL****1.1 Introduction**

1.1.1 This Section B provides for the basis on which System Capacity at Interconnection Points may be allocated to Users, bundled with capacity in an Interconnected System, and transferred, converted or surrendered by or withdrawn from Users.

1.1.2 This Section B sets out:

- (a) general provisions in relation to Interconnection Point Capacity;
- (b) general rules for the holding of Auctions of Interconnection Point Capacity;
- (c) the basis for determining the amount of Interconnection Point Capacity made available in an Auction;
- (d) rules for Ascending Clock Auctions;
- (e) rules for Uniform Price Auctions;
- (f) the basis on which Interconnection Point Capacity may be Bundled;
- (g) the basis on which Interconnection Point Capacity may be Surrendered;
- (h) the basis on which Interconnection Point Capacity may be Withdrawn;
- (i) the basis on which System Capacity Transfers may be made in respect of Interconnection Point Capacity;
- (j) the basis on which Interconnection Point Capacity may be Converted;
- (k) modifications of certain other provisions of the Transportation Principal Document in relation to Interconnection Points.

1.1.3 In order to acquire, bundle, convert, surrender or transfer Interconnection Point Capacity under the provisions of this Section B, a User must have had assigned to it and hold an Energy Identification Code, which is an identification code issued by the central issuing office or any local issuing office under the Energy Identification Coding scheme established by the European Network of Transmission System Operators for Electricity (ENTSOE).

1.2 One-way physical flow

1.2.1 At an Interconnection Point at which (as provided in Section A1.3) physical flow is permitted in one direction only, Firm Interconnection Point Capacity is allocated and

¹ Implementation of modification 0678A effective 05:00hrs on 01/10/2020 will amend this section, in whole or in part.

may be held only in the forward Direction, but Interruptible Interconnection Point Capacity may be allocated and held in both the forward and the reverse Directions; and (in relation to such an Interconnection Point) references to Interconnection Point Capacity in the remainder of this Section B shall be construed accordingly.

1.3 Interconnection Point Capacity, etc.

1.3.1 For the purposes of the Code:

- (a) **“Interconnection Point Capacity”** means System Capacity at an Interconnection Point, comprising NTS Entry Capacity (in relation to the IP ASEP) and NTS Exit (Flat) Capacity;
- (b) **“Interconnected System Capacity”** means capacity in an Interconnected System which (in accordance with the Adjacent TSO Rulebook) is used or treated as used by an IS User when delivering gas to or offtaking gas from the Interconnected System at the Interconnection Point;
- (c) a reference to the **“Class”** of Interconnection Point Capacity is to whether such Interconnection Point Capacity is Firm or Interruptible;
- (d) Interconnected System Capacity is **“Equivalent”** to Interconnection Point Capacity at an Interconnection Point and of a given Direction and Class, Capacity Duration and Capacity Period or (as the case may be) for a given Transfer Period, and (where applicable) of a given amount, where such Interconnected System Capacity is at the same Interconnection Point and of or for the same Direction, class, duration, period and (where applicable) amount, all in accordance with the Adjacent TSO Rulebook; and Interconnection Point Capacity is Equivalent to Interconnected System Capacity on the same basis.

1.3.2 Interconnection Point Capacity is **“Bundled”** or **“Unbundled”** in accordance with paragraph 6.

1.3.3 In applying the provisions of this Section B, amounts of Interconnection Point Capacity (and of Interconnected System Capacity) in respect of an Interconnection Point may be expressed either in kWh/Day or in kWh/hour, as for the time being provided in or determined under the Interconnection Agreement; and (subject to paragraph 5.3.2) 1 kWh/hour is equivalent to 24 kWh/Day (or, for purposes of Uniform Price Auctions and System Capacity Transfers, on clock change days, 23 or 25 kWh/Day).

1.4 Firm and Interruptible Interconnection Point Capacity

1.4.1 For the purposes of this Document:

- (a) **“Firm”** Interconnection Point Capacity is Interconnection Point Capacity other than Interruptible Interconnection Point Capacity;
- (b) **“Interruptible”** Interconnection Point Capacity is Interconnection Point Capacity which is liable to be curtailed in accordance with TPD Section B2.9 or B3.10.

1.4.2 For the purposes of TPD Section B (excluding its provisions which pursuant to paragraph 1.7 do not apply in respect of Interconnection Points):

- (a) references to Firm NTS Entry Capacity or Firm NTS Exit (Flat) Capacity (as the case may be) include Firm Interconnection Point Capacity;
- (b) references to Interruptible NTS Entry Capacity or Off-peak NTS Exit (Flat) Capacity (as the case may be) include Interruptible Interconnection Point Capacity;

and Sections TPD Sections B2.1.7(b) and B3.1.5(d) are modified accordingly.

1.5 Capacity Duration, etc.

- 1.5.1 For the purposes of this paragraph 1.5 a capacity transaction is the withholding under paragraph 3.2.2, allocation in an Auction, Surrender, Withdrawal or designation as Bundled of an amount of Interconnection Point Capacity.
- 1.5.2 A capacity transaction must be for an amount of Interconnection Point Capacity which is the same for each Day in the period to which the transaction relates.
- 1.5.3 In relation to the Interconnection Point Capacity subject to a capacity transaction, the **“Capacity Duration”** is the duration of the period to which that capacity transaction relates.
- 1.5.4 The eligible Capacity Durations are:
 - (a) **“Yearly”**, relating to a Gas Year;
 - (b) **“Quarterly”**, relating to a calendar quarter;
 - (c) **“Monthly”**, relating to a calendar month;
 - (d) **“Daily”**, relating to a Day (or part of a Day).
- 1.5.5 A Capacity Period is the particular period (of the relevant Capacity Duration) to which a particular capacity transaction relates.

1.6 Capacity Platform Operator

- 1.6.1 For the purposes of the Code **“Capacity Platform Operator”** means, in relation to any Interconnection Point, the person designated as such in paragraph 1.6.2, or another person designated as such by National Grid NTS, with Condition A11(18) Approval of the Authority, and the Adjacent TSO.
- 1.6.2 At the EID Implementation Date, PRISMA European Capacity Platform GmbH is designated as Capacity Platform Operator in relation to all Interconnection Points.
- 1.6.3 National Grid NTS, the Adjacent TSOs and Users have agreed that the following activities (**“CPO Activities”**) will be performed by the Capacity Platform Operator:
 - (a) the running of Auctions in respect of Interconnection Point Capacity, including the calculation of allocable Unbundled Interconnection Point Capacity, designation of Allocable Interconnection Point Capacity as Bundled or Unbundled, publication of Auction Information, the receipt and validation of Bids, the evaluation and acceptance of Bids and the provision and publication of the results of an Auction, as provided in paragraphs 2.3, 2.4, 3.1.4, 3.2.2, 4, 5

and 6.2;

- (b) the receipt and validation (as to paragraph 7.2.2(d), (f) (where applicable) and (g)) of Surrender Offers in respect of Interconnection Point Capacity as provided in paragraph 7.2;
- (c) the receipt and acceptance or rejection (under TPD Section B5.2.3(c) and paragraph 9.3.2(b) and (c)) of System Capacity Transfers in respect of Interconnection Point Capacity as provided in paragraph 9 (and applicable provisions of TPD Section B5), and the provision of a facility enabling Users to post and accept offers to make such transfers;

(and equivalent activities in respect of Interconnected System Capacity); and such activities are not within the scope of operation of UK Link.

- 1.6.4 It is the responsibility of each Party to make such arrangements and comply with such requirements as are stipulated by the Capacity Platform Operator for access to and use of the Capacity Platform Operator's systems and otherwise in connection with the performance of the CPO Activities, including entering into and complying with the relevant agreement issued for such purposes by the Capacity Platform Operator; and nothing in the Code shall be treated as creating or conferring on any Party any entitlement to such access or use, or any other rights against or relationship with the Capacity Platform Operator.
- 1.6.5 National Grid NTS confirms that it has entered into an agreement with the Capacity Platform Operator as required under paragraph 1.6.4.
- 1.6.6 In accordance with paragraph 1.6.4 a User will be unable to and is not entitled to acquire, surrender or transfer Interconnection Point Capacity unless it has made the arrangements and complied with the requirements referred to in that paragraph.
- 1.6.7 Where the Capacity Platform Operator requests National Grid NTS to confirm:
- (a) that a person (seeking to make arrangements referred to in paragraph 1.6.4) is a User, National Grid NTS will give such confirmation if the person is a User at the time the request is made;
 - (b) that an individual is authorised to represent a User for the purposes of such arrangements, National Grid NTS will notify the User and give such confirmation if the User requests it to do so;
- and in a case within paragraph (b), if the User wishes National Grid NTS to inform the Capacity Platform Operator of an individual ceasing to be so authorised, the User must comply with such notification and other requirements as National Grid NTS may from time to time prescribe.
- 1.6.8 The Parties agree and acknowledge that:
- (a) the rules, algorithms, systems and processes established from time to time by the Capacity Platform Operator in connection with each Interconnection Point ("**CPO Rules and Processes**") are those which apply to and govern the CPO Activities;
 - (b) the Parties shall be bound for the purposes of the Code by the outcome of the

application of the CPO Rules and Processes;

- (c) no Party shall have any liability to another Party in respect of the carrying out of, or any failure to carry out, the CPO Activities in accordance with the CPO Rules and Processes;
- (d) the provisions of this Section B (including without limitation those referred to in paragraph 1.6.3) which relate to the CPO Activities are understood by the Parties to reflect the CPO Rules and Processes (and are included in this Document as descriptive provisions for the convenience of the Parties);
- (e) if there is any conflict between the CPO Rules and Processes and the provisions of this Section referred to in paragraph (d), the CPO Rules and Processes will prevail;
- (f) in the case of such a conflict, the Parties will consult with each other as to whether a Code Modification should be proposed which would remove such conflict, or whether to seek a modification of the CPO Rules and Processes.

1.6.9 The Parties further agree and acknowledge that (pursuant to and without limitation of paragraph 1.6.8):

- (a) the making of communications between a Party and the Capacity Platform Operator in connection with the CPO Activities, the formats of such communications, the access to and availability (and the consequences of any non-availability) of any systems for such communications, and any question as to the authority of any person to give or receive such a communication, or the validity or time of giving or receipt of such a communication, shall be governed by and determined in accordance with CPO Rules and Processes (without prejudice to paragraph 1.4);
- (b) the rights and obligations of the Parties and the Capacity Platform Operator in respect of the confidentiality and disclosure of information provided to or by the Capacity Platform Operator are governed by the CPO Rules and Processes;
- (c) any correction of any error or mistake made by the Capacity Platform Operator or a Party in performing the CPO Activities will be made subject to and in accordance with the CPO Rules and Processes;
- (d) any other question or dispute arising as to the performance of the CPO Activities or in connection with the CPO Rules and Processes shall be determined in accordance with the procedures in the CPO Rules and Processes;

and that none of the above are governed by or to be determined under the Code.

1.6.10 In sending or receiving the following communications to or from Users, the Capacity Platform Operator acts as agent for and on behalf of National Grid NTS:

- (a) (in connection with Auctions) in publishing Auction Information (so far as relating to Interconnection Point Capacity), receiving Bids from Users and notifying acceptance of Bids;
- (b) (in connection with Surrenders) in receiving Surrender Offers from Users and notifying acceptance of Surrender Offers;

- (c) (in connection with System Capacity Transfers) in receiving notifications of such transfers from Users and notifying approval or rejection of such transfers;

but (other than as above) the Capacity Platform Operator does not act as agent for National Grid NTS in connection with the CPO Activities or otherwise.

1.6.11 National Grid NTS does not act as agent of the Capacity Platform Operator for any purposes.

1.6.12 For the avoidance of doubt (and in accordance with paragraph 1.6.8(a)) GT Section D has no application in relation to the communications referred to in paragraph 1.6.10 (nor in relation to any other communication to be made between any Party and the Capacity Platform Operator).

1.6.13 National Grid NTS shall:

- (a) in connection with Auctions of Interconnection Point Capacity:
- (i) send to the Capacity Platform Operator the information necessary to enable the Capacity Platform Operator to publish Auction Information;
 - (ii) inform the Capacity Platform Operator if a User's Bids are to be refused or rejected pursuant to Section V3.3.2;
 - (iii) register Users as holding Interconnection Point Capacity on the basis of the results of the Auction sent by the Capacity Platform Operator to National Grid NTS;
- (b) in connection with Surrenders of Interconnection Point Capacity:
- (i) inform the Capacity Platform Operator whether Surrender Offers are valid (except as provided in paragraph 1.6.3(b)) under paragraph 7.2.2;
 - (ii) determine whether and for what quantities Surrender Offers are accepted and record the reduction in a User's Available Interconnection Point Capacity on the basis of the results of the relevant Auction sent by the Capacity Platform Operator to National Grid NTS;
- (c) in connection with System Capacity Transfers in respect of Interconnection Point Capacity:
- (i) inform the Capacity Platform Operator whether proposed such transfers are accepted or rejected (except as provided in paragraph 1.6.3(c)) under paragraph 9 (and applicable provisions of TPD Section B5);
 - (ii) record the adjustments in Users' Available Interconnection Point Capacity on the basis of the results of the proposed such transfers sent by the Capacity Platform Operator to National Grid NTS;

but this paragraph 1.6.13 does not require National Grid NTS to send to the Capacity Platform Operator any information which is otherwise available to the Capacity Platform Operator or which relates to the Interconnected System or an IS User.

1.6.14 Nothing in TPD Section V6.1 or 6.2 applies to the disclosure of Protected Information

by a Party to the Capacity Platform Operator pursuant to this Document or under or in connection with the CPO Rules and Processes.

- 1.6.15 Where pursuant to this Document or under or in connection with the CPO Rules and Processes a Party receives information from the Capacity Platform Operator, such information shall be treated as being obtained by such Party pursuant to the implementation of the Code for the purposes of TPD Section V5.3.1(a)(i) and (b)(i).

1.7 Binary Interconnection System Point

1.7.1 For the purposes of this Section B:

- (a) a **“Binary Interconnection System Point”** is:
 - (i) a Binary IP ASEP, or
 - (ii) a Primary Interconnection Point;
- (b) in relation to a Binary Interconnection System Point:
 - (i) a reference to an Interconnection Point is:
 - (1) in the case of a Binary IP ASEP, to an Interconnection Point comprised in the Binary IP ASEP;
 - (2) in the case of a Primary Interconnection Point, to a Subsidiary Interconnection Point comprised in the Primary Interconnection Point;
 - (ii) a reference to Interconnection Point Capacity is:
 - (1) in the case of a Binary IP ASEP, to Firm NTS Entry Capacity;
 - (2) in the case of a Primary Interconnection Point, to Firm Interconnection Capacity in each Direction in which it may be held at such Interconnection Point.

1.7.2 The provisions of this Section B in relation to Bundled Interconnection Point Capacity shall apply separately in relation to each Subsidiary Interconnection Point comprised in a Primary Interconnection Point, including for the purposes of:

- (a) Auctions of Bundled Interconnection Point Capacity in accordance with paragraphs 4 and 5;
- (b) the designation and recording of Interconnection Point Capacity as Bundled in accordance with paragraph 6;
- (c) the Surrender of Bundled Interconnection Point Capacity in accordance with paragraph 7;
- (d) System Capacity Transfers of Bundled Interconnection Point Capacity in accordance with paragraphs 9.

1.7.3 The Interconnection Point Capacity held by a User at a Primary Interconnection Point

shall be the sum of the User's Interconnection Point Capacities in respect of Subsidiary Interconnection Points; and except as specified in paragraph 1.7.2, for the purposes of the Code (including without limitation the determination of Overrun Charges under TPD Sections B2.12 and B3.13), such Interconnection Point Capacity shall be counted as held by a User at the Primary Interconnection Point and not disaggregated between the Subsidiary Interconnection Points.

1.8 Provisions of Transportation Principal Document which do not apply

1.8.1 The following provisions of the Transportation Principal Document do not apply in relation to Interconnection Point Capacity:

- (a) provisions as to the basis on which Users are invited to apply for, may apply for, and are allocated, NTS Entry Capacity or NTS Exit (Flat) Capacity;
- (b) provisions as to the basis on which Users are invited to offer and may offer for surrender NTS Entry Capacity for a calendar month, and on which such offers are accepted;
- (c) provisions as to the publication of information relating to invitations as referred to in paragraphs (a) and (b);
- (d) provisions relating to Code Contingencies affecting the communications for the purposes of the matters referred to in paragraphs (a) and (b);
- (e) provisions as to the assignment (by System Capacity Assignment) of Registered NTS Exit (Flat) Capacity;
- (f) provisions defining terms which are used only in provisions within paragraphs (a), (b), (c), (d) and (e).

1.8.2 At the EID Implementation Date the provisions referred to in paragraph 1.8.1(a), (b), (c), (d) and (e) are the following paragraphs of TPD Section B:

- (a) in relation to NTS Entry Capacity, 2.1.2, 2.1.4, 2.1.5, 2.1.12, 2.1.14, 2.2, 2.3, 2.4, 2.5 (other than 2.5.10 and 2.5.11), 2.6, 2.7, 2.14, 2.15;
- (b) in relation to NTS Exit (Flat) Capacity, 3.1.3(a) and 3.1.5(a), (b) and (c), 3.2, 3.3, 3.4, 3.5, 3.6, 6.

1.9 Application of certain provisions of this Section B

1.9.1 Each of the following provisions of this Section B shall apply in relation to an Interconnection Point where the Adjacent TSO has agreed under the Interconnection Agreement to give or receive the communications (to or from National Grid NTS) required to give effect to such provision, and not otherwise: 6.3.2, 6.3.3, 6.3.5, 6.3.6, 7.2.2(f).

2 AUCTIONS – GENERAL

2.1 Introduction

2.1.1 Interconnection Point Capacity will be allocated to Users by Auction in accordance with this Section B, and a User may only be registered as holding Interconnection Point

Capacity pursuant to such an Auction.

- 2.1.2 Bundled and Unbundled Interconnection Point Capacity will be allocated in separate Auctions held simultaneously.
- 2.1.3 In relation to a Binary Interconnection System Point, linked Auctions of Bundled NTS Entry Capacity will be held in accordance with paragraphs 4.9 and 5.9.
- 2.1.4 For the purposes of this Document:
- (a) **“Auction”** means an auction of Interconnection Point Capacity in relation to an Interconnection Point of a single Class, Capacity Duration, Capacity Period and Direction and either Bundled or Unbundled;
 - (b) a **“Bundled Auction”** is an Auction of Bundled Interconnection Point Capacity, and an **“Unbundled Auction”** is an Auction of Unbundled Interconnection Point Capacity;
 - (c) where the context requires, a reference to an Auction includes both the Bundled and Unbundled Auctions (as provided in paragraph 2.1.2) and in the case of a Binary Interconnection System Point both Bundled Auctions (as provided in paragraph 2.1.3);
 - (d) in the context of any Auction, a reference in this Section B to Interconnection Point Capacity is to Interconnection Point Capacity at the Interconnection Point and of the Class, Direction and Capacity Duration and Capacity Period, and Bundled or Unbundled, to which the Auction relates;
 - (e) an **“Auction Year”** is the period of 12 months commencing 1 March in any year;
 - (f) in relation to an Auction Year, Gas Year ‘Y’ is the Gas Year ending 30 September in the Auction Year;
 - (g) the **“Auction Calendar”** in relation to an Auction Year is the auction calendar published by ENTSOG for that Auction Year;
 - (h) the **“minimum eligible quantity”** (the smallest amount of Interconnection Point Capacity for which certain capacity transactions may be made), in relation to an Interconnection Point at which (in accordance with paragraph 1.3.3) amounts of Interconnection Point Capacity are expressed:
 - (i) in kWh/Day, is 1 kWh/day;
 - (ii) in kWh/hour, is 1 kWh/hour;
 - (i) a **“euro-based”** Auction is a Bundled Auction where (under the Adjacent TSO Rulebook) the price of Interconnected System Capacity at the Interconnection Point, or (in the case of a Binary Interconnection System Point) either of the Interconnection Points, is expressed in euro (€).
- 2.1.5 In relation to an Auction:
- (a) **“Auction Information”** is the information relating to the Auction to be

published as provided in paragraph 4.3.1 or 5.2.1;

- (b) **“Auction Information Time”** is the date on which, and where applicable time at which, Auction Information is to be published as provided in paragraph 4.3.2 or 5.2.1;
- (c) **“Bid”** means a bid by a User to acquire Interconnection Point Capacity in the Auction;
- (d) **“Bid Window”** means a window of time within which a Bid may be submitted;
- (e) a Bid is **“successful”** where (in accordance with paragraph 4.7 or 5.7.2) the Bid is accepted (in the case of a Uniform Price Auction, as to all or any part of the Bid Quantity);
- (f) the **“Auction Quantity”** is the amount of Interconnection Point Capacity available to be allocated in that Auction, determined:
 - (i) in relation to an Auction of Firm Interconnection Point Capacity, in accordance with paragraph 3.1.3;
 - (ii) in relation to an Auction of Interruptible Interconnection Point Capacity, in accordance with paragraph 3.6;
- (g) **“Reserve Price”** means the price below which Interconnection Point Capacity may not be purchased which shall be set for each Gas Year in accordance with the National Grid NTS Transportation Statement for that Gas Year;
- (h) **“Starting Price”** means:
 - (i) for the purposes of an Unbundled Auction, the Reserve Price;
 - (ii) for the purposes of a Bundled Auction, the sum of the Reserve Price and a reserve price in respect of Interconnected System Capacity in accordance with the Adjacent TSO Rulebook;
- (i) **“NTS Share”** means:
 - (i) in relation to an Unbundled Auction, 100%;
 - (ii) in relation to a Bundled Auction, the percentage share for National Grid NTS referred to in paragraph 2.2.3
- (j) **“Clearing Price”** means the price determined pursuant to the Auction as the price at which Interconnection Point Capacity (and Interconnected System Capacity, in the case of a Bundled Auction) is allocated in the Auction;
- (k) **“Auction Premium”** means the amount (if any) by which the Clearing Price exceeds the Starting Price;
- (l) **“NTS Auction Price”** means the NTS Share of the Auction Premium plus:
 - (i) for the purposes of calculating the Applicable Daily Rate, the Reserve Price prevailing in respect of the period in relation to which the

Applicable Daily Rate is payable;

- (ii) for the purposes of an Auction, where the Auction relates to a period of one Gas Year, the Reserve Price prevailing in respect that Gas, or where the Auction relates to a period of more than one Gas Year, the Reserve Price prevailing in respect the first Gas Year to which the Auction relates;
 - (m) **“Auction Allocated Quantity”** means the aggregate quantity of Interconnection Point Capacity allocated pursuant to the Auction.
- 2.1.6 For the purposes of TPD Sections B2.11 and B3.12, subject to paragraph 2.1.7, the Applicable Daily Rate in respect of Interconnection Point Capacity allocated in an Auction is the NTS Auction Price.
- 2.1.7 Notwithstanding paragraph 2.1.6, the Applicable Daily Rate in respect of Interconnection Point Capacity held by a Bacton User at the Bacton IP ASEP or the Bacton UKCS ASEP shall be determined in accordance with TD Part IIE paragraph 4.3.

2.2 Bundled Auctions

- 2.2.1 In the case of an Auction of Bundled Interconnection Point Capacity:
- (a) the Auction also operates as an auction of Equivalent Interconnected System Capacity (but subject to the provisions of paragraphs 4 and 5 in respect of a Binary Interconnection System Point);
 - (b) a Bid also operates as a bid to acquire Equivalent Interconnected System Capacity;
 - (c) a Bid Price or Bid Round Price is a price comprising both a price for Interconnection Point Capacity and a price for Interconnected System Capacity;
- and references to Bid Quantity, Auction Quantity, and Aggregate Bid Quantity shall be construed accordingly.
- 2.2.2 The acceptance of a Bid in a Bundled Auction has contractual effect separately:
- (a) in respect of Interconnection Point Capacity, for the purposes of the Code, and
 - (b) in respect of Interconnected System Capacity, for the purposes of the Adjacent TSO Rulebook;

and where a User is registered as holding Bundled Interconnection Point Capacity pursuant to an Auction the obligation of the User to pay Capacity Charges to National Grid NTS in respect of such capacity is a separate obligation, enforceable as a separate debt, from its obligation to pay charges to the Adjacent TSO.

- 2.2.3 The TSOs will agree for the purposes of each Bundled Auction the percentage shares (aggregating 100%) in which any Auction Premium will be shared between them.

2.3 Prices and currency conversion

- 2.3.1 In any euro-based Auction:

- (a) prices provided to Users (including Starting Price and where applicable Bid Round Prices) will be expressed in both pounds sterling (£) and euro (€);
 - (b) Bid Prices submitted by Users may be expressed in either pounds sterling (£) or euro (€);
 - (c) Bids will be evaluated and the Clearing Price will be determined in euro (€).
- 2.3.2 For the purposes of converting (in connection with any Auction or any Bid Round of an Ascending Clock Auction) a price of Interconnection Point Capacity between a price expressed in pounds sterling (£) and a price expressed in euro (€), the exchange rate provided in paragraph 2.3.3 will be used.
- 2.3.3 The exchange rate is the latest ECB Rate to be published prior to the start of the Bid Window of the Auction or (in the case of an Ascending Clock Auction) the Bid Window for the first Bid Round (regardless of the date of the clearing Bid Round); where the ECB Rate is the sterling/euro exchange rate published by the European Central Bank (at or about 14:00 hours) on each day which is a business day for such bank.
- 2.3.4 The Applicable Daily Rate of the Capacity Charge payable in respect of Interconnection Point Capacity allocated in an Auction will be expressed in pence/kWh/Day and (in accordance with paragraph 2.3.2) determined, where the NTS Auction Price (or for the purposes of paragraph 2.1.7(d), the Auction Premium) was determined in euro cents/kWh/Day, on the basis of the exchange rate used for the Auction as provided in paragraph 2.3.3.

2.4 The Auctions to be held

- 2.4.1 The following Auctions, in respect of Interconnection Point Capacity of different Capacity Durations, will be held in each Auction Year:
- (a) Auctions held once in each Auction Year, in respect of Yearly Interconnection Point Capacity for each of Gas Years Y+1 to Y+15 (“**Annual Yearly Auctions**”);
 - (b) Auctions held in each Auction Year, in respect of Quarterly Interconnection Point Capacity for each Quarter in Gas Year Y+1 or Gas Year Y as applicable (“**Annual Quarterly Auctions**”);
 - (c) Auctions held in each month of the Auction Year, in respect of Monthly Interconnection Point Capacity for the following month (“**Rolling Monthly Auctions**”);
 - (d) Auctions held on each Day of the Auction Year, in respect of Daily Firm Interconnection Point Capacity for the following Day (“**Rolling Day-Ahead Auctions**”);
 - (e) Auctions held on each Day of the Auction Year, in respect of Daily Interruptible Interconnection Point Capacity for the following Day (“**Interruptible Rolling Day-Ahead Auctions**”);
 - (f) Auctions held (following the Rolling Day-Ahead Auction) on an hourly basis (as provided in paragraph 5.3) for each Day of the Auction Year, in respect of

Daily Firm Interconnection Point Capacity for that Day (“**Within-Day Auctions**”).

- 2.4.2 Annual Yearly Auctions, Annual Quarterly Auctions and Rolling Monthly Auctions shall be held as Ascending Clock Auctions in accordance with paragraph 4.
- 2.4.3 Rolling Day-Ahead Auctions, Interruptible Rolling Day-Ahead Auctions and Within-Day Auctions shall be held as Uniform Price Auctions in accordance with paragraph 5.

2.5 Credit requirements

- 2.5.1 Bids for Interconnection Point Capacity in an Auction shall be considered as applications under TPD Section B for the purposes of TPD Section V3.3.2.

3 AUCTION QUANTITY

3.1 Firm Interconnection Point Capacity

- 3.1.1 The “**Allocable**” Interconnection Point Capacity in relation to an Auction of Firm Interconnection Point Capacity is the aggregate of the following at the Auction Information Time:
 - (a) any Converted Convertible Capacity (in accordance with paragraph 10.4.1(a));
 - (b) the Eligible Technical Interconnection Point Capacity (in accordance with paragraph 3.2);
 - (c) any Interconnection Point Capacity which is subject to a Surrender Offer (in accordance with paragraph 7), in the case of an Ascending Clock Auction;
 - (d) any Interconnection Point Capacity which is subject to a Withdrawal Offer (in accordance with paragraph 8), in the case of an Ascending Clock Auction; and
 - (e) any Additional Interconnection Point Capacity (in accordance with paragraph 3.3).
- 3.1.2 The Allocable Interconnection Point Capacity will be divided into Bundled and Unbundled Interconnection Point Capacity in accordance with paragraph 6.2.
- 3.1.3 The Auction Quantity for an Auction is the amount of Bundled or Unbundled Allocable Interconnection Point Capacity determined in accordance with paragraph 3.1.2, subject to paragraph 3.1.4.
- 3.1.4 The amount of Unbundled Interconnection Point Capacity which may be allocated in an Annual Yearly Auction in respect of any Gas Year other than Gas Year Y+1 shall not exceed an amount equal to:

$$\text{Max } \{0, (\text{Sold ISP}_Y - \text{Sold ICP}_Y)\}$$

where for such Gas Year:

Sold ISP_Y is the amount (as notified by the Adjacent TSO(s)) of Equivalent Interconnected System Capacity at the Interconnection Point for the Gas Year (or in the case of a Binary Interconnection System Point the aggregate such amount at both Interconnection Points) which (at the

Auction Information Time) has been allocated to and is held by IS Users;

Sold ICP_Y is the greatest amount (for any Day in the Gas Year) of Interconnection Point Capacity at the Interconnection Point which (at the Auction Information Time) is Sold (or in the case of a Binary Interconnection System Point the greatest aggregate such amount for such a Day at both Interconnection Points).

3.1.5 For the avoidance of doubt, in relation to a Primary Interconnection Point, Allocable Interconnection Point Capacity (and each category thereof in paragraph 3.1.1) are determined at the Primary Interconnection Point (and not the Subsidiary Interconnection Points separately).

3.2 Technical Interconnection Point Capacity

3.2.1 For the purposes of this Document, in relation to an Auction:

- (a) **“Technical”** Interconnection Point Capacity is the amount of Firm Interconnection Point Capacity which National Grid NTS is required to make available to Users pursuant to National Grid NTS' Transporter's Licence as:
 - (i) NTS Entry Capacity, as set out in National Grid NTS' Transportation Statement, or (as the case may be)
 - (ii) NTS Exit (Flat) Capacity, as set out in National Grid NTS' Exit Capacity release obligation summary report;
- (b) **“Eligible”** Technical Interconnection Point Capacity is the lowest amount (for any Day in the Capacity Period) of Technical Interconnection Point Capacity which, at the Auction Information Time, is Unsold and not withheld under paragraph 3.2.2;
- (c) **“Sold”** Technical Interconnection Point Capacity is Technical Interconnection Point Capacity which is for the time being allocated to and held by Users; and **“Unsold”** Technical Interconnection Point Capacity is Technical Interconnection Point Capacity which is not for the time being Sold.

3.2.2 In relation to an Annual Yearly Auction, an amount of the Unsold Technical Interconnection Point Capacity must be withheld in determining the Eligible Technical Interconnection Point Capacity, determined (by reference to the Capacity Period) as follows:

- (a) in relation to each of Gas Years Y+1 to Y+5, an amount equal to 10% of the Technical Interconnection Point Capacity;
- (b) in relation to each of the Gas Years Y+6 to Y+15, an amount equal to 20% of the Technical Interconnection Point Capacity;

or (in either case), if less, the full amount of the Unsold Technical Interconnection Point Capacity.

3.3 Additional Capacity

3.3.1 Additional Interconnection Point Capacity is the amount of Firm Interconnection Point

Capacity (if any) in excess of the Unsold Technical Interconnection Point Capacity:

- (a) which National Grid NTS may (but shall not be required to) make available as NTS Entry Capacity in an Auction, or (as the case may be)
- (b) which National Grid NTS may decide to release as NTS Exit (Flat) Capacity in an Auction in its absolute discretion.

3.4 Allocable Interconnected System Capacity

3.4.1 The “**Allocable**” Interconnected System Capacity in relation to an Auction is the amount of Equivalent Interconnected System Capacity which (in accordance with the Adjacent TSO Rulebook) is available for allocation (subject to being bundled with Interconnection Point Capacity, or unbundled) in that Auction.

3.4.2 In relation to a Binary Interconnection System Point and an Auction the “**Aggregate AISC**” is the sum of the Allocable Interconnected System Capacity for each Interconnection Point comprised in the IP ASEP.

3.5 Allocation of Interconnection Point Capacity

3.5.1 In any Auction, Interconnection Point Capacity in the categories in paragraph 3.1.1 (as to the aggregate amount of Allocable Interconnection Point Capacity in each such category) shall be treated as allocated, in the priority in which those categories are set out in that paragraph:

- (a) first, to the Auction Allocated Quantity under the Bundled Auction; or in the case of a Binary Interconnection System Point:
 - (i) first, to the Auction Allocated Quantity under the Bundled Auction for which the NTS Auction Price was higher, and
 - (ii) second, to the Auction Allocated Quantity under the Bundled Auction for which the NTS Auction Price was lower;

or if the NTS Auction Price was the same for both such Bundled Auctions, in proportions (as to each such category in such priority) pro rata the respective Auction Allocated Quantities; and

- (b) then, to the Auction Allocated Quantity under the Unbundled Auction;

until Interconnection Point Capacity has been allocated to the Auction Allocated Quantities under each such Auction.

3.5.2 Where in an Auction the Auction Allocated Quantity is less than the Auction Quantity, the category(ies) (and amounts in each category) of Allocable Interconnection Point Capacity which remain unallocated are determined in accordance with paragraph 3.5.1.

3.6 Interruptible Interconnection Point Capacity

3.6.1 For the purposes of an Interruptible Rolling Day Ahead Auction, except as provided in paragraph 3.6.2, the Auction Quantity shall be:

- (a) in the case of NTS Entry Capacity, the Available Interruptible Capacity in

accordance with TPD Section B2.5.10;

- (b) in the case of NTS Exit (Flat) Capacity, the amount determined in accordance with TPD Section B3.6.2(b).

3.6.2 In the case of an Interconnection Point at which physical flow is permitted in one Direction only, the Auction Quantity for an Interruptible Rolling Day Ahead Auction in the reverse Direction shall be an amount equal to the amount of Technical Interconnection Point Capacity in the forward Direction.

4 ASCENDING CLOCK AUCTIONS

4.1 General

4.1.1 This paragraph 4 sets out the basis on which Ascending Clock Auctions will be held (and in this paragraph 4, unless expressly otherwise provided, references to an Auction are to an Ascending Clock Auction).

4.1.2 In an Ascending Clock Auction, Interconnection Point Capacity is offered to and bid for by Users in a series of bidding rounds at ascending prices until the aggregate amount of Interconnection Point Capacity bid for does not exceed the Auction Quantity, subject to and in accordance with the further provisions of this paragraph 4.

4.1.3 For the purposes of this paragraph 4, in relation to an Ascending Clock Auction, subject to the provisions of paragraph 2.2:

- (a) **“Auction Date”** means the date and time on which the first Bid Window will start;
- (b) **“Bid Round”** means a bidding round in the Auction;
- (c) the **“Bid Round Price”** in relation to a Bid Round is the price (in pence/kWh/Day or euro cent/kWh/Day) at which Interconnection Point Capacity may be bid for in that Bid Round;
- (d) the **“Aggregate Bid Quantity”** is the aggregate amount of Interconnection Point Capacity for which valid Bids are made in a Bid Round;
- (e) **“FTU Bid Round”** means a Bid Round in which the Aggregate Bid Quantity is less than the Auction Quantity as provided in paragraph 4.6.6;
- (f) **“Last Pre-FTU Bid Round”** is the LPS Bid Round preceding a FTU Bid Round;
- (g) where an Auction **“Closes”** following a Bid Round there are no further Bid Rounds and the successful Bids and Clearing Price are determined and Interconnection Point Capacity allocated in accordance with paragraph 4.7;
- (h) **“LPS Bid Round”** is any Bid Round up to and including the FTU Bid Round or the Bid Round in which the Auction Closes under paragraph 4.6.4;
- (i) **“SPS Bid Round”** is any Bid Round after the FTU Bid Round;
- (j) BRP_{BR-1} in relation to any Bid Round is the Bid Round Price of the preceding

Bid Round;

- (k) BRP_{LPFBR} is the Bid Round Price of the Last Pre-FTU Bid Round.

4.2 Price Steps

4.2.1 For each Auction, the amounts of two different increments of Bid Round Price (respectively the “**Large Price Step**” and the “**Small Price Step**”) will be determined in accordance with this paragraph 4.2.

4.2.2 In relation to each Auction:

- (a) National Grid NTS will determine:
- (i) the amount of a large price step (“**NTS large price step**”); and
 - (ii) (in the case of a Bundled Auction, jointly with the Adjacent TSO) a fraction (“**SPS Fraction**”) in the form $1/X$ where X is a whole number;
- (b) the Large Price Step (“**LPS**”) is:
- (i) in the case of an Unbundled Auction, the NTS large price step;
 - (ii) in the case of a Bundled Auction, the sum of the NTS large price step and a large price step determined by the Adjacent TSO under the Adjacent TSO Rulebook;
- (c) the Small Price Step (“**SPS**”) is the SPS Fraction of the Large Price Step.

4.2.3 The Large Price Step and the Small Price Step or SPS Fraction for an Auction will be notified to Users in the Auction Information.

4.3 Auction Information

4.3.1 For each Ascending Clock Auction the following information will be published to Users in advance of the Auction:

- (a) the identity of the TSO (i.e. National Grid NTS) and in the case of a Bundled Auction the Adjacent TSO;
- (b) the Interconnection Point;
- (c) the Direction;
- (d) the Capacity Duration and Capacity Period;
- (e) the Class of Interconnection Point Capacity;
- (f) the amount of the Auction Capacity, subject to paragraph 4.9;
- (g) the Starting Price (and in the case of a Bundled Auction the Reserve Price and reserve price for Interconnected System Capacity);
- (h) the Auction Date;

- (i) the Large Price Step and Small Price Step.

4.3.2 The date by which the Auction Information is to be provided to Users is:

- (a) in relation to an Annual Yearly Auction, one month before the Auction Date;
- (b) in relation to an Annual Quarterly Auction, two weeks before the Auction Date;
- (c) in relation to a Rolling Monthly Auction, one week before the Auction Date.

4.3.3 For each Auction, National Grid NTS (and not the Capacity Platform Operator) will publish the aggregate amount of the Allocable Interconnection Point Capacity in each of the categories in paragraph 3.1.1 (but disregarding paragraph 3.1.4); and such information is not part of the Auction Information.

4.4 Bid Windows

4.4.1 Each Bid Round will take place in a Bid Window.

4.4.2 The Bid Windows shall be determined as follows:

- (a) the first Bid Window on any Day shall start at 08:00 hours;
- (b) no Bid Window shall end after 17:00 hours;
- (c) the Bid Window for the first Bid Round shall be a period of three hours, on the Auction Date;
- (d) the Bid Window for each subsequent Bid Round shall be a period of one hour;
- (e) there shall be a period of one hour between the end of one Bid Window and the start of the next Bid Window on the same Day;
- (f) Bid Windows may fall only on Business Days, or on all Days.

4.4.3 In relation to an Annual Yearly Auction, the Auction shall start on the first Monday in July in the Auction Year; or, such other date as is specified in the Auction Calendar.

4.4.4 Subject to available Capacity, there shall be four (4) Annual Quarterly Capacity Auctions in each Gas Year in which Capacity for specified calendar quarters of the relevant Gas Year for each Interconnection Point shall be auctioned in concurrent Auctions for the following Capacity Periods:

- (a) in the first Annual Quarterly Capacity Auction, for calendar quarters October-December; January-March; April-June; and July-September;
- (b) in the second Annual Quarterly Capacity Auction, for calendar quarters January-March; April-June; and July-September;
- (c) in the third Annual Quarterly Capacity Auction, for calendar quarters April-June; and July-September; and
- (d) in the fourth Annual Quarterly Capacity Auction, for calendar quarter July-September.

- 4.4.5 For each Annual Quarterly Capacity Auction, Users shall be able to participate in all of the concurrent Auctions.
- 4.4.6 In relation to Annual Quarterly Auctions, the Auction Dates will be as specified in this paragraph below; or such other date as is specified in the Auction Calendar:
- (a) the first Annual Quarterly Capacity Auction shall start on the first Monday of August;
 - (b) the second Annual Quarterly Capacity Auction shall start on the first Monday of November;
 - (c) the third Annual Quarterly Capacity Auction shall start on the first Monday of February; and
 - (d) the fourth Annual Quarterly Capacity Auction shall start on the first Monday of May.
- 4.4.7 In relation to a Rolling Monthly Auction, the Auction Date will be the third Monday in the month before the month to which the Auction relates, or such other date as is specified in the Auction Calendar.

4.5 Bidding in an Auction

- 4.5.1 In each Bid Round of an Auction a User may apply for Interconnection Point Capacity by submitting a Bid within the Bid Window in accordance with this paragraph 4.5.
- 4.5.2 A User must submit a Bid in the first Bid Round in order to submit a Bid in any subsequent Bid Round.
- 4.5.3 Each Bid shall specify:
- (a) the identity of the User;
 - (b) the Auction in which it is submitted;
 - (c) the Bid Quantity;
 - (d) such other details as may be required by the CPO Rules and Processes.
- 4.5.4 For each User, in each Bid Round, the Bid Quantity:
- (a) shall not be less than the minimum eligible quantity;
 - (b) in the case of the first Bid Round, shall not exceed the Auction Quantity;
 - (c) in each subsequent Bid Round except the first SPS Bid Round (if any), shall not exceed the User's Bid Quantity for the preceding Bid Round;
 - (d) in the first SPS Bid Round, shall not exceed the User's Bid Quantity for the Last Pre-FTU Bid Round and shall not be less than the User's Bid Quantity for the FTU Bid Round.
- 4.5.5 If in the first SPS Bid Round a User does not submit a Bid in which the Bid Quantity

complies with the requirement in paragraph 4.5.4(d), the User shall be deemed to have submitted a Bid for a Bid Quantity equal to the Bid Quantity for the FTU Bid Round and shall be bound by such deemed Bid.

- 4.5.6 A User may (subject to paragraph 4.5.4) withdraw or modify a Bid in any Bid Round at any time during (but not after the close of) the Bid Window; and further references in this paragraph 4 to a Bid are to the Bid prevailing at the close of the relevant Bid Window.
- 4.5.7 A Bid is valid if and only if:
- (a) the Bid complies with the requirements of paragraph 4.5.3;
 - (b) the Bid Quantity complies with the applicable requirements of paragraph 4.5.4(a), (b), (c) and (d);
 - (c) it is not refused or rejected under TPD Section V3.3.2;
 - (d) in the case of a Bid in a Bundled Auction, the Bid is valid (as a bid for Interconnected System Capacity) under the Adjacent TSO Rulebook; and
 - (e) any requirements under the CPO Rules and Processes are complied with.
- 4.5.8 A Bid which is not valid will be rejected and will have no effect.
- 4.5.9 A Bid operates (subject to the provisions of paragraph 2.2) as an offer by the User to acquire and pay for Interconnection Point Capacity in the Bid Quantity and at the Bid Round Price, capable of acceptance in accordance with paragraph 4.7, and may not be withdrawn or modified except as provided in paragraph 4.5.6.

4.6 Auction Process

- 4.6.1 In the first Bid Round of an Auction the Bid Round Price will be equal to the Starting Price.
- 4.6.2 Following each Bid Round in which the Aggregate Bid Quantity was greater than the Auction Quantity, a further Bid Round will take place, subject to paragraphs 4.6.9 and 4.6.10.
- 4.6.3 In each LPS Bid Round (other than the first), the Bid Round Price will be equal to $\{BRP_{BR-1} + LPS\}$.
- 4.6.4 If in the first LPS Bid Round the Aggregate Bid Quantity is less than or equal to the Auction Quantity, the Auction will Close and paragraph 4.7.1(a) shall apply.
- 4.6.5 If in any LPS Bid Round the Aggregate Bid Quantity is equal to the Auction Quantity, the Auction will Close and paragraph 4.7.1(a) shall apply.
- 4.6.6 Unless paragraph 4.6.4 or 4.6.5 applies, following the first LPS Bid Round in which the Aggregate Bid Quantity is less than the Auction Quantity (a 'first time undersell'), paragraph 4.6.7 shall apply.
- 4.6.7 Following a FTU Bid Round:

- (a) for the next Bid Round (i.e. the first SPS Bid Round) the Bid Round Price will be equal to $\{BRP_{LPFBR} + SPS\}$;
 - (b) in each subsequent SPS Bid Round the Bid Round Price will be equal to $\{BRP_{BR-1} + SPS\}$.
- 4.6.8 If in any SPS Bid Round the Aggregate Bid Quantity is equal to or less than the Auction Quantity, the Auction will Close and paragraph 4.7.1(a) shall apply.
- 4.6.9 If following any SPS Bid Round the Auction has not Closed under paragraph 4.6.8 but the Bid Round Price of the next SPS Bid Round would be equal to the Bid Round Price of the FTU Bid Round, the Auction will Close and paragraph 4.7.1(b) shall apply.
- 4.6.10 If an Auction ('A') has not Closed by the closure deadline for the next following Auction ('B', whether an Ascending Clock Auction or a Uniform Price Auction) in respect of Interconnection Point Capacity for the same Interconnection Point, Direction and Class as Auction A but for any Capacity Period which falls within the Capacity Period for Auction A, Auction A shall be discontinued without Closing and no Bid in Auction A shall have any effect.
- 4.6.11 For the purposes of paragraph 4.6.10 the closure deadline is:
- (a) where Auction B is an Ascending Clock Auction, 17:00 hours on the 5th Business Days before the Auction Information Time for Auction B;
 - (b) where Auction B is a Rolling Day-Ahead Auction, 17:00 hours on the Business Day before the Auction Information Time for Auction B.

4.7 Auction Close

- 4.7.1 Where the Auction Closes following any Bid Round:
- (a) subject to paragraph (b), that Bid Round is the clearing Bid Round, the Clearing Price is the Bid Round Price for that Bid Round, and each Bid submitted in that Bid Round is accepted; and the User which submitted that Bid shall be allocated and registered as holding an amount of Interconnection Point Capacity equal to its Bid Quantity;
 - (b) where paragraph 4.6.9 applies, the FTU Bid Round is the clearing Bid Round, the Clearing Price is the Bid Round Price for the FTU Bid Round, and each Bid submitted in the FTU Bid Round is accepted; and the User which submitted that Bid shall be allocated and registered as holding an amount of Interconnection Point Capacity equal to its Bid Quantity.
- 4.7.2 Following each Bid Round, Users will be informed whether the Auction has Closed.
- 4.7.3 For avoidance of doubt no Bid made in any Bid Round other than the clearing Bid Round shall be treated as accepted or shall have any other effect.

4.8 Provision of information following the Close of an Auction

- 4.8.1 Following each Auction, by the end of the Business Day following the Day on which the Auction Closed:

- (a) the following information will be published to all Users:
 - (i) the Auction Allocated Quantity;
 - (ii) the Auction Premium;
- (b) the following additional information will be provided to each User whose Bid was successful in the Auction:
 - (i) the amount of Interconnection Point Capacity allocated to the User in the Auction;
 - (ii) the NTS Share (in the case of a Bundled Auction).

4.9 Binary Interconnection System Point

- 4.9.1 This paragraph 4.9 applies in relation to any Ascending Clock Auction of NTS Entry Capacity in respect of a Binary Interconnection System Point.
- 4.9.2 If the Allocable Interconnection Point Capacity is greater than or equal to the Aggregate AISC, then (in accordance with paragraph 6.2) amounts of Interconnection Point Capacity equal respectively to the Allocable Interconnected System Capacity (“**AISC_{IP}**”) for each Interconnection Point are Bundled and separate Auctions shall be held in respect of such Bundled Interconnection Point Capacity.
- 4.9.3 If the Allocable Interconnection Point Capacity (“**AIPC**”) is less than the Aggregate AISC (“**AAISC**”), then:
- (a) (in accordance with paragraph 6.2) all of the Interconnection Point Capacity is Bundled;
 - (b) the “**Competing Capacity**” (“**CC**”) is an amount of Interconnection Point Capacity calculated as $\{AAISC - AIPC\}$;
 - (c) for each Interconnection Point the “**Non-Competing Capacity**” (“**NCC_{IP}**”) for each Interconnection Point is an amount calculated as $(AISC_{IP} - CC)$;
 - (d) the Auction Information shall include the amounts of the Competing Capacity and (for the relevant Interconnection Point) the Non-Competing Capacity;
 - (e) separate Auctions for each Interconnection Point shall be held in accordance with paragraphs 4.5 to 4.8 as modified by the further provisions of this paragraph 4.9;
 - (f) the sum of the Aggregate Bid Quantities in each Auction in any Bid Round is the “**Total Bid Quantity**”.
- 4.9.4 The Auctions in respect of the two Interconnection Points will be held in parallel with simultaneous Bid Rounds in each Auction (“**linked**” Auctions), until a Bid Round in which the Auctions cease to be linked under paragraph 4.9.6 or the Auctions Close under paragraph 4.9.5 or 4.9.7.
- 4.9.5 If in the first LPS Bid Round the Total Bid Quantity is less than or equal to AIPC, and paragraph 4.9.6 does not apply, both Auctions shall Close.

- 4.9.6 If in any Bid Round ('R', whether a LPS or SPS Bid Round), for one Auction (the **"under-sell"** Auction), the Aggregate Bid Quantity is less than or equal to NCC_{IP} , and for the other Auction (the **"oversell"** Auction) the Aggregate Bid Quantity is greater than or equal to $AISC_{IP}$, then:
- (a) the Auctions will cease to be linked;
 - (b) for the oversell Auction:
 - (i) if the Aggregate Bid Quantity is equal to $AISC_{IP}$, the Auction will Close;
 - (ii) otherwise, the Auction will proceed to the next Bid Round on the basis that the Auction Quantity is equal to $AISC_{IP}$;
 - (c) for the undersell Auction:
 - (i) if Bid Round R is a LPS Bid Round:
 - (1) if the Aggregate Bid Quantity is equal to NCC_{IP} , or Bid Round R is the first Bid Round, the Auction will Close;
 - (2) otherwise, Bid Round R is the FTU Bid Round, and the Auction will proceed to the SPS Bid Rounds on the basis that the Auction Quantity is equal to NCC_{IP} ;
 - (ii) if Bid Round R is a SPS Bid Round, the Auction will Close.
- 4.9.7 If in any LPS Bid Round (other than the first) the Total Bid Quantity is less than or equal to $AIPC$, and paragraph 4.9.6 does not apply to such Bid Round:
- (a) that Bid Round will be the FTU Bid Round for both Auctions;
 - (b) the Auctions will proceed as linked Auctions in SPS Bid Rounds.
- 4.9.8 If in any SPS Bid Round (where the Auctions are linked) the Total Bid Quantity is less than or equal to $AIPC$, the Auctions will Close.
- 4.9.9 The Interconnected System Capacity with which Interconnection Point Capacity allocated to a Bid under this paragraph 4.9 is Bundled shall be determined by reference to the Interconnection Point in respect of which such Bid was submitted.

5 UNIFORM PRICE AUCTIONS

5.1 General

- 5.1.1 This paragraph 5 sets out the basis on which Uniform Price Auctions will be held (and in this paragraph 5 references to an Auction are to a Uniform Price Auction).
- 5.1.2 In a Uniform Price Auction, Interconnection Point Capacity is offered to and bid for by Users in a single bidding round in which both price and quantity are bid, subject to and in accordance with the further provisions of this paragraph 5.
- 5.1.3 For the purposes of this paragraph 5, in relation to a Uniform Price Auction, subject to

the provisions of paragraph 2.2:

- (a) the “**Bid Price**” in relation to a Bid is the price (in pence/kWh/Day or euro cents/kWh/Day) bid by the User for Interconnection Point Capacity;
- (b) the “**Bid Quantity**” in relation to a Bid is the quantity of Interconnection Point Capacity for which the User bids;
- (c) the “**Minimum Bid Quantity**” in relation to a Bid is the smallest quantity of Interconnection Point Capacity which the User is willing to be allocated pursuant to the Bid.

5.2 Auction Information

5.2.1 For each Uniform Price Auction the following information will be published to Users by the time at which the Bid Window opens:

- (a) the identity of the TSO (i.e. National Grid NTS) and in the case of a Bundled Auction the Adjacent TSO;
- (b) the Interconnection Point;
- (c) the Direction;
- (d) the Capacity Duration and Capacity Period;
- (e) the Class of Interconnection Point Capacity;
- (f) the amount of the Auction Capacity, subject to paragraph 5.9;
- (g) the Starting Price (and in the case of a Bundled Auction the Reserve Price and reserve price for Interconnected System Capacity);
- (h) the Day on which the Auction is to be held and the time at which the Bid Window opens.

5.3 Within-Day Auctions

5.3.1 For each Day (‘D’), Within-Day Auctions shall be held with Bid Windows closing at hourly intervals (in accordance with paragraph 5.4.3) from 01:30 on Day D-1 to 00:30 on Day D.

5.3.2 In relation to a Bid in a Within-Day Auction, the “**bid effective time**” is the time 3.5 hours after the close of the Bid Window.

5.3.3 For a Within-Day Auction:

- (a) the amount (in kWh/Day) of Interconnection Point Capacity which a User is registered as holding in respect of a successful Bid (RC_D) will be determined, by reference to the quantity allocated to the User in the Auction, as follows:
 - (i) in the case of an Auction in which the amount (AC_H) of Interconnection Point Capacity allocated was expressed in kWh/hour:

$$RC_D = AC_H * P$$

- (ii) in the case of an Auction in which the amount (AC_D) of Interconnection Point Capacity allocated was expressed in kWh/Day:

$$RC_D = AC_D$$

- (b) such Interconnection Point Capacity will be held for the period from the bid effective time until the end of Day D;
- (c) where (for the purposes of the Code) it is necessary to determine the amount of such Interconnection Point Capacity held for any hour in such period, such amount (in kWh/hour) is determined as (RC_D / P) ;

where P is the period of time in hours from the bid effective time to the end of Day D.

5.4 Bid Windows

- 5.4.1 In relation to a Rolling Day-Ahead Auction, the Bid Window will be the period of 30 minutes starting at 15:30 hours on D-1 or such other time as is specified in the Auction Calendar.
- 5.4.2 In relation to an Interruptible Rolling Day-Ahead Auction, the Bid Window will be the period of 30 minutes starting at 16:30 hours on D-1 or such other time as is specified in the Auction Calendar.
- 5.4.3 In relation to Within-Day Auctions for a Day, the Bid Windows shall be as follows:
 - (a) the first Within-Day Auction shall have a Bid Window from 18:00 to 01:30 on Day D-1;
 - (b) the second Within-Day Auction shall have a Bid Window from 02:00 to 02:30 on Day D-1;
 - (c) thereafter there shall be successive Bid Windows of 30 minutes commencing on the hour, up to the last Within-Day Auction in accordance with paragraph (d);
 - (d) the last Within-Day Auction shall have a Bid Window from 00:00 to 00:30 on Day D.

5.5 Bidding in an Auction

- 5.5.1 In each Auction a User may apply for Interconnection Point Capacity by submitting a Bid within the Bid Window in accordance with this paragraph 5.5.
- 5.5.2 A User may submit up to 10 Bids in an Auction, each of which shall be a separate Bid independent of each other Bid.
- 5.5.3 Each Bid shall specify:
 - (a) the identity of the User;
 - (b) the Auction in which it is submitted;
 - (c) the Bid Quantity;
 - (d) the Minimum Bid Quantity;

- (e) the Bid Price;
 - (f) in the case of a Rolling Day-Ahead Auction, whether it is a ‘carry forward’ Bid (to be carried forward to the Within-Day Auction in accordance with paragraph 5.7.3);
 - (g) such other details as may be required by the CPO Rules and Processes.
- 5.5.4 The following requirements must be satisfied in relation to Bids in an Auction:
- (a) for each Bid, the Bid Quantity shall not be less than the minimum eligible quantity;
 - (b) for each Bid, the Bid Price shall not be less than the Starting Price;
 - (c) for each User, the aggregate of the Bid Quantities under all Bids in an Auction shall not exceed the Auction Quantity.
- 5.5.5 A User may withdraw or modify a Bid at any time during (but not after the close of) the Bid Window; and further references in this paragraph 5 to a Bid are to the Bid prevailing at the close of the Bid Window.
- 5.5.6 A Bid is valid if and only if:
- (a) the Bid complies with the requirements of paragraph 5.5.3;
 - (b) the requirements of paragraph 5.5.4 are satisfied;
 - (c) it is not refused or rejected under TPD Section V3.3.2;
 - (d) in the case of a Bid in a Bundled Auction, the Bid is valid under the Adjacent TSO Rulebook;
 - (e) any requirements under the CPO Rules and Processes are complied with.
- 5.5.7 A Bid which is not valid will be rejected and will have no effect.
- 5.5.8 A Bid operates (subject to the provisions of paragraph 2.2) as an offer by the User to acquire and pay for Interconnection Point Capacity in any amount not less than the Minimum Bid Quantity and not greater than the Bid Quantity and at the Bid Price, capable of acceptance in accordance with paragraph 5.7.2, and may not be withdrawn or modified except as provided in paragraph 5.5.5.

5.6 Bid Price

- 5.6.1 In the case of a euro-based Auction, for the purposes of ranking Bids for allocation, the Bid Price of each Bid will be converted to euro (in accordance with paragraph 2.3.2) and references to Bid Price in paragraph 5.7 are to the Bid Price so converted.

5.7 Auction Process

- 5.7.1 Following the close of the Bid Window, Interconnection Point Capacity will be allocated pursuant to the valid Bids submitted as follows:

- (a) all valid Bids will be ranked in order of Bid Price (the highest priced ranking first);
 - (b) Interconnection Point Capacity will be allocated to Bids in descending order of Bid Price, until such time as the amount of Interconnection Point Capacity allocated in aggregate is equal to the Auction Quantity or (where the aggregate of the Bid Quantities is less than the Auction Quantity) there are no remaining Bids to satisfy;
 - (c) subject to paragraphs (d) and (e), where the Bid Quantity under a Bid exceeds the amount (“**remaining unallocated quantity**”) of the Auction Quantity which remains unallocated after allocation to higher-priced Bids, the remaining unallocated quantity will be allocated to the Bid;
 - (d) subject to paragraph (e), where each of two or more Bids has the same Bid Price, and the amount in aggregate of the Bid Quantities under such Bids exceeds the remaining unallocated quantity, the remaining unallocated quantity shall be allocated to the Bids pro rata the respective Bid Quantities;
 - (e) where the amount to be allocated to a Bid under paragraph (c) or (d) would be less than the Minimum Bid Quantity, the Bid will be disregarded and of no effect, and this paragraph 5.7.1 shall apply to the ranked Bids excluding such Bid.
- 5.7.2 Each Bid to which Interconnection Point Capacity is allocated under paragraph 5.7.1 is accepted (as to the quantity so allocated); and the User which submitted that Bid shall be allocated and registered as holding that quantity of Interconnection Point Capacity.
- 5.7.3 Where a Bid in the Rolling day-Ahead Auction for a Day is not successful and the Bid is a carry-forward Bid, the Bid shall operate as a Bid (for the same Bid Quantity, Minimum Bid Quantity and Bid Price) in the first Within-Day Auction for that Day (but subject to the User modifying or withdrawing the Bid in accordance with paragraph 5.5.5).
- 5.7.4 For the avoidance of doubt, subject to paragraph 5.7.3, a Bid which is not accepted in an Auction lapses and is of no further effect.
- 5.7.5 In relation to a Uniform Price Auction the Clearing Price is:
- (a) if the aggregate of the Bid Quantities under all Bids is less than the Auction Quantity, the Starting Price;
 - (b) otherwise, the Bid Price of the lowest-priced successful Bid in the Auction.

5.8 Provision of information following Auction

- 5.8.1 Following each Auction, by 30 minutes after the close of the Bid Window:
- (a) the following information will be published to all Users:
 - (i) the Auction Allocated Quantity;
 - (ii) the Auction Premium;

- (b) the following additional information will be provided to each User whose Bid was successful in the Auction:
 - (i) the amount of Interconnection Point Capacity allocated to the User in respect of each successful Bid in the Auction;
 - (ii) the NTS Share (in the case of a Bundled Auction).

5.9 Binary Interconnection System Point

5.9.1 This paragraph 5.9 applies in relation to any Uniform Price Auction of Firm NTS Entry Capacity in respect of a Binary Interconnection System Point.

5.9.2 If the Allocable Interconnection Point Capacity is greater than or equal to the Aggregate AISC, then (in accordance with paragraph 6.2) amounts of Interconnection Point Capacity equal respectively to the Allocable Interconnected System Capacity for each Interconnection Point are Bundled and separate Auctions shall be held in respect of such Bundled Interconnection Point Capacity.

5.9.3 If the Allocable Interconnection Point Capacity is less than the Aggregate AISC:

- (a) (in accordance with paragraph 6.2) all of the Interconnection Point Capacity is Bundled;
- (b) separate Auctions shall be held in respect of each Interconnection Point in accordance with paragraphs 5.5, 5.6 and 5.7, on the basis that the Auction Quantity in each Auction is deemed to be equal to the Allocable Interconnected System Capacity;
- (c) in such Auctions the allocation of Interconnection Point Capacity to Bids (“**first round allocation**”) is provisional, no Bid is accepted and no Clearing Price shall be determined;
- (d) the Bids to which Interconnection Point Capacity was provisionally allocated in the first round allocation shall be combined into a single set of Bids, and in respect of each such Bid the quantity provisionally allocated in the first-round allocation shall be deemed to be the Bid Quantity;
- (e) such Bids shall be ranked and Interconnection Point Capacity shall be allocated to such Bids in accordance with paragraph 5.7 (“**second round allocation**”) on the basis that the Auction Quantity is the Allocable Interconnection Point Capacity;
- (f) the results of the second round allocation shall be final and binding as to the acceptance of Bids and determination of the Clearing Price.

5.9.4 The Interconnected System Capacity with which Interconnection Point Capacity allocated to a Bid under this paragraph 5.9 is Bundled shall be determined by reference to the Interconnection Point in respect of which such Bid was submitted.

6 BUNDLING

6.1 General

- 6.1.1 For the purposes of the Code:
- (a) Firm Interconnection Point Capacity is **“Bundled”**:
 - (i) in relation to an Auction, where it is designated as Bundled in accordance with paragraph 6.2;
 - (ii) when held as Available Interconnection Point Capacity by a User, where it is for the time being recorded as Bundled in accordance with paragraph 6.3;
 - (b) Interconnection Point Capacity is **“Unbundled”** where it is not Bundled.
- 6.1.2 Interruptible Interconnection Point Capacity cannot be Bundled (and where necessary will be treated as Unbundled).
- 6.1.3 Where Interconnection Point Capacity is Bundled, it may only:
- (a) be registered as held pursuant to an Auction,
 - (b) be transferred by a User to another User pursuant to a System Capacity Transfer together with Equivalent Interconnected System Capacity (and references to the Interconnected System Capacity with which Interconnection Point Capacity is Bundled shall be construed accordingly).
- 6.1.4 The distinction between a User's Bundled and Unbundled Available Interconnection Point Capacity will be made only where (and for the purposes of those provisions of the Code for which) this Section B expressly requires such distinction.

6.2 Bundling in Auctions

- 6.2.1 In any Auction of Firm Interconnection Point Capacity, an amount of Interconnection Point Capacity shall be designated as Bundled which is equal to the lesser of:
- (a) the Allocable Interconnection Point Capacity, and
 - (b) the Allocable Interconnected System Capacity or, in the case of a Binary Interconnection System Point, the sum of the Allocable Interconnected System Capacities for both Interconnection Points.
- 6.2.2 Where Interconnection Point Capacity is Bundled in an Auction, it will be made available, may only be applied for, and will be allocated in the Auction together with Equivalent Interconnected System Capacity.

6.3 Interconnection Point Capacity held as Bundled

- 6.3.1 National Grid NTS will record a User's Available Interconnection Point Capacity as Bundled for the purposes of paragraph 6.1.1(a)(ii):
- (a) when it is allocated to the User as Bundled under an Auction;
 - (b) when it has been designated by the User to be Bundled in accordance with paragraph 6.4;

- (c) when it is transferred to the User as Bundled Interconnection Point Capacity under a System Capacity Transfer in accordance with paragraph 9;

unless and until such record is revised under paragraph 6.3.2.

6.3.2 Where (other than in connection with a System Capacity Transfer of Bundled Interconnection Point Capacity) the Adjacent TSO notifies National Grid NTS that, under any provision of the Adjacent TSO Rulebook, a User (as IS User) will cease or has ceased (for any Day or consecutive Days) to hold any amount of Interconnected System Capacity which the Adjacent TSO records as bundled with Equivalent Interconnection Point Capacity, National Grid NTS will:

- (a) compare what is notified by the Adjacent TSO with its record of Bundled Interconnection Point Capacity, and
- (b) revise the record:
 - (i) by reducing the amount of Interconnection Point Capacity recorded as Bundled for the relevant Day(s) where and by the amount by which such reduction appears to National Grid NTS to be appropriate; and
 - (ii) unless there is a corresponding reduction in the User's Available Interconnection Point Capacity, by increasing the amount recorded as Unbundled by the same amount).

6.3.3 Where a User ceases (for any Day or consecutive Days) to hold Bundled Available Interconnection Point Capacity pursuant to a Surrender or Withdrawal, or (subject to paragraph 6.5) by virtue of its Available Interconnection Point Capacity being Adjusted under TPD Sections B2.8, B2.10 or B2.17, or B3.9 or B3.11, National Grid NTS will notify the Adjacent TSO and provide the following information:

- (a) the identity of the User;
- (b) the amount and Direction of the Bundled Interconnection Point Capacity which the User has ceased to hold;
- (c) the Day or Days for which the User has ceased to hold such Interconnection Point Capacity.

6.3.4 For the avoidance of doubt paragraph 6.3.3 does not apply where a User ceases to hold Available Bundled Interconnection Point Capacity upon a System Capacity Transfer or upon the expiry of the Capacity Period for which the Interconnection Point Capacity is registered as held.

6.3.5 Where National Grid NTS gives Termination Notice to a User which holds Bundled Interconnection Point Capacity, National Grid NTS will notify the Adjacent TSO of the User ceasing to be a User, and the amount of Bundled Interconnection Point Capacity (which at the date specified in the Termination Notice) is or was held by the User.

6.3.6 For the purposes of TPD Section V4.2 (and in addition to the requirements in Section V4.2.2), a User which has given a Discontinuance Notice may not cease to be a User at a time at which it holds Bundled Interconnection Point Capacity at any Interconnection Point unless the Adjacent TSO has notified National Grid NTS that it consents to such cessation.

- 6.3.7 A User's Bundled or Unbundled Available Interconnection Point Capacity (at an Interconnection Point, in a Direction) may become negative where:
- (a) the User Surrenders an amount of Bundled or Unbundled Interconnection Point Capacity which exceeds the User's Available Bundled or Unbundled Interconnection Point Capacity; or
 - (b) the User notifies a System Capacity Transfer for an amount of Bundled or Unbundled Interconnection Point Capacity which exceeds the User's Available Bundled or Unbundled Interconnection Point Capacity and such System Capacity Transfer is not rejected under TPD Section B5.1.4;

but (as provided in paragraph 6.1.4) except as expressly provided in this Section B the provisions of the Code apply on the basis of the aggregate of the User's Bundled and Unbundled Available Interconnection Point Capacity.

6.4 Bundling by User

6.4.1 A User may request National Grid NTS that Available Unbundled Interconnection Point Capacity for a Capacity Period is designated as Bundled, subject to and in accordance with this paragraph 6.4.

6.4.2 The User (as IS User) must simultaneously request the Adjacent TSO that Equivalent unbundled Interconnected System Capacity is bundled under the Adjacent TSO Rulebook, and for these purposes:

- (a) the User need only communicate its request to one of the TSOs, and (subject to the provisions of the Adjacent TSO Rulebook) such communication will operate as separate requests to each TSO;
- (b) where the User communicates its request to National Grid NTS, National Grid NTS agrees to act as agent of the User to send the communication to the Adjacent TSO;
- (c) where the User communicates its request to the Adjacent TSO, National Grid NTS agrees to receive the communication from the Adjacent TSO as agent for the User (provided the User has appointed the Adjacent TSO as its agent to send such communication)

subject to and in accordance with the further provisions of this paragraph 6.4.

6.4.3 Where the User communicates its request to National Grid NTS, the User's request shall:

- (a) identify the User;
- (b) specify the Interconnection Point, Direction and Capacity Duration of the Interconnection Point Capacity; and
- (c) specify the amount of the Interconnection Point Capacity to be Bundled;
- (d) specify the first Day ("**effective date**") of the Capacity Period for which the Interconnection Point Capacity is to be Bundled.

- 6.4.4 The User's request must be given to National Grid NTS not less than two months before the effective date specified in the request.
- 6.4.5 If the requirements in paragraph 6.4.6(a) and (b) are satisfied, National Grid NTS will (pursuant to paragraph 6.4.2(b)) within 10 Business Days after receiving the User's request, notify the Adjacent TSO of the request and provide to it the information contained in the request.
- 6.4.6 National Grid NTS will accept the User's request, and the Interconnected System Capacity will be designated as Bundled, if:
- (a) the request complies with the requirements in paragraph 6.4.3;
 - (b) the User holds Available Unbundled Interconnection Point Capacity for the Capacity Period for which the request is made, in an amount not less than the amount specified in the request;
 - (c) the Adjacent TSO has confirmed to National Grid NTS, not less than one month before the effective date, that the Adjacent TSO accepts the corresponding request of the User (as IS User).
- 6.4.7 If the requirements in paragraph 6.4.6 are not satisfied National Grid NTS will reject the User's request.
- 6.4.8 National Grid NTS will notify the User whether its request is accepted or rejected not less than 5 Business Days before the effective date.
- 6.4.9 If the Adjacent TSO notifies National Grid NTS that it has received a request (“**adjacent bundling request**”) from an IS User to bundle Interconnected System Capacity, and provides details of the IS User, Direction of the Interconnected System Capacity, and the requested amount, effective date, and period of such bundling, then paragraph 6.4.10 applies.
- 6.4.10 If the requirements in paragraph 6.4.11 are satisfied, National Grid NTS will:
- (a) (pursuant to paragraph 6.4.2(c)) treat the notification from the Adjacent TSO as a request by the User under paragraph 6.4.1 to designate Equivalent Available Unbundled Interconnection Point Capacity as Bundled;
 - (b) accept such request; and
 - (c) not less than 10 Business Days after receiving the Adjacent TSO's notification, confirm to the Adjacent TSO that National Grid NTS accepts the User's request.
- 6.4.11 The requirements are that:
- (a) the IS User is a User;
 - (b) National Grid NTS receives the notification from the Adjacent TSO not less than one month before the effective date;
 - (c) the User holds Available Unbundled Interconnection Point Capacity which is Equivalent to the Interconnected System Capacity notified by the Adjacent TSO.

6.4.12 If the requirements in paragraph 6.4.11 are not satisfied National Grid NTS will notify the Adjacent TSO that the User's request is rejected.

6.4.13 For the purposes of this paragraph 6.4, each User unconditionally and irrevocably:

- (a) authorises National Grid NTS to act as its agent to send a request to the Adjacent TSO as provided in paragraphs 6.4.2(b) and 6.4.5;
- (b) confirms that it has appointed the Adjacent TSO as its agent to send to National Grid NTS, and authorises National Grid NTS to act on, any request notified by the Adjacent TSO as provided in paragraphs 6.4.2(c) and 6.4.9.

6.5 Capacity Constraint Management

6.5.1 In accordance with (and without limitation of) paragraph 6.1.4, a User will not specify whether Interconnection Point Capacity is Bundled or Unbundled in connection with Capacity Management under TPD Section B2.8 or Exit Constraint Management under TPD Section B3.8, but without prejudice to paragraph 6.5.2.

6.5.2 Where a User's Available Firm Interconnection Point Capacity is to be Adjusted for a Day pursuant to TPD Section B2.8, B2.10 or B2.17 or B3.9 or B3.11, the reduction in the User's Available Interconnection Point Capacity will be applied first against the User's Available Unbundled Interconnection Point Capacity for the Day, and only against the User's Available Bundled Interconnection Point Capacity if and to the extent the amount of such reduction exceeds its Available Unbundled Interconnection Point Capacity.

7 SURRENDER

7.1 General

7.1.1 A User may offer Available Firm Interconnection Point Capacity for Surrender in an Auction in accordance with this paragraph 7.

7.1.2 For the purposes of this Section B:

- (a) **“Surrender”** means the surrender of Firm Interconnection Point Capacity for re-allocation by Auction in accordance with this paragraph 7;
- (b) a **“Surrender Offer”** is an offer to Surrender Interconnection Point Capacity in respect of an Auction;
- (c) a reference to the Auction in respect of which a Surrender Offer is made is to the Auction which relates to the Interconnection Point Capacity subject to the Surrender Offer, or (where the Capacity Period is a Gas Year) the next Annual Yearly Auctions for which the Auction Information Time is not less than 5 Business Days after the Surrender Offer is received; and for these purposes (in accordance with paragraph 2.1.4(c)) the Bundled and Unbundled Auctions are referred to in this paragraph 7 as a single Auction, and references to the Auction Allocated Quantity are to the aggregate of the Auction Allocated Quantities;
- (d) **“Surrender Deadline”** means 17:00 hours on the 5th Business Day before the Auction Information Time for the Auction in respect of which a Surrender Offer is made;

- (e) the “**Surrender Quantity**” is the quantity of Interconnection Point Capacity offered for Surrender in a Surrender Offer;
 - (f) the “**Aggregate Surrender Quantity**” in relation to a Surrender Offer is the sum of the Surrender Quantity and the Surrender Quantities under all (if any) Surrender Offers previously submitted by the User in respect of the same Auction;
 - (g) where a Surrender Offer is accepted (in accordance with paragraph 7.3.2) the “**Effective Surrender Quantity**” is the Surrender Quantity or the part thereof allocated towards the Auction Allocation Quantity in accordance with paragraph 7.3.3);
 - (h) a “**Surrender Charge**” is a charge payable by National Grid NTS in respect of the Surrender of Interconnection Point Capacity in accordance with paragraph 7.3.4(b).
- 7.1.3 Interconnection Point Capacity may only be offered for Surrender in an Annual Yearly Auction, Annual Quarterly Auction or Rolling Monthly Auction.
- 7.1.4 A User may submit up to 10 Surrender Offers in respect of an Auction, each of which shall be a separate Surrender Offer independent of each other Surrender Offer.
- 7.1.5 A User may withdraw a Surrender Offer at any time up to (but not after) the Surrender Deadline; and references in paragraph 7.3 to a Surrender Offer are to a Surrender Offer prevailing at the Surrender Deadline.

7.2 Offer to Surrender

- 7.2.1 A Surrender Offer shall specify:
- (a) the identity of the User;
 - (b) the Interconnection Point, Direction and Capacity Period of the Interconnection Point Capacity offered for Surrender, and whether it is Bundled or Unbundled;
 - (c) the Surrender Quantity;
 - (d) such other details as may be required by the CPO Rules and Processes.
- 7.2.2 A Surrender Offer is valid if and only if the following requirements are satisfied:
- (a) the Surrender Offer complies with the requirements in paragraph 7.2.1;
 - (b) the Surrender Offer is submitted no later than the Surrender Deadline;
 - (c) the Interconnection Point Capacity offered for Surrender is for an eligible Capacity Duration and a Capacity Period which will be subject to an Auction;
 - (d) the Surrender Quantity is not less than the minimum eligible quantity;
 - (e) the User holds, both as at the time the Surrender Offer is received and as at the Surrender Deadline, Available Interconnection Point Capacity in an amount not less than the Aggregate Surrender Quantity (but without regard to whether it is

Bundled or Unbundled);

- (f) if the Surrender Offer is made in respect of Bundled Interconnection Point Capacity, a surrender offer (in respect of Equivalent Interconnected System Capacity) is submitted to and is not rejected by the Adjacent TSO, in accordance with the Adjacent TSO Rulebook;
 - (g) any requirements under the CPO Rules and Processes are complied with.
- 7.2.3 In determining for the purposes of paragraph 7.2.2(e) the amount of Available Interconnection Point Capacity held by the User, any Interconnection Point Capacity which (at the relevant time) is subject to a Withdrawal Offer shall not be counted as held by the User.
- 7.2.4 If the Surrender Offer is not valid it will be rejected and of no effect.
- 7.2.5 A valid Surrender Offer operates as an offer to Surrender the Surrender Quantity at the price determined under paragraph 7.3.4(b), capable of acceptance in accordance with paragraph 7.3, and may not be modified or (except as provided in paragraph 7.1.5) withdrawn.
- 7.2.6 A valid Surrender Offer will remain valid and available for acceptance pursuant to the relevant Auction notwithstanding that the User's Available Interconnection Point Capacity (for any Day or Days within the Capacity Period) may, after the Surrender Deadline, be reduced (as a result of a System Capacity Transfer or otherwise) below the Surrender Quantity; and accordingly (as provided in TPD Section B5.5) the User's Available Interconnection Point Capacity (for any such Day(s)) may become negative.

7.3 Effect of Surrender Offer

- 7.3.1 If the Surrender Offer is valid, the Surrender Quantity will, in accordance with paragraph 3.1.1, be included in the Allocable Interconnection Point Capacity for the Auction.
- 7.3.2 A Surrender Offer is accepted where, following the Auction, in accordance with paragraphs 3.5 and 7.3.3, the Surrender Quantity or part thereof is allocated towards the Auction Allocated Quantity; and if or to the extent not so accepted the Surrender Offer shall lapse and be of no effect.
- 7.3.3 For the purposes of paragraph 7.3.2, where the aggregate quantity to be allocated in respect of Surrender Offers is less than the aggregate of the Surrender Quantities under all valid Surrender Offers:
- (a) Surrender Quantities shall be allocated in the priority of the chronological order in which the Surrender Offers were submitted, the earliest first;
 - (b) subject to paragraph (c), if the Surrender Quantity under a Surrender Offer exceeds the amount ("**remaining unallocated quantity**") of the Auction Allocated Quantity to which Interconnection Point Capacity has not been allocated after allocation of earlier-submitted Surrender Offers, the Surrender Quantity will be allocated as to the remaining unallocated quantity (and the balance will not be allocated);
 - (c) if two or more Surrender Offers were submitted (or deemed submitted) at the

same time, and the amount in aggregate of the Surrender Quantities exceeds the remaining unallocated quantity, they shall be allocated pro rata the respective Surrender Quantities.

7.3.4 Where a Surrender Offer is accepted:

- (a) the User's Available Interconnection Point Capacity (Bundled or Unbundled, as specified in the Surrender Offer) shall be reduced by the amount of the Effective Surrender Quantity;
- (b) National Grid NTS will pay to the User a Surrender Charge in respect of the Surrender, calculated as the Effective Surrender Quantity multiplied by:
 - (i) the NTS Auction Price (subject to paragraph 2.1.7) for the Auction to which Surrender Quantities were allocated in accordance with paragraph 3.5.1(a) and (b); or
 - (ii) where (in accordance with paragraph 3.5.1(a) and (b)) Surrender Quantities were allocated to more than one Auction, the weighted average of such NTS Auction Prices based on the proportions in which Surrender Quantities (in aggregate) were allocated to each such Auction;
- (c) the Surrender Charge shall be payable monthly in arrears and invoiced in accordance with TPD Section S;
- (d) National Grid NTS will, following conclusion of the Auction, notify the User of the acceptance of the Surrender Offer, the quantity for which the Surrender Offer was accepted, and the amount of the Surrender Charge.

7.3.5 The obligation of a User to pay Capacity Charges in respect of Registered Interconnection Point Capacity is not affected by a Surrender.

8 WITHDRAWAL

8.1 Introduction

8.1.1 This paragraph 8 contains provisions, applying in respect of relevant Interconnection Point Capacity held by Users, in respect of:

- (a) the monitoring that National Grid NTS shall undertake in respect of a User's utilisation of its Available Interconnection Point Capacity and the process by which National Grid NTS shall notify a User of such level of utilisation, including (where appropriate) issuing an underutilisation notification to a User;
- (b) the reporting of certain information to the Authority following the issuing of underutilisation notifications by National Grid NTS; and
- (c) the process that shall apply in respect of any Available Interconnection Point Capacity that the Authority directs National Grid NTS shall be withdrawn from a User.

8.1.2 For the purposes of this paragraph 8:

- (a) **“CMP LTUIOLI Guidance Document”** is the document of such name prepared by National Grid NTS and published on its website from time to time;
- (b) **“directed withdrawal amount”** is in relation to a withdrawal offer, the amount of the relevant User’s Available Interconnection Point Capacity that National Grid NTS has been directed to withdraw by the Authority;
- (c) **“underutilisation notification”** is a notification issued by National Grid NTS to a User in accordance with the CMP LTUIOLI Guidance Document, where such User has underutilised its Available Interconnection Point Capacity held at an Interconnection Point;
- (d) **“utilisation monitoring period”** is the consecutive period of six (6) months commencing on 1 April up to and including 30 September and 1 October up to and including 31 March;
- (e) **“Withdrawal Offer”** is an offer to surrender Available Interconnection Point Capacity that is submitted by National Grid NTS on behalf of a User following direction by the Authority;
- (f) **“Withdrawal User”** is a User whose Available Interconnection Point Capacity is (or will be) the subject of a Withdrawal Offer;
- (g) subject to paragraph 8.4.5, a reference to the Auction in respect of which a Withdrawal Offer is to be made is to the Auction which relates to the Capacity Period directed by the Authority, or (where the Capacity Period is a Gas Year) the next Annual Yearly Auctions for which the Withdrawal Deadline is no earlier than the direction was received from the Authority; (and for these purposes Bundled and Unbundled Auctions are referred to in this paragraph 8 as a single Auction);
- (h) **“Withdrawal Deadline”** means the date 2 Business Days after the Surrender Deadline for the Auction in respect of which a Withdrawal Offer is to be made.

8.2 Monitoring of Utilisation

- 8.2.1 At the end of each utilisation monitoring period National Grid NTS shall monitor a User’s utilisation of its Available Interconnection Point Capacity in each Direction at each Interconnection Point. Such monitoring shall be in accordance with the CMP LTUIOLI Guidance Document.
- 8.2.2 Following each utilisation monitoring period National Grid NTS shall, in accordance with the principles set out in the CMP LTUIOLI Guidance Document, determine whether a User has underutilised its Available Interconnection Point Capacity.
- 8.2.3 No later than twenty (20) Business Days after the expiry of each utilisation monitoring period National Grid NTS will issue a notification to each relevant User detailing the level of utilisation of its Available Firm Interconnection Point Capacity in each Direction at each Interconnection Point during the relevant utilisation monitoring period. Where it is determined by National Grid NTS in accordance with paragraph 8.2.2 that a User has underutilised its Available Interconnection Point Capacity at an Interconnection Point the notification issued by National Grid NTS to a User shall be an underutilisation notification.

8.2.4 Where National Grid NTS issues underutilisation notifications to a User in respect of the same Interconnection Point and Direction for two (2) consecutive utilisation monitoring periods then National Grid NTS shall, within the second underutilisation notification, make the User aware that the Authority shall require information to be provided by the User regarding the identified underutilisation which may include (but not be limited to):

- (a) the reason(s) for the identified underutilisation;
- (b) any anticipated change to the User's future utilisation of the relevant Available Interconnection Point Capacity held at the Interconnection Point and the reason(s) for this.

Where the User fails to provide the requested information to the Authority within the period specified by the Authority then National Grid NTS shall withdraw such quantity of the User's Available Interconnection Point Capacity in the relevant Direction at the relevant Interconnection Point for such period or periods (each of an eligible Capacity Duration not less than one month) as the Authority may direct.

8.2.5 National Grid NTS shall provide a capacity underutilisation report to the Authority no later than the date being twenty (20) Business Days after the expiry of each utilisation monitoring period. This report shall be in accordance with the CMP LTUIOLI Guidance Document and shall contain such information as the Authority shall reasonably require in addition to the information provided by a User pursuant to paragraph 8.2.4 (if any) for the purposes of determining whether to direct National Grid NTS to withdraw any Available Interconnection Point Capacity held by a User at an Interconnection Point and if so the quantity and Direction of Interconnection Point Capacity that is to be withdrawn and the duration (stated as one or more Capacity Periods) of the withdrawal.

8.3 Withdrawal Offers

8.3.1 National Grid NTS shall no later than five (5) Business Days after receipt of the relevant direction from the Authority and in any case prior to the Withdrawal Deadline for the relevant Auction notify a Withdrawal User that (for each directed Capacity Period) a Withdrawal Offer will be submitted and of the directed withdrawal amount and duration to be specified therein.

8.3.2 Following notification pursuant to paragraph 8.3.1, National Grid NTS shall submit a Withdrawal Offer on behalf of the Withdrawal User by the Withdrawal Deadline for the relevant Auction.

8.3.3 Such Withdrawal Offer shall comprise the information prescribed in paragraph 7.2.1 save that:

- (a) the information required under paragraphs 7.2.1(b) shall be as directed by the Authority;
- (b) in respect of paragraph 7.2.1(c) the Surrender Quantity shall be:
 - (i) the directed withdrawal amount, or
 - (ii) if less, the amount of the User's Available Interconnection Point Capacity as at the Withdrawal Deadline; and

- (c) paragraph 7.2.1(d) (requirements under CPO Rules and Processes) does not apply;

and paragraph 7.2.2 shall not apply in relation to a Withdrawal Offer (except for paragraph 7.2.2(a), (c) and (e), the requirements of which are satisfied by virtue of this paragraph 8.3).

- 8.3.4 In determining for the purposes of paragraph 8.3.3(b)(ii) the amount of Available Interconnection Point Capacity held by the User, any Interconnection Point Capacity which (at the relevant time) is subject to a Surrender Offer shall not be counted as held by the User.

8.4 Effect of Withdrawal Offer

- 8.4.1 A Withdrawal Offer shall take effect as a Surrender Offer in respect of the relevant Auction, and for a Surrender Quantity which is the Withdrawal Quantity, for the purposes of paragraph 7 (which shall apply in relation to Withdrawal Offers) subject to and in accordance with the provisions of this paragraph 8.
- 8.4.2 For the purposes of paragraph 7.3.3(a) all Withdrawal Offers shall be treated as submitted at the same time.
- 8.4.3 For the purposes of paragraph 7.3.4(b), if the User is registered as holding Interconnection Point Capacity (for the relevant Capacity Period) as at the Withdrawal Deadline, then the price used to determine the Surrender Charge payable under that paragraph shall be the lesser of:
 - (a) the price determined under paragraph 7.3.4(b)(i) or (ii); and
 - (b) the weighted average of the Applicable Daily Rates of the Capacity Charges payable by the User in respect of its Registered Interconnection Point Capacity (for the relevant Capacity Period).
- 8.4.4 Withdrawal Offers shall be treated as a separate class of Surrender Offers for the purposes of paragraph 7; and paragraph 7.3 shall apply separately and sequentially in respect of Surrender Offers and Withdrawal Offers in respect of an Auction, in accordance with the priority referred to in paragraph 3.5.1.
- 8.4.5 If a Withdrawal Offer ('W', relating to Capacity Period 'P', and including a Withdrawal Offer made under this paragraph 8.4.5) is not accepted (as provided in paragraph 7.3.2) as to all or any of the Withdrawal Quantity, then a further Withdrawal Offer shall automatically be made (and the Authority's direction is to be taken as directing that it is made) for the Withdrawal Quantity or the amount thereof for which Withdrawal Offer W was not accepted:
 - (a) if Capacity Period P is a Gas Year, in respect of the next Annual Yearly Auction (if any) which relates to Capacity Period P, or
 - (b) for any Capacity Period (not less than one month) which falls within Capacity Period P, in the Auction which relates to that Capacity Period;and for these purposes:
 - (i) the Withdrawal Quantity shall be determined in accordance with

paragraph 8.3.3(b) (applying by reference to the Withdrawal Deadline for the Auction for which such further Withdrawal Offer is made);

- (ii) paragraphs 7.2.3 and 8.3.4 shall apply on the basis of the time at which the original Withdrawal Offer (W) was made following the Authority's direction, and not the time of any such further Withdrawal Offer.

9 SYSTEM CAPACITY TRANSFER

9.1 General

- 9.1.1 Available Interconnection Point Capacity may be transferred by one User to another in accordance with TPD Section B5, subject to this paragraph 9.
- 9.1.2 In relation to a System Capacity Transfer in respect of Interconnection Point Capacity the provisions of TPD Section B5 are modified as provided in this paragraph 9.
- 9.1.3 In the case of an Interconnection Point at which (for the purposes of this Section B) amounts of Interconnection Point Capacity are expressed in kWh/hour, the amount (in kWh/Day) of the Transferred System Capacity (TSC) for the Day or (as the case may be) each of the first and last Days of the Transfer Period will be determined by reference to the quantity (Q, in kWh/hour) specified in the System Capacity Transfer, and the start and end of the transfer (as notified under paragraph 9.2.1(a)(ii)) according to the following formula:

$$TSC = Q * P$$

where P is the period of time in hours on such Day from the start of the Day or (if later) the start of the transfer to the end of the Day or (if earlier) the end of the transfer.

9.2 Notification of System Capacity Transfer

- 9.2.1 Notification of a System Capacity Transfer under TPD Section B5.2.1 must include:
 - (a) in addition to the requirements in that Section:
 - (i) whether the Transferred System Capacity is Bundled or Unbundled;
 - (ii) in the case of an Interconnection Point at which (for the purposes of this Section B) amounts of Interconnection Point Capacity are expressed in kWh/hour;
 - (1) the time on the Day or the first Day of the Transfer Period at which the transfer starts, and
 - (2) the time on the Day or the last Day of the Transfer Period at which the transfer ends;
 - (iii) such other details as may be required by the CPO Rules and Processes;
 - (b) in lieu of the requirements of paragraph (b) and (c) of that Section, the Interconnection Point and Direction of the Transferred System Capacity.
- 9.2.2 Notification under TPD Section B5.2.1 must be given by either the Transferor User or the Transferee User by way of confirmation of a notification made by the other; and the

60 minute period in TPD Section B5.2.4 runs from the time of such confirmation.

- 9.2.3 Notification under TPD Section B5.2.1 of a System Capacity Transfer in respect of Bundled Interconnection Point Capacity also operates as notification of a proposed transfer of Equivalent Interconnected System Capacity.

9.3 Requirements for System Capacity Transfer

- 9.3.1 In accordance with paragraph 6.1.3(b), the requirement in TPD Section B5.1.4 applies in respect of the Transferor User's Available Bundled Interconnection Point Capacity or its Available Unbundled Interconnection Point Capacity (according to whether the System Capacity Transfer relates to Bundled or Unbundled Interconnection Point Capacity).

- 9.3.2 In addition to the provisions of TPD Section B5.2.3, a proposed System Capacity Transfer may be rejected:

- (a) if the requirements in paragraph 9.2 are not satisfied;
- (b) in the case of a transfer of Bundled Interconnection Point Capacity, if (under the Adjacent TSO Rulebook) the proposed transfer of Equivalent Interconnected System Capacity is not approved by the Adjacent TSO;
- (c) if any requirement of the CPO Rules and Processes is not satisfied in relation to the proposed System Capacity Transfer.

9.4 User Trading Facility

- 9.4.1 In accordance with paragraph 1.6.7, GT Section D Annex D-1 does not apply (and the UK Link Network is not available for use) in relation to offers by Users to make System Capacity Transfers in respect of Interconnection Point Capacity.
- 9.4.2 Users may use the systems of the Capacity Platform Operator, subject to and in accordance with the CPO Rules and Processes, for the purposes referred to in paragraph 9.4.1.

10 CAPACITY CONVERSION

10.1 General

- 10.1.1 A User which holds Convertible Capacity at an Interconnection Point and is allocated Corresponding Bundled Capacity, may Convert an amount of that Convertible Capacity in accordance with this paragraph 10.

- 10.1.2 For the purposes of this Section B:

- (a) **“Conversion”** means a reduction in the Convertible Capacity held by a User in accordance with paragraph 10.4.1(a), and **“Converted”** and **“Convert”** shall be construed accordingly;
- (b) **“Conversion Deadline”** means 17:00 hours on the third Business Day after the Day on which the relevant Auction Closes;
- (c) **“Conversion Month”** means a period commencing at 05:00 hours on the first

Gas Day beginning in a calendar month and ending at 05:00 hours on the first Gas Day beginning in the following calendar month;

- (d) **“Conversion Request”** means a User’s request to Convert Convertible Capacity in accordance with this paragraph 10;
- (e) **“Convertible Capacity”** means Unbundled Interconnection Point Capacity which is Available;
- (f) **“Corresponding Bundled Capacity”** means Bundled Interconnection Point Capacity allocated in an Annual Yearly Auction, Annual Quarterly Auction or Rolling Monthly Auction at the Interconnection Point to which a Conversion Request relates.

10.2 Conversion Request

10.2.1 A Conversion Request shall specify:

- (a) the identity of the User making the request;
- (b) the Convertible Capacity in each Conversion Month which it wishes to Convert;
- (c) the Interconnection Point at which that Convertible Capacity and the Corresponding Bundled Capacity is held;
- (d) whether the Convertible Capacity is NTS Entry Capacity or NTS Exit (Flat) Capacity;
- (e) any reference number(s) given by the Capacity Platform Operator to the Auction(s) in which the Corresponding Bundled Capacity was allocated; and
- (f) the User’s contact details for the request.

10.2.2 A User’s Conversion Request is valid if:

- (a) it complies with the requirements in paragraph 10.2.1;
- (b) it is submitted no later than the Conversion Deadline;
- (c) it is to Convert Convertible Capacity over a period of a Conversion Month, or any number of Conversion Months;
- (d) it is to Convert an equal amount of Convertible Capacity on each Gas Day in each Conversion Month;
- (e) the Convertible Capacity requested to be Converted in each Conversion Month is equal to, or less than, the Convertible Capacity held by the User in the relevant Conversion Month at the Interconnection Point to which the Conversion Request relates;
- (f) the Convertible Capacity requested to be Converted in each Conversion Month is equal to, or less than, the Corresponding Bundled Capacity allocated to the User in the relevant Conversion Month; and

- (g) it is to Convert (i) NTS Entry Capacity and the Corresponding Bundled Capacity is also NTS Entry Capacity, or (ii) NTS Exit (Flat) Capacity and the Corresponding Bundled Capacity is also NTS Exit (Flat) Capacity.

10.2.3 A User may withdraw a Conversion Request at any time up to the Conversion Deadline.

10.3 Response to Conversion Request

10.3.1 National Grid NTS shall respond to a Conversion Request within 48 hours of having received it (not counting time falling in any period which is not within a Business Day) setting out the information set out in paragraph 10.2.1(b) to (f) and the following:

- (a) whether the Conversion Request is valid under paragraph 10.2.2, in which case that the Conversion Request is accepted;
- (b) whether and in what respect the Conversion Request is invalid under paragraph 10.2.2 and whether National Grid NTS, in any event, accepts the Conversion Request; or
- (c) whether and in what respect the Conversion Request is invalid under paragraph 10.2.2, in which case that the Conversion Request is rejected and of no effect and, where the Conversion Deadline has not already passed, an invitation to the User to submit a corrected Conversion Request.

10.4 Capacity Conversion

10.4.1 If a Conversion Request is accepted under paragraph 10.3.1(a) or (b), the following shall apply:

- (a) the User's Convertible Capacity shall be reduced in accordance with its request (but, for the avoidance of doubt, any Registered Unbundled Interconnection Point Capacity held by the User, shall remain unchanged); and
- (b) National Grid NTS shall credit the User with an amount equal to the Reserve Price (but, for the avoidance of doubt, not the Auction Premium) paid by the User for the amount of the Corresponding Bundled Capacity in respect of which the Convertible Capacity is Converted.

10.4.2 The credit which National Grid NTS applies under paragraph 10.4.1(b) shall be deemed to reduce the Capacity Charges received by National Grid NTS from the Auction of the Corresponding Bundled Capacity. The reduction in charges shall be attributed to the categories of capacity listed in paragraph 3.1.1 in the reverse order in which they are listed (commencing with Additional Interconnection Point Capacity) with the effect that Relevant Capacity Revenues shall be reduced accordingly.

10.4.3 The Capacity Charges received by National Grid NTS from the allocation of any Converted Capacity in any Auction following any Conversion, shall be attributed to any categories of capacity to which the reduction in charges was attributed under paragraph 10.4.2, up to the amount of capacity affected in each category under paragraph 10.4.2, such attribution being made in the order in which the categories of capacity are listed in paragraph 3.1.1 (and not in the reverse order), with the effect that Relevant Capacity Revenues shall be increased accordingly.

11 FURTHER MODIFICATIONS OF TRANSPORTATION PRINCIPAL

DOCUMENT**11.1 General**

11.1.1 In relation to Interconnection Points, or Interconnection Point Capacity, the provisions of the Transportation Principal Document are further modified as set out in this paragraph 11.

11.2 References to Capacity, etc.

11.2.1 Where any provision (which is not disapplied under paragraph 1.7) of TPD Section B refers to application for or allocation of System Capacity under TPD Section B, such reference shall be treated as including Interconnection Point Capacity applied for or allocated under this EID Section B.

11.2.2 For the purposes of TPD Section B2.11.2, NTS Entry Capacity at an IP ASEP (allocated under any Auction) shall be treated as a class of NTS Entry Capacity.

11.2.3 For the purposes of TPD Section B3.12.2, NTS Exit (Flat) Capacity at an Interconnection Point (allocated under any Auction) shall be treated as a class of NTS Exit (Flat) Capacity.

11.3 Overrun Charges - rate of charge

11.3.1 The provisions set out in TPD Section B2.12.3 are modified as follows:

- (a) in paragraph (a), 'A' is the highest NTS Auction Price under any Auction of NTS Entry Capacity at the IP ASEP for which the Capacity Period included the relevant Day;
- (b) paragraph (e) does not apply.

11.3.2 The provisions set out in TPD Section B3.13.3 are modified as follows: in paragraph (a), 'A' is the highest NTS Auction Price (subject to paragraph 2.1.7) under any Auction of NTS Exit (Flat) Capacity at the Interconnection Point for which the Capacity Period included the relevant Day.

11.4 Overrun Charges - failure of CPO systems

11.4.1 If as a result of any failure or unavailability of the systems and processes used by the Capacity Platform Operator in connection with the CPO Activities in paragraph 1.6.3(a) (the running of Auctions), in relation to any Day, Interconnection Point and Direction, either:

- (a) Within-Day Auctions for the Day are not held, or Users are unable to participate in such Within-Day Auctions, for any 6 or more consecutive Bid Windows, or
- (b) the Within-Day Auction with the last Bid Window on the Day is not held, or Users are unable to participate in such Within-Day Auction

then paragraph 11.4.2 applies.

11.4.2 Where this paragraph applies, System Entry Overrun Charges under TPD Section B2.12

or (as the case may be) NTS Exit (Flat) Overrun Charges under TPD Section B3.13 will not be payable by Users in respect of the Day and the relevant Interconnection Point in the relevant Direction.

11.5 Capacity Neutrality Charges

11.5.1 The provisions set out in TPD Section B2.13 are modified as follows:

- (a) in relation to a Day, amounts payable to National Grid NTS by Users by way of Capacity Charges:
 - (i) in respect of NTS Entry Capacity allocated in any Interruptible Rolling Day-ahead Auction or Within-Day Auction for that Day, and
 - (ii) in an aggregate amount equal to the Daily amount of Capacity Charges attributable to the amount of Interconnection Point Capacity allocated in an Auction (for a Capacity Period which included that Day) which (in accordance with paragraph 3.5) comprised quantities subject to Surrender Offers or Withdrawal Offers;

will be included in Relevant Capacity Revenues under TPD Section B2.13.2(a);

- (b) in relation to a Day, the daily amount of the Surrender Charges payable by National Grid NTS to Users in respect of accepted Surrender Offers and Withdrawal Offers in respect of Interconnection Point Capacity (both NTS Entry Capacity and NTS Exit (Flat) Capacity) for Capacity Periods which included that Day at an Interconnection Point will be included in Relevant Capacity Costs under TPD Section B2.13.2(b).

11.6 Interruption

11.6.1 For the purposes of TPD Section B2.9.3(b) the curtailment effective time under an interruptible curtailment notice shall be not less than 75 minutes (instead of 60 minutes) after the notice is given.

11.6.2 For the purposes of TPD Section B3.10.1(b) the exit curtailment effective time under an exit off-peak curtailment notice shall be not less than 75 minutes (instead of 4 hours) after the notice is given.

11.7 Invoicing

11.7.1 For the purposes of paragraph 1 of Annex S-1 in TPD Section S, the following additional Invoice Items in respect of Interconnection Point Capacity will be included in the NTS Entry Capacity Invoice (and the Invoice Items in paragraphs 1(a), (b) and (c) in Annex S-1 do not apply in relation to Interconnection Points):

- (a) NTS Entry Capacity Charges in respect of Yearly NTS Entry Capacity;
- (b) NTS Entry Capacity Charges in respect of Monthly NTS Entry Capacity;
- (c) NTS Entry Capacity Charges in respect of Firm Daily NTS Entry Capacity;
- (d) NTS Entry Capacity Charges in respect of Interruptible Daily NTS Entry Capacity;

- (e) Surrender Charges in respect of the Surrender of NTS Entry Capacity;
- (f) Surrender Charges in respect of the Withdrawal of NTS Entry Capacity.

11.7.2 For the purposes of paragraph 2 of Annex S-1 in TPD Section S, the following additional Invoice Items in respect of Interconnection Point Capacity will be included in the NTS Exit Capacity Invoice (and the Invoice Items in paragraph 2(a), (b) and (c) in Annex S-1 do not apply in relation to Interconnection Points):

- (a) NTS Exit Capacity Charges in respect of Yearly NTS Exit Capacity;
- (b) NTS Exit Capacity Charges in respect of Monthly NTS Exit Capacity;
- (c) NTS Exit Capacity Charges in respect of Firm Daily NTS Exit Capacity;
- (d) NTS Exit Capacity Charges in respect of Interruptible Daily NTS Exit Capacity;
- (e) Surrender Charges in respect of the Surrender of NTS Exit Capacity;
- (f) Surrender Charges in respect of the Withdrawal of NTS Exit Capacity.

12 CHARGING METHODOLOGY

12.1 General

12.1.1 This paragraph 12 sets out how TPD Section Y applies in relation to Interconnection Points.

12.1.2 This paragraph 12 prevails over TPD Section Y in the case of any conflict.

12.1.3 Except as provided in this paragraph 12, TPD Section Y applies in relation to Interconnection Points.

12.2 Variations of Section Y

12.2.1 The terms on which Interconnection Point Capacity is sold are set out in this Section B; and references in TPD Sections Y2.1 and Y2.2 to TPD Section B are taken as references to this Section B.

12.2.2 Interconnection Point Capacity is allocated by means of the following auctions (and not the processes listed in Section Y2.3):

- (a) Annual Yearly Capacity Auctions;
- (b) Annual Quarterly Capacity Auctions;
- (c) Rolling Monthly Capacity Auctions;
- (d) Rolling Day Ahead Capacity Auctions;
- (e) Within-Day Capacity Auctions.

12.2.3 The requirement under Section Y for rounding to 4 decimal places applies in relation to

Reserve Prices and Large Price Steps. All other amounts determined (in connection with Auctions) under this Section B (including the NTS Auction Price) may be rounded to more than 4 decimal places.

- 12.2.4 The relevant methodology in TPD Section Y for determining reserve prices in respect of System Capacity will apply in relation to auctions of Interconnection Point Capacity on the basis that references in TPD Section Y to different classes of System Capacity are treated as references to Interconnection Point Capacity subject to different auctions as set out in the table below:

Interconnector Capacity Auction	Applicable Published Prices to which Entry capacity relates	Applicable Published Prices to which Exit capacity relates
Annual Yearly Capacity Auction	Annual Yearly	Final Exit Capacity Prices
Annual Quarterly Capacity Auction	Annual Yearly	Final Exit Capacity Prices
Rolling Monthly Capacity Auction	MSEC	Final Exit Capacity Prices
Rolling Day Ahead Capacity Auction	DADSEC	Final Exit Capacity Prices
Within Day Capacity Auction	WDDSEC	Final Exit Capacity Prices
Interruptible Capacity Auction	DISEC	NTS Exit Off-peak Prices

- 12.2.5 Table 1A below applies in respect of Interconnection Points in place of Table 1 in TPD Section Y:

Table 1A: Gas Years Modelled and Capacity Allocation Periods for Interconnection Points

Auction	Date Held	Gas Day - Capacity Allocation		Gas Year Modelled
		From	To	
Annual Yearly	July [N]	1 Oct [N]	30 Sep [N+15]	Y
Annual Quarterly	August [N]	1 Oct [N]	30 Sep [N+1]	Y
	November [N]	1 Jan [N]	30 Sep [N+1]	Y

	February [N]	1 Apr [N+1]	30 Sep [N+1]	Y
	May [N+1]	1 Jul [N+1]	30 Sep [N+1]	Y
Rolling Monthly	Sep [N] to Aug [N+1]	1 Oct [N]	30 Sep [N+1]	Y
Rolling Day-Ahead	30 Sep [N] to 29 Sep [N+1]	1 Oct [N]	30 Sep [N+1]	Y
Within Day	30 Sep [N] to 1 Oct [N+1]	1 Oct [N]	30 Sep [N+1]	Y

12.3 Additional rules

- 12.3.1 The NTS large price step for an Auction will be the greater of 5% of the applicable Reserve Price and 0.0001 p/kWh/Day.
- 12.3.2 Unless otherwise agreed with the Adjacent TSO in connection with a Bundled Auction, the SPS Fraction will be 1/5.

12.4 Disapplied rules

- 12.4.1 The following provisions of TPD Section Y do not apply in relation to Interconnection Points:
- (a) paragraph 2.4 relating to Constrained LNG;
 - (b) the following provisions of paragraph 2.5.4:
 - (i) Incremental Entry Capacity Step Prices;
 - (ii) Entry Capacity Step Prices;
 - (iii) Ascending and Descending Price Schedules;
 - (iv) Estimated Project Values;
 - (v) Application of Entry Prices (apart from the paragraph which introduces Table 1 substituted by Table 1A above);
 - (vi) New Entry Points.

UNIFORM NETWORK CODE – EUROPEAN INTERCONNECTION DOCUMENT**SECTION C – NOMINATIONS****1 GENERAL****1.1 Introduction**

1.1.1 This Section C provides for the basis on which Nominations may be made in respect of Interconnection Points.

1.1.2 The requirements in this Section C are additional to those of TPD Section C (and where applicable TPD Section D2.3); and except as modified and unless dis-applied by this Section C, the provisions of TPD Section C (and where applicable TPD Section D2.3) apply to Interconnection Point Nominations.

1.1.3 For the purposes of this Document:

- (a) in relation to a User which nominates gas for delivery to or offtake from the Total System at an Interconnection Point, **“Counterparty IS User”** means the IS User (including the User) which is to offtake such gas from or deliver such gas to the Interconnected System at the Interconnection Point;
- (b) **“Interconnection Point Nomination”** means a Nomination (either an Output Nomination or an Input Nomination, and including a Renomination) in respect of an Interconnection Point;
- (c) **“Interconnected System Nomination”** means a nomination (including a renomination) to the Adjacent TSO in respect of a gas flow in an Interconnected System at the Interconnection Point;
- (d) in relation to an Interconnection Point Nomination, a **“corresponding”** Interconnected System Nomination is an Interconnected System Nomination submitted by the Counterparty IS User for the same Interconnection Point, Day and Direction, and Single-Sided or Double-Sided, as the Interconnection Point Nomination;
- (e) **“Interconnection Point Renomination”** means an Interconnection Point Nomination which is a Renomination;
- (f) **“Matching Procedures and Rules”** means the procedures and rules for the time being adopted by the TSOs in relation to an Interconnection Point as provided in paragraph 1.5;
- (g) **“Matching”** means the application of the Matching Procedures and Rules to the Processed Nomination Quantity in respect of an Interconnection Point Nomination and the Processed Nomination Quantity in respect of the corresponding Interconnected System Nomination.

1.2 Double-Sided and Single-Sided Nominations

1.2.1 For the purposes of this Section C, an Interconnection Point Nomination is:

- (a) **“Single-Sided”** where it is submitted by a single communication to one of the TSOs which operates both as Interconnection Point Nomination and as a corresponding Interconnected System Nomination made by the same User (as IS User);
- (b) **“Double-Sided”** where a separate corresponding Interconnected System Nomination is to be submitted by the Counterparty IS User;

(and references to a Single-Sided or Double-Sided Interconnected System Nomination shall be construed accordingly).

1.3 Matching and Initiating TSO

1.3.1 In respect of each Interconnection Point, either National Grid NTS or the Adjacent TSO will be the **“Initiating”** TSO, and the other will be the **“Matching”** TSO, as for the time being specified in or determined under the Interconnection Agreement.

1.3.2 National Grid NTS will publish, for each Interconnection Point, whether it is (for the time being) Matching TSO or Initiating TSO.

1.3.3 Where National Grid NTS is Matching TSO in respect of an Interconnection Point:

- (a) National Grid NTS authorises Users to submit (as IS Users) Single-Sided Interconnection Point Nominations to the Adjacent TSO, and will appoint the Adjacent TSO as its agent to receive such Nominations;
- (b) Users are responsible for arranging (as IS Users, under the Adjacent TSO Rulebook) for the submission of such Nominations to the Adjacent TSO;
- (c) the sending of communications (taking effect as Single-Sided Interconnection Point Nominations), and any question as to whether such a communication is validly sent or as to the time of sending or receiving such a communication, shall be governed by and determined in accordance with the Adjacent TSO Rulebook.

1.3.4 Where National Grid NTS is Initiating TSO in respect of an Interconnection Point:

- (a) National Grid NTS agrees to receive Single-Sided Interconnected System Nominations on behalf of the Adjacent TSO and to be appointed by the Adjacent TSO as agent to receive such Nominations;
- (b) Users are responsible for arranging (under the Adjacent TSO Rulebook) authorisation from the Adjacent TSO to submit such Interconnected System Nominations to National Grid NTS.

1.3.5 The Matching Procedures and Rules provide for the Initiating TSO to communicate Single-Sided Interconnection Point Nominations to the Matching TSO.

1.4 Confirmed and Processed Nomination Quantities

1.4.1 For the purposes of this Section C:

- (a) **“Processed Nomination Quantity”** means:

- (i) in respect of an Interconnection Point Nomination, the quantity determined by National Grid NTS under paragraph 2.3.1(a);
 - (ii) in respect of an Interconnected System Nomination, the equivalent quantity determined by the Adjacent TSO in accordance with the Adjacent TSO Rulebook;
- (b) **“Confirmed Nomination Quantity”** means, in respect of an Interconnection Point Nomination and the corresponding Interconnected System Nomination, the quantity determined by Matching in accordance with paragraph 2.3.1(b).

1.4.2 Once an Interconnection Point Nomination has been approved in accordance with paragraph 2.5.4, the Nomination shall be treated as having been made for the Confirmed Nomination Quantity.

1.4.3 In accordance with paragraph 1.4.2 (and without limitation of that paragraph), for the purposes of TPD Section C1.8(c), a reference to the Nomination Quantity in relation to an Interconnection Point Nomination is to the Confirmed Nomination Quantity (in other words the Implied Nomination Flow Rate is to be determined on the basis of whether a Renomination increased or decreased the prevailing Confirmed Nomination Quantity).

1.5 Matching Procedures and Rules

1.5.1 In relation to each Interconnection Point, National Grid NTS and the Adjacent TSO will establish and adopt (in or pursuant to the Interconnection Agreement) and may from time to time revise:

- (a) procedures (in which Users will not participate) for comparing the Processed Nomination Quantities respectively under each Interconnection Point Nomination and corresponding Interconnected System Nomination; and
- (b) rules to determine which (or in any given circumstances affecting the NTS or the Interconnected System, which) of those Processed Nomination Quantities is to be determined as the Confirmed Nomination Quantity under each such nomination.

1.5.2 National Grid NTS will publish, for each Interconnection Point, the matching rules (under paragraph 1.5.1(b)) under the Matching Procedures and Rules for the time being.

1.6 Nominated Quantity

1.6.1 For the purposes of TPD Section C, the Nominated Quantity in respect of an Interconnection Point Nomination is the Confirmed Nomination Quantity under the Interconnection Point Nomination prevailing at the end of the Day.

1.6.2 For the purposes of any provision of the Transportation Principal Document other than a provision in TPD Section C, and for purposes of Section D of this Document, a reference to Nominated Quantity in respect of any Day, User, Interconnection Point and Direction is to the sum of the Nominated Quantities under each Interconnection Point Nomination made by the User for that Day, Interconnection Point and Direction.

1.7 Nomination Timing

1.7.1 For the purposes of the submission of Initial Interconnection Point Nominations, the

Input Nomination Time is 13:00 hours on the Preceding Day (the same as the DM Output Nomination Time) (and TPD Section C1.2 is modified accordingly).

- 1.7.2 In relation to an Interconnection Point Renomination submitted at any time, the **“Renomination Submission Time”** is the next hour bar after the Renomination was received by National Grid NTS.
- 1.7.3 The **“Nomination Deadline”** in relation to an Interconnection Point Nomination is:
- (a) in the case of an Initial Nomination, the DM Output Nomination Time or Input Nomination Time (as modified under paragraph 1.7.1);
 - (b) in the case of a Renomination, the Renomination Submission Time.
- 1.7.4 The **“Nomination Confirmation Time”** in relation to an Interconnection Point Nomination is the time 2 hours after the Nomination Deadline.
- 1.7.5 The latest time by which an Interconnection Point Renomination may be submitted is 02:00 hours (and TPD Section C4.1.3(b) is modified accordingly).

1.8 Market Transactions involving Interconnection Points

- 1.8.1 The provisions of TPD Section D are modified as provided in this paragraph 1.8 in respect of Physical Market Transactions for which the Originating User is to make Contract Renomination(s) in respect of an Interconnection Point (as an Eligible System Trading Point or in the case of a Locational Market Transaction the Eligible System Trading Point).
- 1.8.2 The Originating User must take account of the Nomination Confirmation Time in determining the Market Transaction Lead Time and otherwise in determining its Market Offer.
- 1.8.3 Where the Originating User has more than one prevailing Interconnection Point Nomination (at the relevant Interconnection Point and in the relevant Direction), the User may for the avoidance of doubt decide which of such Interconnection Point Nominations are subject to the Contract Renomination.
- 1.8.4 Where (as contemplated by TPD Section D2.3.7) the Originating User does not make a Contract Renomination which complies with TPD Section D2.3:
- (a) National Grid NTS will adjust the Processed Nomination Quantity in respect of the prevailing Interconnection Point Nomination(s) by the amount for which the Contract Renomination was required to be made;
 - (b) where the Originating User has more than one prevailing Interconnection Point Nomination (at the relevant Interconnection Point and in the relevant Direction):
 - (i) the adjustment under paragraph (a) will be made in respect of each of such Interconnection Point Nominations pro rata to their respective Confirmed Nomination Quantities;
 - (ii) the User may subsequently revise the adjusted Interconnection Point Nominations, by submitting Interconnection Point Renominations,

provided that the sum of the Nomination Quantities is unchanged compared to the sum of the prevailing Confirmed Nomination Quantities.

1.9 UK Link

1.9.1 For the avoidance of doubt, Interconnection Point Nominations are to be submitted as UK Link Communications in accordance with GT Section D; but it is acknowledged that the UK Link Manual provides formats for Interconnection Point Nominations which differ from those for Nominations at other System Points.

1.10 Primary Interconnection Points

1.10.1 The provisions of this Section C apply separately in relation to each Subsidiary Interconnection Point comprised in a Primary Interconnection Point (and a reference in this Section C to an Interconnection Point is to a Subsidiary Interconnection Point), subject to the further provisions of this paragraph 1.10.

1.10.2 For the purposes of any provision of the Code other than this Section C and TPD Section C, in relation to a Primary Interconnection Point a reference to Nominated Quantity in relation to a User, Day and Direction is to the sum of the Nominated Quantities (in accordance with paragraph 1.6.2) at both Subsidiary Interconnection Points.

1.10.3 In paragraph 1.8, references to Interconnection Point are to the Primary Interconnection Point, and references to Interconnection Point Nominations are to Interconnection Point Nominations in respect of both Subsidiary Interconnection Points.

1.10.4 References in paragraph 3.1.2 to Interconnection Point Capacity are to Interconnection Point Capacity at the Primary Interconnection Point, and paragraphs 3.1.4 and 3.1.5 apply by reference to a User's Interconnection Point Nominations in aggregate at both Subsidiary Interconnection Points.

2 REQUIREMENTS AND PROCEDURE FOR INTERCONNECTION POINT NOMINATIONS

2.1 Additional requirements for Interconnection Point Nominations

2.1.1 A User must make separate Interconnection Point Nominations (for an Interconnection Point, Day and Direction) in respect of each Counterparty IS User.

2.1.2 A User may submit an Interconnection Point Nomination to National Grid NTS:

- (a) as a Double-Sided Interconnection Point Nomination; or
- (b) where National Grid NTS is the Initiating TSO, as a Single-Sided Interconnection Point Nomination.

2.1.3 Where National Grid NTS is the Matching TSO, a Single-Sided Interconnection Point Nomination must be submitted to the Adjacent TSO as agent (as provided in paragraph 1.3.3(a)) for National Grid NTS (and a User may not submit such a Nomination direct to National Grid NTS).

2.1.4 For each Interconnection Point Nomination, there must be a corresponding

Interconnected System Nomination submitted by the Counterparty IS User.

- 2.1.5 A User may not have more than one prevailing Single-Sided Interconnection Point Nomination and one prevailing Double-Sided Interconnection Point Nomination in respect of an Interconnection Point, Direction and Day for each Counterparty IS User.
- 2.1.6 Pursuant to paragraph 2.1.5, an Interconnection Point Nomination (for an Interconnection Point, Day, Direction and Counterparty IS User, and Double-Sided or Single-Sided) submitted before the Nomination Deadline shall be treated as superseding any previously-submitted such Nomination.
- 2.1.7 National Grid NTS will acknowledge to the submitting User the receipt:
- (a) of a Double-Sided Interconnection Point Nomination submitted to National Grid NTS;
 - (b) of a Single-Sided Interconnection Point Nomination submitted to National Grid NTS where it is Initiating TSO.

2.2 Content of Nominations

- 2.2.1 An Interconnection Point Nomination must specify, in addition to the applicable requirements of TPD Section C:
- (a) the identity of the Counterparty IS User;
 - (b) the Direction of the Nomination; and
 - (c) whether it is submitted as Single-Sided or Double-Sided.
- 2.2.2 By specifying Direction an Interconnection Point Nomination indicates whether it is an Input Nomination or Output Nomination.
- 2.2.3 The requirement in TPD Section C3.2.2(e) (to specify volume or calorific value) does not apply in respect of an Interconnection Point Nomination.

2.3 Processing and Matching

- 2.3.1 In relation to each Interconnection Point Nomination (whether submitted as Single-Sided or Double-Sided) National Grid NTS will, following (but not before) the Nomination Deadline:
- (a) determine the quantity for which the Interconnection Point Nomination is approved subject to Matching (the Processed Nomination Quantity); and
 - (b) pursuant to the Matching Procedures and Rules:
 - (i) if it is Matching TSO, determine and notify to the Adjacent TSO, or
 - (ii) if it is Initiating TSO, receive from the Adjacent TSO, the quantity for which the Interconnection Point Nomination and corresponding Interconnected System Nomination is approved by Matching (the Confirmed Nomination Quantity).

- 2.3.2 The Processed Nomination Quantity in respect of an Interconnection Point Nomination will be:
- (a) if the Interconnection Point Nomination is rejected, zero;
 - (b) otherwise, the Nomination Quantity, except where paragraph 3 applies.
- 2.3.3 For the avoidance of doubt, in respect of an Interconnection Point Nomination:
- (a) the Processed Nomination Quantity may be different from Nomination Quantity;
 - (b) the Confirmed Nomination Quantity may be different from the Processed Nomination Quantity.
- 2.3.4 National Grid NTS will notify to the User the Confirmed Nomination Quantity in respect of each approved Interconnection Point Nomination or Interconnection Point Renomination when notifying such approval.

2.4 Renominations

- 2.4.1 A User may withdraw or modify an Interconnection Point Renomination up to but not after the Renomination Submission Time.
- 2.4.2 The Renomination Effective Time of an Interconnection Point Renomination shall not be less than 2 hours after the Renomination Submission Time (and TPD Section C4.1.10(a) is modified accordingly).
- 2.4.3 The Renomination Effective Time of an Interconnection Point Renomination shall not be later than 04:00 hours.

2.5 Approval and rejection

- 2.5.1 National Grid NTS may reject an Interconnection Point Nomination:
- (a) if the Interconnection Point Nomination does not comply with paragraph 2.2.1;
 - (b) if the Interconnection Point Nomination is not submitted by the User or its User Agent;
 - (c) if the quantity of gas nominated in the Interconnection Point Nomination is negative;
 - (d) in the case of a Double-Sided Interconnection Point Nomination, if the Adjacent TSO does not notify National Grid NTS (pursuant to the Matching Procedures and Rules) of a corresponding Interconnected System Nomination submitted by the Nomination Deadline; or
 - (e) in accordance with paragraph 3.1.6.
- 2.5.2 Paragraph 2.5.1 applies in addition to the grounds for rejection of a Nomination in TPD Sections C2.4.1 and C3.4.1 (as modified by this Section C); and for the purposes of TPD Section C, in relation to an Interconnection Point Nomination, the grounds for rejection in paragraph 2.5.1 shall be deemed included in TPD Sections C2.4.1 and

C3.4.1).

- 2.5.3 National Grid NTS will not approve or reject an Interconnection Point Nomination before the Nomination Deadline.
- 2.5.4 The time by which an Interconnection Point Nomination is to be approved or rejected is the Nomination Confirmation Time; but if National Grid NTS does not approve an Interconnection Point Nomination, or notify the Confirmed Nomination Quantity, by the Nomination Confirmation Time, the Interconnection Point Nomination shall be deemed rejected (and TPD Sections C2.4.4 and C3.4.4 do not apply).
- 2.5.5 It is acknowledged that where National Grid NTS is the Matching TSO, in case of a failure of either TSO to exchange information (within the required timescale) under the Matching Procedures and Rules, Matching may not be carried out in respect of an Interconnection Point Nomination, in which case:
- (a) no Confirmed Nomination Quantity will be determined in respect of that Nomination, and the Nomination will be rejected; and
 - (b) in the case of an Initial Nomination, the Nomination Quantity shall be deemed to be zero in accordance with TPD Section C2.2.6 or (as the case may be) TPD Section C3.2.4; or
 - (c) in the case of a Renomination, the prevailing Nomination shall remain in force;

and in such a case National Grid NTS will notify the User by the Nomination Confirmation Time, but National Grid NTS will have no liability or other obligation to the User in respect of such failure or rejection.

3 EXCEPTIONAL EVENTS

3.1 Transportation Constraints

3.1.1 This paragraph 3.1 applies in relation to an Interconnection Point and a Day where National Grid NTS determines at any time before or during the Day that there is or will be a Transportation Constraint affecting the Interconnection Point on the Day in either Direction.

3.1.2 For the purposes of this paragraph 3.1:

- (a) a reference to an Interconnection Point Nomination is to an Interconnection Point Nomination for the Interconnection Point, Day and Direction for which National Grid NTS makes a determination as provided in paragraph 3.1.1;
- (b) the relevant time is the time at which National Grid NTS makes a determination as provided in paragraph 3.1.1 (or, if later, at which it decides to adjust or reject Nominations under this paragraph 3);
- (c) in relation to an Interconnection Point Nomination:
 - (i) a User's "**Fully Adjusted**" Available Interconnection Point Capacity is its Interconnection Point Capacity (for the relevant Interconnection Point, Day and Direction) Fully Adjusted in accordance with TPD Section B2.8, B2.10 or B2.17 (in the case of NTS Entry Capacity) or

TPD Section B3.9 or B3.11 (in the case of NTS Exit (Flat) Capacity), as at the Nomination Deadline;

- (ii) a User's "**Effective Capacity Rate**" for an hour in the Day is a rate (in kWh/h) reflecting the User's Fully Adjusted Available Interconnection Point Capacity for the remainder of the Day from that hour.
- (d) in relation to a User a "**relevant**" Interconnection Point Nomination is an Interconnection Point Nomination which, at the relevant time:
 - (i) has been made by the User and approved; or
 - (ii) has been submitted by the User but not yet approved, and which would otherwise be approved.

3.1.3 Where this paragraph 3.1 applies and the condition in paragraph 3.1.4 is satisfied:

- (a) National Grid NTS may adjust the Processed Nomination Quantity under each relevant Interconnection Point Nomination in accordance with paragraph 3.1.5;
- (b) following (and on the basis of) the determination of such adjusted Processed Nomination Quantity, National Grid NTS will determine with the Adjacent TSO an adjusted Confirmed Nomination Quantity for such Interconnection Point Nomination pursuant to the Matching Procedures and Rules;
- (c) the adjusted Confirmed Nomination Quantity:
 - (i) will replace the prevailing Confirmed Nomination Quantity in respect of an Interconnection Point Nomination within paragraph 3.1.2(d)(i);
 - (ii) will be the Confirmed Nomination Quantity in respect of an Interconnection Point Nomination within paragraph 3.1.2(d)(ii).

3.1.4 The condition (for the purposes of paragraph 3.1.3) is that either:

- (a) the aggregate of the Confirmed Nomination Quantities under all relevant Interconnection Point Nominations exceeds the User's Fully Adjusted Available Interconnection Point Capacity, or
- (b) for any hour h of the Day the aggregate of the Implied Flow Rates under all relevant Interconnection Point Nominations exceeds the User's Effective Capacity Rate.

3.1.5 The Processed Nomination Quantity for each relevant Interconnection Point Nomination, excluding an Interconnection Point Nomination rejected under paragraph 3.1.6, shall be adjusted so that:

- (a) where the relevant time is not later than 03:00 hours on the Preceding Day, the aggregate of the adjusted Processed Nomination Quantities for all relevant Interconnection Point Nominations does not exceed the User's Fully Adjusted Available Interconnection Point Capacity;
- (b) where the relevant time is later than 03:00 hours on the Preceding Day, the aggregate of the adjusted Implied Flow Rates for any hour of the Day does not

exceed the User's Effective Capacity Rate; and

- (c) where there is more than one relevant Interconnection Point Nomination, the adjustments (under paragraph (a) or (b)) are pro rata their Processed Nomination Quantities.

3.1.6 Where the condition in paragraph 3.1.4 is satisfied, National Grid NTS may (as an alternative, in whole or part, to adjusting Processed Nomination Quantities in accordance with paragraph 3.1.5), reject any Interconnection Point Nomination within paragraph 3.1.2(d)(ii).

3.2 Emergencies

3.2.1 In a Gas Deficit Emergency at Stage 2 or higher, National Grid NTS may make any adjustment of the Processed Nomination Quantity under any Interconnection Point Nomination which in its opinion is appropriate in connection with the Emergency (and which is not in conflict with the provisions of TPD Section Q), and the Confirmed Nomination Quantity will (pursuant to the Matching Procedures and Rules) be adjusted accordingly.

3.3 Adjacent TSO adjustments

3.3.1 Where under the Matching Procedures and Rules the Adjacent TSO in relation to any Interconnection Point notifies National Grid NTS that pursuant to the Adjacent TSO Rulebook the Processed Nomination Quantity under any Interconnected System Nomination is to be adjusted as a result of any constraint or emergency affecting the Interconnected System:

- (a) National Grid NTS and the Adjacent TSO will determine (on the basis of what is notified by the Adjacent TSO) an adjusted Confirmed Nomination Quantity for the corresponding Interconnection Point Nomination pursuant to the Matching Procedures and Rules;
- (b) the adjusted Confirmation Nomination Quantity will replace the prevailing Confirmation Nomination Quantity, or (as the case may be) will be the Confirmation Nomination Quantity, for such Interconnection Point Nomination.

3.4 Information to the Authority

3.4.1 Where National Grid NTS adjusts the Processed Nomination Quantity under any Interconnection Point Nomination, or rejects such a Nomination, pursuant to this paragraph 3, National Grid NTS will as soon as reasonably practicable inform the Authority of the fact that, and the circumstances in which, it did so.

UNIFORM NETWORK CODE – EUROPEAN INTERCONNECTION DOCUMENT**SECTION D – ALLOCATION****1 GENERAL****1.1 Introduction**

- 1.1.1 This Section D provides for the determination of the quantities of gas treated as delivered to and offtaken from the NTS by each User on each Day at an Interconnection Point.
- 1.1.2 The provisions of this Section D apply in addition to and (where in conflict with) in place of the provisions of TPD Sections E and F.
- 1.1.3 The arrangements in this Section D apply (to give effect to commercial flows by Users at an Interconnection Point in both Directions where only a net physical flow occurs) in substitution for the arrangements described in TPD Section E1.9.
- 1.1.4 The arrangements in paragraph 2 apply because of the existence at each Interconnection Point of an Operational Balancing Account.

1.2 Interpretation

- 1.2.1 For the purposes of this Section D, in relation to a Day and an Interconnection Point:
- (a) the “**Measured Quantity**” is the measured quantity referred to in TPD Section E1.9.1(a), being the aggregate quantity determined (pursuant to the measurement provisions of the Interconnection Agreement) as having flowed on the Day or (where there are physical flows in both Directions at different times on the Day) the net amount of such flows;
 - (b) the “**Aggregate Nominated Quantity**” in either Direction is the sum of the Nominated Quantities for all Users in that Direction;
 - (c) the “**Net Aggregate Nominated Quantity**” is the net sum of the Aggregate Nominated Quantities in both Directions, adjusted by any Scheduled Correction for the Day;
 - (d) the “**Steering Difference**” is the amount of the difference between the Net Aggregate Nominated Quantity and the Measured Quantity, subject to paragraphs 3.2.2(e) and 3.3.2(c);
 - (e) the “**Cumulative Steering Difference**” is the net sum of the Steering Difference for the Day and the Cumulative Steering Difference for the Preceding Day;
 - (f) “**Scheduled Correction**” means the quantity (if any) scheduled for the Day by the TSOs under the Operational Balancing Account to correct the Cumulative Steering Difference for the Preceding Day.
- 1.2.2 Pursuant to the Matching Procedures and Rules as provided in Section C, the Steering Difference for an Interconnection Point in respect of a Day is the same as the equivalent

quantity calculated by reference to IS Users' Interconnected System Nominations.

1.2.3 For the purposes of this Section D, in relation to an Interconnection Point:

- (a) **“Operational Balancing Account”** means an arrangement (forming part of the Interconnection Agreement) between National Grid NTS and the Adjacent TSO pursuant to which (except on Non-OBA Days) Steering Differences are managed operationally between the TSOs and the quantity of gas comprising the Cumulative Steering Difference is treated as borrowed by one TSO from the other TSO;
- (b) the **“Steering Tolerance”** is the amount (in kWh) specified in the Interconnection Agreement as the maximum normally allowable amount of the Cumulative Steering Difference.

1.2.4 In calculating quantities under this Section D, quantities delivered to or physically flowing into the NTS (or offtaken from or flowing out of the Interconnected System) shall be positive and quantities offtaken from or physically flowing out of the NTS (or delivered to or flowing into the Interconnected System) shall be negative.

1.3 Primary Interconnection Points

1.3.1 [In relation to a Primary Interconnection Point, except as provided in paragraph 1.3.2, the provisions of this Section D apply in relation to the Primary Interconnection Point and not each Subsidiary Interconnection Point separately (and in particular UDQIs and UDQOs are determined in relation to the Primary Interconnection Point and not each Subsidiary Interconnection Point separately).

1.3.2 For the purposes of paragraph 3.2:

- (a) references to Interconnection Point Nominations are (in accordance with Section C1.10) to Interconnection Point Nominations at each Subsidiary Interconnection Point (and references to Counterparty IS Users and Counterparty Quantities shall be construed accordingly);
- (b) the sum of Counterparty Quantities referred to in each of paragraphs 3.2.2(a), (b), (c) and (d) is the sum over both Subsidiary Interconnection Points.]

1.4 Provisions of TPD which do not apply

1.4.1 The following provisions of Section E of the Transportation Principal Document do not apply in relation to an Interconnection Point: paragraphs 1.9 (except for 1.9.1(a)), 2.1.2 to 2.1.7 (inclusive), 2.2, 2.3, 3.2.2 to 3.2.6 (inclusive) and 3.3 (and references to those provisions in other provisions of the Transportation Principal Document shall be disregarded).

2 Allocations - OBA Days

2.1 Entry quantities

2.1.1 Except as provided in paragraph 3, in relation to an Interconnection Point and a Day:

- (a) each User which submitted an Input Nomination is a Delivering User;

- (b) the UDQI for each User shall be a quantity equal to the Nominated Quantity (in accordance with Section C1.6.2) under its Input Nominations; and
 - (c) the Entry Point Daily Quantity Delivered is the aggregate of the Nominated Quantities under all Users' Input Nominations.
- 2.1.2 Users may not submit Entry Allocation Statements in respect of an Interconnection Point (nor for the avoidance of doubt appoint User Agents for the purposes of submitting such statements).

2.2 Exit quantities

- 2.2.1 Except as provided in paragraph 3, in relation to an Interconnection Point and a Day:
- (a) each User which submitted an Output Nomination is an Offtaking CSEP User;
 - (b) the UDQO for each User shall be a quantity equal to the Nominated Quantity (in accordance with Section C1.6.2 and where applicable Section C1.10.2) under its Output Nominations;
 - (c) the CSEP Daily Quantity Offtaken is the aggregate of the Nominated Quantities under all Users' Output Nominations.
- 2.2.2 Users may not submit Exit Allocation Statements in respect of an Interconnection Point (nor for the avoidance of doubt appoint User Agents for the purposes of submitting such statements).

3 Non-OBA Days

3.1 General

- 3.1.1 This paragraph 3 applies in relation to an Interconnection Point and a Day (a “**Non-OBA Day**”) where:
- (a) the magnitude of the Cumulative Steering Difference (or, in a case within paragraph 3.4, the forecast Cumulative Steering Difference) exceeds or would exceed the Steering Tolerance, and
 - (b) the Interconnection Agreement provides or the TSOs determine in accordance with the Interconnection Agreement that the Operational Balancing Account is not to apply in respect of that Day.

3.2 Allocation following Adjacent TSO Allocation

- 3.2.1 Paragraph 3.2.2 applies in relation to an Interconnection Point and a Non-OBA Day where:
- (a) the Interconnection Agreement provides that National Grid NTS will allocate quantities for Non-OBA Days on the basis set out in paragraph 3.2.2; and
 - (b) the Adjacent TSO has, not later than the Exit Close-out Date, provided to National Grid NTS a statement (“**Counterparty Allocation Statement**”) setting out, in respect of each Interconnection Point Nomination (in each Direction) submitted by each User for the Day, the quantity (“**Counterparty**

Quantity”) allocated (pursuant to the Adjacent TSO Rulebook) to the Counterparty IS User as offtaken from or (as the case may be) delivered to the Interconnected System at the Interconnection Point on the Day; and

- (c) the net sum of the Counterparty Quantities and any Scheduled Correction is equal to the Measured Quantity, subject to paragraph 3.4.3.
- 3.2.2 Where the conditions in paragraph 3.2.1 are satisfied in relation a Non-OBA Day:
- (a) the UDQI for each User shall be the sum of the Counterparty Quantities for Counterparty IS Users in respect of that User's Input Nominations for the Interconnection Point for the Day;
 - (b) the Entry Point Daily Quantity Delivered is the sum of the Counterparty Quantities for all Counterparty IS Users for all Users' Input Nominations;
 - (c) the UDQO for each User shall be the sum of the Counterparty Quantities for Counterparty IS Users in respect of that User's Output Nominations for the Interconnection Point for the Day;
 - (d) the CSEP Daily Quantity Offtaken is the sum of the Counterparty Quantities for all Counterparty IS Users for all Users' Output Nominations;
 - (e) the Steering Difference for the Non-OBA Day is zero, subject to paragraph 3.4.
- 3.2.3 If no later than the Exit Close-out Date the Adjacent TSO provides to National Grid NTS a revised Counterparty Allocation Statement (for which the condition in paragraph 3.2.1(c) is satisfied) to replace such a statement provided earlier, the latest-provided Counterparty Allocation Statement will be used for the purposes of paragraph 3.2.2.
- 3.2.4 Where provisional values (in relation to a Non-OBA Day) of UDQIs, UDQOs, Entry Point Daily Quantity Delivered and CSEP Daily Quantity Offtaken are required for any purposes of the Code at any time before the Exit Close-out Date, and at such time the Adjacent TSO has not provided a Counterparty Allocation Statement for which the condition in paragraph 3.2.1(c) is satisfied, such provisional values shall be determined in accordance with paragraph 3.3.2.
- 3.2.5 Where paragraph 3.2.2 applies, the Counterparty Allocation Statement (or latest-provided such statement as provided in paragraph 3.2.3) shall be definitive as to the Counterparty Quantities, and National Grid NTS shall not be concerned with the basis on which the Adjacent TSO determines the Counterparty Quantities.

3.3 Alternative Non-OBA Allocation

3.3.1 Where in relation to an Interconnection Point:

- (a) the condition in paragraph 3.2.1(a) is not satisfied, or
- (b) in relation to an Non-OBA Day, the conditions in paragraph 3.2.1(b) and (c) are not satisfied

then paragraph 3.3.2 applies.

3.3.2 Where this paragraph 3.3.2 applies, in relation to the Non-OBA Day:

- (a) in the forward Direction:
 - (i) the Entry Point Daily Quantity Delivered or (as the case may be) CSEP Daily Quantity Offtaken shall be an amount calculated as the sum of the absolute values of the Measured Quantity, any Scheduled Correction, and the Aggregate Nominated Quantity in the reverse Direction;
 - (ii) the UDQI for each Delivering User or (as the case may be) UDQO for each Offtaking CSEP User shall be determined:
 - (1) (in the case of an UDQI) in accordance with TPD Section E2.1.8(b) or (if applicable) E2.1.9, or
 - (2) (in the case of an UDQO) in accordance with TPD Section E3.2.7(b) or (if applicable) E3.2.8;(and paragraph 2.1 or 2.2 does not apply);
- (b) in the reverse Direction, the provisions of paragraph 2.1 or (as the case may be) paragraph 2.2 shall apply;
- (c) the Steering Difference for the Non-OBA Day is zero.

3.4 Hourly allocation on Interconnected System

- 3.4.1 This paragraph 3.4 applies in relation to an Interconnection Point at which, under the Adjacent TSO Rulebook, Interconnected System Nominations are made and the Adjacent TSO allocates quantities to IS Users on an hourly basis.
- 3.4.2 Where this paragraph 3.4 applies in relation to an Interconnection Point, the Interconnection Agreement may provide that:
 - (a) the Adjacent TSO may forecast, at any time within a Day, the Cumulative Steering Difference for the Day;
 - (b) where at any time the forecast Cumulative Steering Difference for a Day exceeds the Steering Tolerance, the TSOs may determine that the Operational Balancing Account is not to apply for the Day;
 - (c) for such a Day, the Adjacent TSO will determine the **“Part-Day Steering Difference”** for those hours (in aggregate) of the Day for which, under the Adjacent TSO Rulebook, the Adjacent TSO allocates quantities based on confirmed hourly nomination quantities (rather than a proportional allocation of the hourly measured quantity), from the hourly steering difference (between net confirmed hourly nomination quantities and hourly measured quantity, as provided in the Adjacent TSO Rulebook, adjusted by any scheduled hourly steering correction) for each such hour
- 3.4.3 For the purposes of this Section D, in relation to a Non-OBA Day pursuant to paragraph 3.4.2:
 - (a) for the purposes of paragraph 3.2.1(c), the Measured Quantity shall be adjusted by the Part-Day Steering Difference;

- (b) for the purposes of paragraph 3.2.2(e), the Steering Difference shall be equal to the Part-Day Steering Difference.

4 Further provisions

4.1 Revisions of Measured Quantity

- 4.1.1 For the purposes of deciding whether the requirement in paragraph 3.1.1(a) is met in relation to a Day (D), the Cumulative Steering Difference for Day D shall be determined on the basis of the Measured Quantity for Day D as first determined (in accordance with the Measurement Provisions of the Interconnection Agreement) following the end of Day D; and that decision shall not be revised by reason of any subsequent revision to the Measured Quantity.
- 4.1.2 Where (in accordance with the measurement provisions of the Interconnection Agreement) a revision is made, on any Day (N) up to and including the Exit Close-out Date, to the Measured Quantity for Day D, the amount by which the Measured Quantity for Day D is revised shall be taken into account in calculating the Cumulative Steering Difference for Day N+1 (and/or for Days subsequent to Day N+1) in accordance with the provisions of the Interconnection Agreement governing the Operational Balancing Account.
- 4.1.3 For the avoidance of doubt, notwithstanding paragraph 2 and the Operational Balancing Account, any revision made after the Exit Close-out Date to the Measured Quantity in respect of a physical flow of gas out of the NTS at an Interconnection Point shall be subject to Individual CSEP Reconciliation in accordance with TPD Section E6.

4.2 Scheduling Charges

- 4.2.1 Scheduling Charges are not payable by Users in respect of Interconnection Points in respect of any Day, including a Non-OBA Day.
- 4.2.2 Accordingly TPD Section F3 does not apply in respect of Interconnection Points.

UNIFORM NETWORK CODE – EUROPEAN INTERCONNECTION DOCUMENT**SECTION E – RULES FOR THE RELEASE OF INCREMENTAL CAPACITY AT INTERCONNECTION POINTS****1 GENERAL****1.1 Introduction**

1.1.1 This Section E provides a framework and rules to enable the release of incremental capacity (as defined in the Amended CAM Code) at Interconnection Points.

1.2 Interpretation

1.2.1 For the purposes of this Document:

“**Amended CAM Code**” means Commission Regulation (EU) establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and repealing Commission Regulation EU No 984/2013, as amended from time to time;

“**DIA Fee**” means the fee contemplated in paragraph 6;

“**Tariff Code**” means Commission Regulation (EU) establishing a network code on harmonised transmission tariff structures for gas;

“**under way**” for purposes of paragraph 7 of this Section E, means:

- (a) in relation to NTS Entry Capacity, the period from the QSEC invitation letter to the allocation of QSEC;
- (b) in relation to NTS Exit Capacity, the period from the July window notification letter to the 30th September of the relevant Annual Yearly Auction; and
- (c) in relation to Interconnection Point Capacity, the period between the date of publication of the relevant Annual Yearly Auction information and the date of allocation of Interconnection Point Capacity in the relevant Annual Yearly Auction.

1.3 Inconsistency with provisions of TPD Section B and Section Y

1.3.1 In the event of any inconsistency between the provisions of this Section E and the provisions of TPD Section B and Section Y in relation to the release of incremental capacity at Interconnection Points, the provisions of this Section E shall prevail to the extent of such inconsistency.

2 DEMAND ASSESSMENT**2.1 Biennial Process**

2.1.1 Interested parties may submit demand indications to National Grid NTS for a window

period of 8 weeks, starting from the date that the Annual Yearly Auction opens, except in respect of the demand assessment window in 2017 which will commence from the date of entry into force of the Amended CAM Code.

- 2.1.2 The first demand indication window will take place in 2017 and subsequently must take place at least in odd numbered years.
- 2.1.3 Any interested party can submit a demand indication regardless of whether such party is a User.
- 2.1.4 Demand indications are non-binding and shall include the following information:
- (a) the two or more adjacent entry-exit systems between which demand for incremental capacity is expressed and the requested Direction;
 - (b) the Gas Years for which a demand for incremental capacity is expressed;
 - (c) the amount of capacity demanded between the respective entry-exit systems in each Gas Year (a range is permitted);
 - (d) information on non-binding demand indications which were or will be submitted to other transmission system operators, in case such indications are linked to each other, such as demand for capacities at several related Interconnection Points;
 - (e) whether the demand expressed is subject to any of the following conditions:
 - (i) demand is linked to demand at other Interconnection Points;
 - (ii) demand is linked to demand expressed across a number of different years;
 - (iii) demand is linked to a specific or minimum acceptable quantity; and
 - (f) contact details for the party.
- 2.1.5 National Grid NTS will confirm receipt of a demand indication within 2 Business Days of receipt.
- 2.1.6 Demand indications will be included in the demand assessment report contemplated in paragraph 2.1.11 where they are considered to be competent by National Grid NTS pursuant to paragraph 2.1.10.
- 2.1.7 The provisions of paragraph 2.2.3 shall apply where a demand indication is received outside of the window period referred to in paragraph 2.1.1.
- 2.1.8 National Grid NTS shall respond to demand indications within 16 weeks of the start of the Annual Yearly Auction, or in the case of demand indications to which paragraph 2.2.3 applies, within 8 weeks after receiving such demand indication.
- 2.1.9 The response in paragraph 2.1.8 shall provide at least the following information:
- (a) confirmation of whether the demand indication is competent (as per paragraph 2.10 below);

- (b) subject to paragraph 2.1.9(c), confirmation that the demand indication will be considered in the ongoing demand assessment; and
 - (c) confirmation, and justification, of which demand assessment the demand indication will be assessed in, if not assessed as contemplated in paragraph 2.1.9(b).
- 2.1.10 National Grid NTS will consider a demand indication to be competent where:
- (a) all the information required under paragraph 2.1.4 have been correctly and fully submitted; and
 - (b) the DIA Fee has been paid and is available to National Grid NTS in cleared funds.
- 2.1.11 A demand assessment report will be produced and published by National Grid NTS within 16 weeks of the start of the Annual Yearly Auction.
- 2.1.12 The demand assessment report contemplated in paragraph 2.1.11 shall take into account the following criteria:
- (a) whether the Community-wide Ten Year Network Development Plan (as required by EU Gas Regulation (EC) 715/2009) identifies a physical capacity gap whereby a specific region is undersupplied in a reasonable peak scenario and where offering incremental capacity at the Interconnection Point in question could close such gap; or a national development plan identifies a concrete and sustained physical transport requirement;
 - (b) whether no yearly standard capacity product linking two adjacent entry-exit systems is available in the Annual Yearly Capacity Auction for the year in which incremental capacity could be offered for the first time and in the three subsequent years, because all the capacity has been contracted; and
 - (c) whether interested parties submitted non-binding demand indications requesting incremental capacity for a sustained number of years and all other economically efficient means for maximising the availability of existing capacity are exhausted;
- 2.1.13 The demand assessment report shall include at least the following:
- (a) a conclusion on whether to initiate an incremental capacity project (as defined in the Ameded CAM Code) i.e. whether to proceed to the design phase in paragraph 3;
 - (b) the aggregated non-binding demand indications received during the latest demand indication window;
 - (c) the aggregated non-binding demand indications that were received before the latest demand indication window was opened, and which have been rolled forward to be considered in the current demand assessment;
 - (d) the aggregated non-binding demand indications that were received after the latest demand indication window closed, but which will be considered in the current demand assessment;

- (e) an assessment of the expected amount, Direction and duration of demand for incremental capacity at the common Interconnection Points with each adjacent entry-exit system;
 - (f) a conclusion on whether, and for which interconnection points and which expected demand level, technical studies for incremental capacity projects will be conducted;
 - (g) provisional timelines for implementing the incremental capacity project and conducting the technical studies and the consultation described in the design phase in paragraph 3;
 - (h) what fees, if any, will be applied; and
 - (i) the types and, where available, the aggregated size of conditional demand indications received.
- 2.1.14 National Grid NTS shall follow the standard templates for demand assessment reports as provided by ENTSOG or any other format that National Grid NTS may publish from time to time.
- 2.1.15 National Grid NTS shall publish point(s) of contact for the incremental capacity project and keep such details up to date as the project progresses.

2.2 Ad-hoc (open season) Process

- 2.2.1 A demand indication can be submitted by an interested party at any time outside the biennial demand assessment window period in paragraph 2.1.1. The information provided in such demand indication will be the same as in paragraph 2.1.4.
- 2.2.2 Upon receiving a demand indication under this paragraph 2.2, National Grid NTS will confirm receipt to the relevant party within 2 Business Days.
- 2.2.3 If a demand indication is received outside the biennial demand assessment window period in paragraph 2.1.1, then National Grid NTS shall, in order of preference:
- (a) where possible, accept the demand indication (subject to competency) and incorporate the demand into any existing incremental capacity project at the Interconnection Point; or
 - (b) open an ad-hoc demand indication window, subject to agreement from other relevant TSO(s) and subject further to paragraph 2.2.4; and
 - (c) inform the applicant of when its demand can be considered if not considered pursuant to paragraph 2.2.3.(a) or 2.2.3.(b), and provide justifications for why it cannot be considered under either paragraph 2.2.3(a) or 2.2.3(b)
- 2.2.4 National Grid NTS may open an ad-hoc demand indication window provided that it is of the opinion that the economic test (as defined in the Amended CAM Code) in respect of such ad-hoc demand indication can be completed prior to the start of the next biennial demand assessment.
- 2.2.5 Ad-hoc demand indications will be considered for competency in accordance with paragraph 2.1.10.

- 2.2.6 An ad-hoc demand indication window pursuant to paragraph 2.2.3(b) will be opened for 8 weeks, unless otherwise specified by National Grid NTS.
- 2.2.7 The ad-hoc demand indication window will open by no later than the latter of:
- (a) 5 Business Days after the initial competent ad-hoc demand indication is received; and
 - (b) the earliest time acceptable to other relevant TSO(s) (that have been identified as relevant through the demand indication(s)).
- 2.2.8 Within 8 weeks of the closure of the ad-hoc demand indication window, National Grid NTS will produce and publish an ad-hoc demand assessment report.
- 2.2.9 The provisions of paragraphs 2.1.12, 2.1.13 and 2.1.14 shall apply mutatis mutandis to the content of the ad-hoc demand assessment report contemplated in paragraph 2.2.8.

3 DESIGN PHASE

3.1 Joint Consultation:

- 3.1.1 The design phase contemplated in this paragraph 3 starts as soon as the relevant demand assessment report contemplated in paragraph 2.1.11 or 2.2.8 is published.
- 3.1.2 National Grid NTS and the relevant Adjacent TSO(s) shall conduct a joint consultation on its proposals to deliver incremental capacity by no later than 12 weeks from the start of the design phase.
- 3.1.3 The duration of the consultation referred to in paragraph 3.1.2 shall be no less than 1 month and no greater than 2 months, and this shall be clearly specified in the consultation paper when it is issued.
- 3.1.4 The consultation shall cover at least the following elements:
- (a) a description of the incremental capacity project, including a cost estimate;
 - (b) the offer levels of capacity (as defined in the Amended CAM Code) at the Interconnection Point;
 - (c) the proposed alternative allocation mechanism (as defined in the Amended CAM Code), including justification for such proposed mechanism;
 - (d) provisional timelines for implementation of the incremental capacity project;
 - (e) general rules and conditions that a party must accept in order to participate and access capacity in the binding capacity allocation phase of the incremental capacity process (as defined in the Amended CAM Code), including any security/collateral to be provided and how possible delays in the provision of capacity or in the event of a disruption to the project are dealt with contractually;
 - (f) where a fixed price approach is followed, the elements of IND and RP (as defined in the Tariff Code), will be provided:

- (i) IND is the chosen index; and
- (ii) RP is the risk premium to be applied;
- (g) the f-factor component of the economic test;
- (h) any additional demand indications received after the demand indication window closed; and
- (i) whether the incremental capacity is likely to result in a sustained, significant decrease in the utilisation of other non-depreciated gas infrastructure in the same and adjacent entry-exit systems or along the same gas transport route.

4 REGULATORY APPROVAL

4.1 Project Proposal

- 4.1.1 Following completion of the consultation process in paragraph 3 of this Section E, National Grid NTS and (if relevant) the relevant Adjacent TSO(s) shall prepare a joint project proposal for submission to the Authority and any other relevant national regulatory authorities and shall also publish the project proposal.
- 4.1.2 Subject to agreement by the relevant Adjacent TSO(s) and provided that responses are submitted in a timely manner, the responses to the consultation in paragraph 3 of this section E shall be published together with the project proposal, unless they have been marked as confidential by the responding party.
- 4.1.3 The project proposal shall be submitted to the Authority and any other relevant national regulatory authorities by no later than the latter of:
 - (a) 3 months following the end of the consultation process in paragraph 3; and
 - (b) the earliest time acceptable to the other relevant TSO(s).
- 4.1.4 The project proposal shall include, at least, the following information:
 - (a) all offer levels of capacity, reflecting the range of expected demand for incremental capacity at the relevant Interconnector Point(s);
 - (b) The general rules and conditions that a party must accept in order to participate and access capacity in the binding capacity allocation phase of the incremental capacity process, including any security/collateral to be provided and how possible delays in the provision of capacity or in the event of a disruption to the project are dealt with contractually;
 - (c) timelines for the implementation of the incremental capacity project, including any changes since the consultation, and measures to prevent delays and minimise the impact of delays;
 - (d) the parameters to be used in the economic test:
 - (i) the present value of binding commitments of network users for contracting capacity is derived from the following parameters (where relevant):

- (1) estimated reference price;
- (2) potential auction premium;
- (3) mandatory minimum premium;
- (ii) the present value of the estimated increase in the allowed revenue of National Grid NTS; and
- (iii) the f-factor;
- (e) whether an exceptionally extended horizon for contracting capacity for an additional period of up to 5 years beyond the allocation of up to 15 years after the start of operational use may be required;
- (f) the proposed alternative allocation mechanism and its justification, including the conditional commitments allowed under such a mechanism;
- (g) where a fixed price approach is followed, the elements of IND and RP, will be provided:
 - (i) IND is the chosen index; and
 - (ii) RP is the risk premium to be applied.

4.2 Joint Notice

4.2.1 Upon publication of the Authority and any other relevant national regulatory authorities' decision on the incremental capacity project, National Grid NTS and the relevant Adjacent TSO(s) shall prepare and publish, jointly, a notice of such decision and if the Authority and any other relevant national regulatory authorities have approved the incremental capacity project, the notice shall contain at least the following information:

- (a) the information contained in the project proposal as per paragraph 4.1.4;
- (b) the contract(s) relating to the capacity offered;
- (c) the actual costs incurred by National Grid NTS in completing the design work and whether there is any corresponding adjustment in the DIA Fee; and
- (d) whether there is a need for reinforcement works.

4.2.2 The joint notice shall be published by no later than 2 months before the offer of incremental capacity in the Annual Yearly Auction. Following publication of the joint notice, the incremental capacity project will progress to the allocation phase.

4.2.3 National Grid NTS shall be under no obligation to issue a contract to a party who did not submit an accepted and competent demand indication.

5 ALLOCATION

5.1 Alternative Mechanism

- 5.1.1 The project proposal shall state the proposed alternative allocation mechanism. The rules for allocation via the alternative allocation mechanism will be contained within the project proposal (as required by paragraph 4.1.4(f)) for approval by the Authority and any other relevant national regulatory authorities on a case-by-case basis.
- 5.1.2 Following the approval of the Authority and any other relevant national regulatory authorities, the provisions contained in each allocation section of the relevant approved project proposal shall be treated as incorporated into and forming part of the Code, and binding pursuant to this Section E.

6 DEMAND INDICATION APPLICATION FEE

- 6.1.1 A DIA Fee will be required to achieve competency and will be payable by each party submitting a demand indication.
- 6.1.2 The DIA Fee shall be equivalent in value to the PARCA Application Fee.
- 6.1.3 The DIA Fee will be repaid in full to a party if:
- (a) an incremental project is not initiated following publication of the demand assessment report contemplated in paragraph 2.1.11 or 2.2.8; or
 - (b) the economic test for an incremental capacity project is positive.
- 6.1.4 The DIA Fee will be retained by National Grid NTS if the economic test for an incremental capacity project is negative. For the avoidance of doubt, this includes circumstances where parties do not submit binding reservations that could be considered in an economic test.
- 6.1.5 Where the DIA Fee is retained by National Grid NTS, it will be reconciled against actual costs incurred by National Grid NTS in progressing the incremental capacity project.

7 IMPACT ON OTHER LONG TERM ALLOCATION PROCESSES

- 7.1.1 The binding application phase of the incremental capacity process lasts from the start of the reservation period (as set out in the relevant approved project proposal) to the completion of the economic test (at which stage capacity is reserved).
- 7.1.2 If the binding application phase of the incremental capacity process overlaps with another long term allocation process then National Grid NTS shall explicitly state the quantity of unsold capacity (including substitutable capacity) available in each process.
- 7.1.3 If the binding application phase begins while there is another long term allocation process under way then the unsold capacity (including substitutable capacity) will already have been prioritised in the other process.
- 7.1.4 If the binding application phase begins while there is no other long term allocation process under way but is not completed by the time that another long term allocation process starts, then the unsold capacity shall not be included in the other long term allocation process if it has been identified by National Grid NTS as substitutable capacity that could potentially be reserved through the incremental capacity project.

8 APPLICABLE DAILY RATE FOR INTERCONNECTION POINT CAPACITY

- 8.1.1 The Applicable Daily Rate payable in respect of Interconnection Point Capacity shall, notwithstanding TPD Sections B2.11 and B3.12, be the Reserve Price.
- 8.1.2 If an economic test is carried out in respect of the allocation of any Interconnection Point Capacity and a mandatory minimum premium (as is referred to in paragraph 4.1.4(d)(i)(3) and calculated in accordance with National Grid NTS's Entry Capacity Release Methodology Statement or Exit Capacity Release Methodology Statement) is required in order that the economic test is positive such mandatory minimum premium shall be added to the Reserve Price referred to in paragraph 8.1.1.

