UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B – SYSTEM USE AND CAPACITY[1]

1 INTRODUCTION

1.1 Use of System

1.1.1 Shipper Users may use the Total System by delivering gas to the Total System and/or by offtaking gas from the Total System.

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

1.2 System Capacity

1.2.1 Users may apply for, reserve and hold capacity in a System ("**System Capacity**") at certain System Points.

1.2.2 The classes of System Capacity are NTS Entry Capacity, NTS Exit Capacity, LDZ Capacity and Supply Point Capacity.

1.2.3 For the purposes of the Code:

(a) **"NTS Entry Capacity"** at an Aggregate System Entry Point is capacity in the NTS which a User is treated as utilising in delivering gas to the NTS (and the Total System) at that point;

(b) **"NTS Exit Capacity"** at an NTS Exit Point is capacity in the NTS which a User is treated as utilising in offtaking gas from the NTS and (in the case of an NTS Supply Point and NTS Connected System Exit Point the Total System) at that NTS System Exit Point;

(c) NTS Exit Capacity comprises:

(i) **"NTS Exit (Flat) Capacity"**, which is capacity which a User is treated as utilising in offtaking gas from the NTS at a rate which (for a given Daily Quantity) is even over the course of a Day; and

(ii) **"NTS Exit (Flexibility) Capacity"**, which is capacity which a DNO User is treated as utilising, in offtaking gas from the NTS to the extent that (for a given Daily Quantity) the rate of offtake or flow is not even over the course of a Day;

(d) **"LDZ Capacity"** at an LDZ System Exit Point is capacity in the relevant LDZ:

(i) in the case of an LDZ Supply Point, which the User is treated as utilising in offtaking gas from the Total System at that point;

[1] Implementation of modification 0926S effective 05:00hrs on a date to be confirmed will amend this list in whole or in part.

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(ii) in the case of an LDZ Connected System Exit Point, which the User is treated as utilising in offtaking gas from the Total System at that point;

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

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

1.2.4 A DNO User may hold NTS Exit (Flexibility) Capacity at an NTS/LDZ Offtake only, and a Shipper User may not hold NTS Exit (Flexibility) Capacity.

1.2.5 No User is treated as utilising capacity in an LDZ where gas flows to or from that LDZ at an LDZ/LDZ Offtake, and accordingly there is no provision for Users to hold System Capacity at an LDZ/LDZ Offtake.

1.2.6 The Supply Point Capacity which a User may be registered as holding at a DM Supply Point will (in accordance with Annex B-3) be limited by reference to the rate at and quantities in which it is feasible for the Transporter to make gas available for offtake from the Total System at that Supply Point; and no entitlement to offtake gas at a greater rate or in greater quantities shall be conferred on a User by the holding of any amount of LDZ Capacity.

1.2.7 Subject to Section I3.11.3(a) where an Aggregate System Entry Point is on an LDZ:

(a) Users delivering gas to the Total System at that point are deemed (for the purposes of paragraph 1.2.3(a)) to utilise capacity in the NTS and accordingly may (in accordance with paragraph 2) apply for and hold NTS Entry Capacity at that point;

(b) the provisions of this Section B as to the holding of NTS Exit Capacity shall apply in full notwithstanding that deliveries of gas to the Total System at that Aggregate System Entry Point may result in reduced flows into the LDZ at relevant NTS/LDZ Offtake(s).

1.2.8 In relation to NTS/LDZ Offtakes, Users:

(a) are not required to hold capacity in the NTS;

(b) may hold capacity in the NTS as NTS Exit Capacity.

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

1.2.10 Where (in the Transportation Statement or elsewhere) the units in which System Capacity is expressed are 'peak day kWh', such units are the same as those under paragraph1.2.9; and references to charges for System Capacity in 'pence per peak day kWh' (or similar references) shall be construed accordingly.

1.2.11 Where NTS Exit Points are comprised in an Aggregate NTS Exit Point, unless otherwise provided, references in this Section B:

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(a) to any such NTS Exit Point, in the context of NTS Exit (Flat) Capacity, are to that Aggregate NTS Exit Point;

(b) to User Daily Exit Quantity are to the sum of a User's UDQOs at each such NTS Exit Point;

(c) to the Maximum NTS Exit Point Offtake Rate is to the sum of the rates at each such NTS Exit Point.

1.3 Overrun Charges

1.3.1 Notwithstanding Section I3.7.1, Section J3.8.4(b), J3.9.3(b) and J3.10.5(b), if for any reason a User utilises the System without holding System Capacity it will (subject to paragraphs 1.3.2 and 1.3.3) be liable to pay System Entry Overrun Charges and/or NTS Exit (Flat) Overrun Charges (collectively **"Overrun Charges"**) and/or LDZ CSEP Overrun Charges or Supply Point Ratchet Charges, in respect of the capacity utilised, in accordance with this Section B.

1.3.2 A User will not be liable to pay Supply Point Ratchet Charges for using a System by offtaking gas at an Interruptible Supply Point on a Day on which the User was liable pursuant to Section B8 in respect of a failure to comply with the requirement for Interruption.

1.3.3 If:

(a) the Transporter rejects an application by a User for System Capacity other than in accordance with the provisions of the Code; and

(b) reasonably promptly thereafter the User so notifies the Transporter, stating that it wishes the application to be given effect with effect from the date which was specified in the application

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

1.3.4 Where:

(a) a User incurs an Overrun Charge, Supply Point Ratchet Charge or CSEP Overrun Charge on a Day on which (by reason of a change in the time from BST to GMT) there are 25 hours in a Day; and

(b) the User (by notice to the Transporter specifying the relevant System Point) requests the Transporter to redetermine the amount of such charge

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

1.4 Registered and Available Capacity

For the purposes of the Code:

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(a) a User's **"Registered"** System Capacity in relation to a System Point is the System Capacity which the User is registered (in accordance with this Section B) as holding at that System Point on the Gas Flow Day;

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

(c) the User's reserved system capacity **"Reserved System Capacity"**, being the Reserved Entry Capacity and/or Reserved Exit Capacity (as defined in paragraph 1.14.4), in relation to a System Point is the NTS Entry Capacity and/or NTS Exit Capacity which the User has reserved (in accordance with this Section B) at that System Point pending registration of that System Capacity. The amount of Reserved System Capacity shall be treated (for the purposes of determining the Available System Capacity only) as if it were registered as held by a User.

1.5 UK Link set-up

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

1.6 Eligible Capacity Registration Date

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

1.7 Transportation Charges, Metering Charges and SoLR Customer Charges

1.7.1 For the purposes of the Code:

(a) **"Transportation Charges"** are:

(i) charges (other than Energy Balancing Charges or Storage Charges) payable by or to a User in respect of a transportation arrangement under the Code, (subject to paragraph 1.7.8) comprising Capacity Charges, Commodity Charges, Customer Charges, CSEP Charges; and other NTS-related charges being Transmission Services Revenue Recovery Charges, and the NTS Entry Capacity Retention Charges; and

(ii) Specific Non-Transmission Services Charges as provided in paragraph 4 of Part A-I of TPD Section Y,

(and for the avoidance of doubt, Overrun Charges are not included within Transportation Charges);

(b) **"Metering Charges"** are the prevailing charges payable by a User as contained in the Metering Charges Statement;

(c) Transportation Charges in respect of the NTS are divided into Transmission

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Services Charges and Non-Transmission Services Charges as provided in the NTS Transportation Charging Methodology;

(d) the **"NTS Transportation Charging Methodology"** is National Gas Transmission's transportation charging methodology contained in Part A-I of TPD Section Y.

(e) **"SoLR Customer Charges"** are the charges payable by a Shipper User as provided in the DN Transportation Charging Methodology; and

(f) the **"DN Transportation Charging Methodology"** is a DN Operator's transportation charging methodology contained in Part B of TPD Section Y.

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

1.7.3 A **"Commodity Charge"** is a charge in respect of use of a System, determined by reference to the quantity of the gas flow (or the part thereof attributable to a User) at a System Point, or a charge payable by reference to the arrangements in Special Condition 2.1 or Special Condition 2.3 of National Gas Transmission's Transporter's Licence or Special Condition 2.1 of the relevant DNO's Transporter's Licence.

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

1.7.5 In respect of a Customer Charge:

(a) the **"Capacity Variable Component"** is the component (if any) thereof the amount of which is determined by reference to the amount of a User's Registered Supply Point Capacity;

(b) the **"Commodity Variable Component"** is the component (if any) thereof the amount of which is determined by reference to the quantity of the gas flow at a Supply Point;

(c) the **"Fixed Component"** is the component (if any) thereof which is not determined by reference to Supply Point Capacity or gas flow.

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

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

1.7.8 **"Transmission Services Revenue Recovery Charges"** are charges applied by National Gas Transmission (and payable by Users to National Gas Transmission or by National Gas Transmission to Users) for the purposes of recovery of allowed transmission services revenue, as provided in the NTS Transportation Charging Methodology, and comprise:

(a) charges (**"Entry Transmission Services Revenue Recovery Charge"**) payable in respect of NTS Entry Capacity, and

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(b) charges (**"Exit Transmission Services Revenue Recovery Charge"**) payable in respect of NTS Exit (Flat) Capacity.

1.7.9 **"General Non-Transmission Services Charges"** are Commodity Charges payable by Shipper Users to National Gas Transmission as provided in the NTS Transportation Charging Methodology.

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

(a) the prevailing Transportation Statement or Metering Charges Statement provides for any charge which is not provided for in the Code; and

(b) the amount payable by way of such charge in any case is capable of being determined by reference to the provisions of the Code prevailing at the time

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

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

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

1.7.13 A **"SoLR Customer Charge"** is a charge payable following receipt by a Transporter of a valid claim for a last resort supply payment from a supplier pursuant to Standard Special Condition A48 of the Transporter's Licence (and SoLR Customer Charges shall be invoiced and payable in accordance with Section S).

1.8 Rates and amounts of Transportation Charges

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

(a) the amount or rate of any Transportation Charge accrues (irrespective of when it is due for payment); and accordingly the rate of the Transportation Charges payable by a User may vary during the period for which the User holds any System Capacity or is the Registered User of any Supply Point or is a CSEP User;

(b) the amount or rate of any Metering Charge payable at any time by a User shall be determined in accordance with the Metering Charges Statement in force at the time such charge accrues irrespective of when it is due for payment;

(c) the amount or rate of any SoLR Customer Charge payable at any time by a User shall be determined in accordance with the DN Transportation Charging Methodology.

1.8.2 The Transporter agrees that, except where any other provision of the Transporter's

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Licence requires notice of a shorter period to be given:

(a) each notice given by it to the Authority pursuant to Standard Special Condition A4(2)(d) of the Transporter's Licence will be given, and published in accordance with Standard Special Condition A4(3)(a) thereof, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Transportation Statement) to be implemented;

(b) each statement or revision thereto sent by it to the Authority pursuant to Standard Special Condition D18 of the Transporter's Licence will be sent to the Authority, and sent to Users, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Metering Charges Statement) to be implemented.

1.8.3 In accordance with Standard Special Condition D18 of the Transporter's Licence, the amount or rate of any Transportation Charge may with the approval of the Authority differ from what is provided for in the Transportation Statement and in accordance with Standard Special Condition D18 of the Transporter's Licence, the amount or rate of any Metering Charge may with the approval of the Authority differ from what is provided for in the Metering Charges Statement.

1.8.4 In the case of an NTS Supply Point the rate(s) or amount(s) of the Capacity Charge in respect of NTS Exit Capacity and the Customer Charge may not be specified in the National Gas Transmission's Transportation Statement, in which case they will be the rate or amount from time to time notified by National Gas Transmission to the Registered User.

1.8.5 In respect of any Transportation Charge in respect of any System Point:

(a) in the case of a Capacity Charge, Transmission Services Revenue Recovery Charge or the Capacity Variable Component of a Customer Charge, the **"Applicable Daily Rate"** is the daily rate of such charge, in pence per kWh/Day of System Capacity; and the "Applicable Annual Rate" is 365 times the Applicable Daily Rate;

(b) for the purposes of paragraph 4.6.2, the Applicable Daily Rate and Applicable Annual Rate may be the rate determined in accordance with the Transportation Statement by reference to the distance between the LDZ Specified Exit Point and the Notional NTS Connection Point and the capacity of the LDZ Specified Exit Point determined in accordance with Paragraph 4.6.9 (the **"LDZ Optional Capacity Rate"**); or

(c) in the case of a Commodity Charge or the Commodity Variable Component of a Customer Charge, the **"Applicable Commodity Rate"** is the rate of such charge, in pence per kWh of gas flow;

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

1.8.6 Subject to paragraph 1.8.4 and except as provided in paragraph 3.12.5, where the Transporter's prevailing Transportation Statement or Metering Charges Statement does not provide for the determination of any particular Transportation Charge or Metering Charge, in any particular case, the rate of such Transportation Charge or Metering Charge shall be deemed to be zero respectively.

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1.9 Scottish Independent Networks

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

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

(a) except as provided in paragraph (b) but in addition to paragraph (c), the relevant DN Operator may arrange with a Storage Operator(s) to hold Storage Space (as defined in Section R) in and inject gas into a Storage Facility(ies) in which gas is stored as LNG, and for LNG to be lifted from those facilities and transported by road tanker to and discharged to LNG storage and regasification plants at each Scottish Independent Network;

(b) in relation to the Scottish Independent Network at Stranraer, the relevant DN Operator will arrange for gas to be taken from the Total System at a Connected System Exit Point and conveyed to that network pursuant to the arrangements referred to in Section A1.7.5.

(c) in relation to each of the Scottish Independent Networks at Thurso, Wick, Oban and Campbeltown respectively, the relevant DN Operator may, in addition to paragraph (a), act as a Delivery Facility Operator in the operation of a Connected Delivery Facility (being a liquefied natural gas storage and regasification plant connected to such Scottish Independent Network) to enable liquefied natural gas to be lifted from any facility (whether such facility is located in or outside of the United Kingdom) and transported by road tanker and discharged to such Connected Delivery Facility.

1.9.3 For the purposes of the Code:

(a) there shall be deemed to be capacity in the NTS at the Scottish Independent Network NTS Exit Point;

(b) the relevant DN Operator shall hold NTS Exit Capacity at such Scottish Independent Network NTS Exit Point;

(c) NTS Exit Capacity may be held by Users at the Scottish Independent Network NTS Exit Point;

(d) for the purposes of paragraph 3.13 there will be deemed on each Day to be a gas flow out of the NTS at the Scottish Independent Network NTS Exit Point:

(i) in respect of each Scottish Independent Network other than Stranraer, of any gas referred to in Section B1.9.2(a) and the amount of such gas shall be equal to: (A) the aggregate amount of gas offtaken by each User on that Day from the Total System at Scottish Independent Network Supply Point Components in respect of such Scottish Independent Network; Less (B) the amount of any gas referred to in Section B1.9.2(c) that is properly nominated by such User (in accordance with Section E and relevant Network Entry Provisions and Local Operating Procedures) for injection on that Day at the relevant System Entry Point in respect of that Scottish Independent Network; and

(ii) in respect of the Scottish Independent Network at Stranraer, of any gas

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referred to in Section B1.9.2(b) and the amount of such gas shall be equal to the aggregate amount of gas offtaken by each User on that Day from the Total System at Scottish Independent Network Supply Point Components in respect of the Stranraer Scottish Independent Network.

1.10 Long Term Contracts

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

(a) pursuant to which, notwithstanding any other provision of the Code:

(i) the User may agree to apply for and hold System Capacity in particular amounts, and/or deliver gas to and/or offtake gas from the Total System in particular quantities at particular System Points, for particular periods, or to make payment to the Transporter in lieu of doing so; and/or

(ii) the Transporter may agree, notwithstanding Annex B-3, paragraphs 6.3 or 6.4, to accept the User's application for particular Supply Point Capacity;

(b) containing other terms which may conflict with the terms of the Code.

1.11 Daily Read Errors

Where (pursuant to Sections M5.15 and E3.4) for a Daily Read Error Day an Error Revised UDQO has been determined for a DM Supply Point:

(a) the Transporter will redetermine, as nearly as may be, the amounts (if any) for which the User would have been liable by way of NTS Exit Overrun Charge and/or in the case of an LDZ Supply Point a Supply Point Ratchet Charge, and the amount of any Ratchetted Supply Point Capacity (and any increment in Transportation Charges payable by the User in respect of such capacity), on the basis of the Error Revised UDQO;

(b) the amounts for which the User is liable in respect of such charges will be determined accordingly, and invoice adjustments will be made, by way of debit or credit as appropriate, in accordance with Section S.

1.12 DNO Users

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

1.13 Trader User

In this Section B references to Users exclude Trader User.

1.14 Reservation of NTS Entry Capacity and/or NTS Exit Capacity through a Planning and Advanced Reservation of Capacity Agreement (PARCA)

1.14.1 National Gas Transmission may enter into Planning and Advanced Reservation of Capacity Agreements (PARCAs).

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1.14.2 In order to request that National Gas Transmission enters into a PARCA (as defined in paragraph 1.14.3) the PARCA Applicant (as defined in paragraph 1.14.3) is required to complete an application form (the **"PARCA Application"**) which National Gas Transmission publishes and which may be amended and re-published from time to time following consultation and comply with the application process as set out in paragraph 1.15.

1.14.3 For the purposes of the Code a **"PARCA"** is an agreement (in a form published by National Gas Transmission and amended and re-published from time to time following consultation) between National Gas Transmission and a person who is either:

(a) a User; or

(b) subject to paragraph 1.13, not a User (the **"Reservation Party"**)

and together (the **"PARCA Applicant"**), pursuant to which the PARCA Applicant may reserve Quarterly NTS Entry Capacity at an Aggregated System Entry Point and/or Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point; provided that a DNO User shall not be entitled to enter into a PARCA in order to reserve Quarterly NTS Entry Capacity at an Aggregated System Entry Point.

1.14.4 Any Reserved System Capacity reserved by a PARCA Applicant under a PARCA pursuant to this paragraph 1.14 will be reserved in the case of:

(a) Quarterly NTS Entry Capacity at an Aggregated System Entry Point as reserved entry capacity (the **"Reserved Entry Capacity"**); and/or

(b) Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point as reserved exit capacity (the **"Reserved Exit Capacity"**),

until such time as such Reserved System Capacity becomes Registered to a User or Nominated User(s) (as defined in paragraph 1.14.5) in accordance with the terms of the PARCA. The amount of Reserved System Capacity shall be determined (and may vary from time to time) in accordance with the terms of the PARCA.

1.14.5 Subject to the provisions in the PARCA, and not less than one (1) month prior to the relevant allocation date, the Reservation Party is required under the PARCA to nominate a User or Users (the **"Nominated User(s)"**) to be Registered as holding an amount of Reserved Entry Capacity at an Aggregated System Entry Point and/or an amount of Reserved Exit Capacity at an NTS Exit Point with effect from such date as is specified in the PARCA and shall give notice to such effect to National Gas Transmission.

1.14.6 A notice under paragraph 1.14.5 shall specify:

(a) the identity of the Nominated User(s);

(b) the amount (in kWh/d) of Reserved System Capacity to be Registered in the name of the Nominated User(s) which shall not exceed the total amount of the remaining Reserved System Capacity;

(c) the date, consistent with the terms of the PARCA, from which the Nominated User(s) is/are to be Registered as holding Reserved System Capacity; and

(d) the aggregate amount of the System Capacity to be Registered in the name of

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the Nominated User(s) shall equal 100% of the Reserved System Capacity.

Where the Reservation Party wishes to nominate, pursuant to paragraph 1.14.5, more than one (1) Nominated User to be Registered as holding an amount of Reserved Capacity, then (in addition to the requirements set out above) the notices given by the Reservation Party under paragraph 1.14.5 in relation to each Nominated User shall be given at the same time.

1.14.7 Following receipt by National Gas Transmission of the notice pursuant to paragraph 1.14.5, and provided that such notice has not been rejected by National Gas Transmission pursuant to paragraph 14.4.10, National Gas Transmission will notify the Nominated User(s) of the contents of such notice as soon as reasonably practicable.

1.14.8 Each Nominated User may within five (5) Business Days of National Gas Transmission's notice under paragraph 1.14.7 confirm to National Gas Transmission its acceptance of the details in the Reservation Party's notice.

1.14.9 If a Nominated User does not confirm its acceptance to National Gas Transmission within the period specified in paragraph 1.14.8, National Gas Transmission shall as soon as reasonably practicable notify the Reservation Party of such non-acceptance and request that the Reservation Party resubmits a notice (or notices) pursuant to paragraph 1.14.5 in relation to that amount of Reserved System Capacity that was to be Registered in the name of the Nominated User which failed to confirm its acceptance as set out above.

1.14.10 National Gas Transmission may reject the nomination of a Nominated User(s):

(a) where any of the requirements of paragraph 1.14.6 are not complied with;

(b) in accordance with Section V3.

1.14.11 Subject to the provisions in the PARCA, National Gas Transmission's Entry Capacity Release Methodology Statement and Exit Capacity Release Methodology Statement and the Code the Reserved System Capacity will be allocated to the User or where the nomination of a Nominated User(s) has not been rejected pursuant to paragraph 1.14.10 to the Nominated User(s) on such date (the **"Registration Date"**) as is specified in the PARCA.

1.14.12 In the event that the PARCA is terminated then with effect from the date of such termination:

(a) any notice given pursuant to paragraph 1.14.5 shall be deemed null and void, and the User or Nominated User(s) (as the case may be) shall not be entitled to be allocated with such Reserved System Capacity; and

(b) where National Gas Transmission determines that such Reserved System Capacity cannot be used for the purposes of another PARCA, the Reserved System Capacity shall cease to be the Reserved System Capacity for the purposes of the Code.

1.14.13 For the avoidance of doubt:

(a) Reserved Entry Capacity shall not form part of any User's Available Firm NTS Entry Capacity until such time as that Reserved Entry Capacity becomes Registered in accordance with the terms of Section B2; and

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(b) Reserved Exit Capacity shall not form part of any User's Available Firm NTS Exit Capacity until such time as that Reserved Entry Capacity becomes Registered in accordance with the terms of Section B3.

1.14.14 In relation to a PARCA Application a **"Capacity Indicator"** is a classification (green, amber or red) assigned to a PARCA Application following National Gas Transmission's initial assessment of whether or not National Gas Transmission expects to be able to make available the System Capacity applied for under the PARCA Application.

1.14.15 Prior to submitting a PARCA Application the PARCA Applicant must obtain an indicative Capacity Indicator from National Gas Transmission by submitting a request for such to National Gas Transmission (by such means, and by submitting such information, as National Gas Transmission shall establish and make available and publish from time to time).

1.14.16 Where the Applicant User submits a request in accordance with National Gas Transmission's requirements under paragraph 1.14.15 National Gas Transmission shall as soon as reasonably practicable notify the PARCA Applicant of the indicative Capacity Indicator which National Gas Transmission expects to assign to a PARCA Application where the application is consistent with the information submitted by the PARCA Applicant under paragraph 1.14.15.

1.15 The PARCA Application Process

1.15.1 In order to request that National Gas Transmission enters into a PARCA, the PARCA Applicant shall complete and submit to National Gas Transmission an application (in the form prescribed and published by National Gas Transmission and as amended from time to time following consultation) (the **"PARCA Application"**) and shall comply with the terms thereof.

1.15.2 In order to complete the PARCA Application the PARCA Applicant shall include such information as National Gas Transmission may from time to time reasonably determine, which may include:

(a) contact details of the PARCA Applicant;

(b) connection details (including proposed NTS connection site);

(c) first gas flow date(s) required for commissioning and commercial purposes;

(d) proposed location of the PARCA Applicant's facility;

(e) capacity required and/or capacity profiles (if applicable);

(f) for information purposes only, the indicative ramp rate and notice period requirements;

(g) where the PARCA Applicant is a DNO User, the associated NTS Exit (Flexibility) Capacity and Assured Offtake Pressure requirements should the Reserved Exit Capacity be allocated;

(h) a Capacity range may be requested.

1.15.3 National Gas Transmission shall within two (2) Business Days from the date of receipt of the PARCA Application provide written notice of receipt of the PARCA Application

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to the PARCA Applicant.

1.15.4 A PARCA Application shall be a **"Competent PARCA Application"** where:

(a) the PARCA Application has been correctly and fully completed;

(b) the requested technical information has been fully provided; and

(c) the relevant fee (the **"PARCA Application Fee"**) has been paid and is available to National Gas Transmission in cleared funds.

1.15.5 National Gas Transmission shall;

(a) as soon as reasonably practicable;

(i) confirm to the PARCA Applicant that it is a Competent PARCA Application (no more than five (5) Business Days after the date that the PARCA Application is deemed to be a Competent PARCA Application) and subject to paragraph 1.16.4 initiate the Phase 1 PARCA Works, or

(ii) advise the PARCA Applicant that the PARCA Application is not a Competent PARCA Application and specify the reasons that the PARCA Application is not a Competent PARCA Application.

1.15.6 A rejection of a PARCA Application under paragraph 1.15.5(a)(ii) shall not prevent a PARCA Applicant from submitting further PARCA Application(s).

1.15.7 The PARCA Applicant may withdraw, by written notification to National Gas Transmission, a PARCA Application at any time. Following any such withdrawal, the PARCA Application Fee shall be reconciled against those actual costs (including reasonable overheads) reasonably incurred by National Gas Transmission in progressing the PARCA Application and undertaking the Phase 1 PARCA Works. Where National Gas Transmission has calculated that its actual reasonably incurred costs;

(a) are less than the PARCA Application Fee paid by the PARCA Applicant, National Gas Transmission shall refund the difference to the PARCA Applicant; or

(b) are greater than the PARCA Application Fee paid by the PARCA Applicant, National Gas Transmission shall invoice the difference and the PARCA Applicant shall pay such difference.

1.15.8 The PARCA Application Fee will be determined in accordance with the TPD Section Y Section 5 paragraph 45(a).

1.15.9 National Gas Transmission will assign a Capacity Indicator to a PARCA Application, and shall notify the PARCA Applicant of the assigned Capacity Indicator:

(a) where the indicative Capacity Indicator is green or red, within ten (10) business days;

(b) when the indicative Capacity Indicator is amber, within twenty (20) business days

following National Gas Transmission's confirmation the application is a Competent

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PARCA Application.

1.15.10 The indicative Capacity Indicator notified by National Gas Transmission in response to a request under paragraph 1.14.15 and the Capacity Indicator assigned to a Competent PARCA Application under paragraph 1.15.9 shall be:

(a) green, where National Gas Transmission expects to be able to make available the System Capacity applied for from the capacity available at the location which capacity is applied for,or by substitution of capacity from another location;

(b) amber, where National Gas Transmission needs to undertake further analysis before it can determine whether or not it expects to be able to make available the System Capacity applied for from the capacity available at the location which capacity is applied for, or by substitution of capacity from another location;

(c) red, where National Gas Transmission expects not to be able to make available the System Capacity applied for or National Gas Transmission needs to undertake further analysis before it can determine whether or not it expects to be able to make available the System Capacity applied for.

1.15.11 Where a PARCA Application is assigned a green Capacity Indicator National Gas Transmission may re-assign the application with a red Capacity Indicator following the commencement of the Phase 1 PARCA Works where:

(a) National Gas Transmission determines, acting reasonably, that for reasons outside its control, it will require up to six (6) months to complete the works;

(b) as a result of further PARCA Applications received during the PARCA Window (in relation to the PARCA Application), National Gas Transmission is required to undertake additional network analysis for the purposes of completing the Phase 1 PARCA Works.

1.16 PARCA Application Window

1.16.1 Within 10 (ten) Business Days of the initiation of the Phase 1 PARCA Works, a PARCA application window (**"PARCA Window"**) of up to 40 (forty) consecutive Business Days will be triggered, unless the Competent PARCA Application is requesting NTS Entry Capacity and falls within an existing PARCA Entry Window or is requesting NTS Exit Capacity and falls within an existing PARCA Exit Window, in which case no PARCA Window will be triggered. PARCA Windows include PARCA exit windows (**"PARCA Exit Window"**) which may be triggered by a Competent PARCA Application requesting NTS Exit Capacity and PARCA entry windows (**"PARCA Entry Window"**) which may be triggered by a Competent PARCA Application requesting NTS Entry Capacity.

1.16.2 If no PARCA Applications requesting NTS Entry Capacity are received within the first 20 (twenty) Business Days of a PARCA Entry Window that PARCA Entry Window will close. If no PARCA Applications requesting NTS Exit Capacity are received within the first 20 (twenty) Business Days of a PARCA Exit Window that PARCA Exit Window will close.

1.16.3

(a) If a PARCA Application requesting NTS Entry Capacity is received within the

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first 20 (twenty) Business Days of a PARCA Entry Window, National Gas Transmission will consider all PARCA Applications requesting NTS Entry Capacity received and deemed to be Competent PARCA Applications by National Gas Transmission within that PARCA Entry Window at the same time as the relevant Competent PARCA Application that triggered the opening of that PARCA Entry Window and that PARCA Entry Window will remain open for forty 40 (forty) consecutive Business Days from the date it was triggered.

(b) If a PARCA Application requesting NTS Exit Capacity is received within the first 20 (twenty) Business Days of a PARCA Exit Window, National Gas Transmission will consider all PARCA Applications requesting NTS Exit Capacity received and deemed to be Competent PARCA Applications by National Gas Transmission within that PARCA Exit Window at the same time as the relevant Competent PARCA Application that triggered the opening of that PARCA Exit Window and that PARCA Exit Window will remain open for forty 40 (forty) consecutive Business Days from the date it was triggered.

1.16.4 National Gas Transmission shall not be required to initiate Phase 1 PARCA Works for a PARCA reserving:

(a) NTS Entry Capacity in the period between the date of an annual invitation issued pursuant to paragraph 2.2.2(b) and the final allocation of Quarterly NTS Entry Capacity pursuant to that annual invitation; and

(b) NTS Exit Capacity in the period between the date of the enduring annual capacity notification pursuant to paragraph 3.2.23 and the 30 of September in that same Gas Year.

1.16.5 Where National Gas Transmission determines that it will be delayed in initiating Phase 1 PARCA Works due to the terms of paragraph 1.16.4, National Gas Transmission will inform the PARCA Applicant accordingly. National Gas Transmission will use reasonable endeavours to initiate the Phase 1 PARCA Works under paragraph 1.16.4 as soon as reasonably practicable and in any event for a PARCA reserving NTS Entry Capacity no later than the date of the final allocation in accordance with paragraph 1.16.4 (a) and for a PARCA reserving NTS Exit Capacity no later than 30 September in that same Gas Year.

1.16.6 Only one PARCA Entry Window and/or PARCA Exit Window will be open at any one time, however a PARCA Entry Window and a PARCA Exit Window may be open at the same time.

1.16.7 Within 10 (ten) Business Days of initiation of the Phase 1 PARCA Works, National Gas Transmission will, in addition to the information published under paragraph 1.18.1, publish a notice that a PARCA Window is open for a period of up to 40 (forty) consecutive Business Days, subject to paragraph 1.16.2.

1.16.8 Upon closure of a PARCA Window, National Gas Transmission will publish:

(a) a notice that the PARCA Window is closed; and

(b) the number of PARCAs requested within that PARCA Window.

1.16.9 The closure of the PARCA Window does not prevent further PARCA Applications being submitted at any other time. Where a PARCA Application is made outside of an open PARCA Window, the date that requested capacity is made available from may be

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impacted by other PARCAs and Competent PARCA Applications already requested or made and in progress.

1.16.10 Unless otherwise agreed with the PARCA Applicant, the triggering of a PARCA Window shall have no effect on the timescales under paragraph 1.17.1 for completing the Phase 1 PARCA Works for the Competent PARCA Application that triggered the PARCA Window.

1.17 Phase 1 PARCA Works

1.17.1 Where the Phase 1 PARCA Works have been initiated National Gas Transmission shall complete the works as soon as reasonably practicable and in any event by no later than, in the case of a PARCA Application for which the assigned Capacity indicator is:

(a) green and where the PARCA Window is closed after 20 (twenty) Business Days in accordance with paragraph 1.16.1, within three (3) months;

(b) green and where the PARCA Window remains open after 20 (twenty) Business Days in accordance with paragraph 1.16.1, within four (4) months;

(c) red, within six (6) months

from the date on which National Gas Transmission initiated in the Phase 1 PARCA Works.

1.17.2 Following completion of the Phase 1 PARCA Works, National Gas Transmission shall submit to the PARCA Applicant a Phase 1 PARCA Works Report, technical options report and the PARCA (based on the PARCA contract which National Gas Transmission publishes and which may be amended and re-published from time to time follow consultation) populated with the relevant information from the Competent PARCA Application.

1.17.3 The Phase 1 PARCA Works Report relating to the relevant Competent PARCA Application will include:

(a) the Registration Date (Note: this may or may not be the same date as requested by the PARCA Applicant in the Competent PARCA Application);

(b) the quantity of Quarterly NTS Entry Capacity and/or Enduring Annual NTS Exit (Flat) Capacity to be reserved and, if applicable, the capacity range that can be accommodated (which may, or may not be the capacity range requested by the PARCA Applicant under the Competent PARCA Application);

(c) the profile of the Quarterly NTS Entry Capacity and/or Enduring Annual NTS Exit (Flat) Capacity to be reserved (where applicable) and, if applicable, the Reserved Capacity Tolerance (as defined under the PARCA) that can be accommodated (which may, or may not be the capacity range requested by the PARCA Applicant under the Competent PARCA Application).

(d) the allocation date, which is the date on which the Reserved Quarterly NTS Entry Capacity and/or Enduring Annual NTS Exit (Flat) Capacity will be Registered by National Gas Transmission to the User or, as the case may be, the Nominated User(s);

(e) the indicative Quarterly NTS Entry Capacity and/or NTS Exit (Flat) Capacity

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Charges applicable to the Reserved Capacity;

(f) the actual costs incurred by National Gas Transmission in undertaking the Phase 1 PARCA Works showing whether monies are owed by the PARCA Applicant to National Gas Transmission or to be returned by National Gas Transmission to the PARCA Applicant;

(g) the security requirements to further progress the PARCA.

(h) the PARCA Demonstration Information and PARCA Demonstration Date (both terms as defined under the PARCA) requirements.

(i) whether there is a need for reinforcement works;

(j) for information purposes only, indicative ramp rates and pressures which are not legally binding on either party;

(k) where the PARCA Applicant is a DNO User, the NTS Exit (Flexibility) Capacity quantity and Assured Offtake Pressure that National Gas Transmission will provide at the DNO Offtake if the reserved capacity is allocated subject to the terms and conditions of the PARCA.

1.17.4 In order for a PARCA Applicant to reserve Reserved System Capacity, by no later than 28 (twenty eight) Days following receipt of the Phase 1 PARCA Works Report the Applicant shall submit to National Gas Transmission;

(a) the original signed version of the PARCA; and

(b) the relevant security requirements as identified in the Phase 1 PARCA Works Report.

1.17.5 If the PARCA Applicant has not submitted the original signed version of the PARCA and put in place the relevant security requirements as identified in the Phase 1 PARCA Works Report in the timescale prescribed in paragraph 1.17.4, National Gas Transmission shall not be required to counter sign the PARCA.

1.17.6 Subject to paragraph 1.17.5, where the PARCA Applicant has signed and returned an original of the PARCA to National Gas Transmission pursuant to paragraph 1.17.4(a), National Gas Transmission will sign the PARCA and return a copy of the PARCA to the PARCA Applicant within 2 (two) Business Days of receiving the signed original from the PARCA Applicant.

1.17.7 Reservation of the NTS Capacity will occur where:

(a) the requirements set out in paragraph 1.17.4 have been satisfied;

(b) National Gas Transmission has signed and returned the PARCA pursuant to paragraph 1.17.6; and

(c) in respect of Quarterly NTS Entry Capacity only:

(i) a net present value test, in accordance with the Incremental Entry Capacity Release Statement, that is based upon the quantities of Quarterly NTS Entry Capacity and indicative NTS Entry Capacity Price steps, has been satisfied; or

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(ii) where National Gas Transmission determine that no net present value test is required, a quantity of Quarterly NTS Entry Capacity has been requested by the PARCA Applicant in at least 4 (four) Quarters, each within a different year and all within a 32 (thirty two) consecutive Quarter period.

1.17.8 For the purposes of the Code, the **"Phase 1 PARCA Works"** are those works deemed necessary by National Gas Transmission to process the PARCA Application and to produce and issue the Phase 1 PARCA Works Report, as such works may be specified more explicitly in the PARCA Application.

1.18 PARCA – Information publishing

1.18.1 National Gas Transmission shall publish information relating to PARCAs and Reserved System Capacity as follows:

(a) within 10 (ten) Business Days of initiation of the Phase 1 PARCA Works, National Gas Transmission will publish:

(i) the geographical area of the NTS Exit Point and/or NTS Entry Point to which the PARCA relates;

(ii) an indicative range of Reserved System Capacity to which the PARCA relates based upon the maximum quantity of capacity requested;

(iii) the indicative date on which the Reserved System Capacity will be reserved in accordance with the Code and the PARCA; and

(iv) the requested Registration Date in respect of the Reserved System Capacity;

and National Gas Transmission shall publish updates to any of the above information from time to time as applicable.

(b) within 10 (ten) Business Days of the reservation of Reserved System Capacity pursuant to a PARCA, National Gas Transmission will publish:

(i) where substitution is proposed, the quantity (if any) of Unsold Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity that has been reserved from each donor NTS Exit Point and/or NTS Entry Point and the relevant periods of such reservation;

(ii) the geographical area of the NTS Exit Point and/or NTS Entry Point to which the PARCA relates or the NTS Exit and/or NTS Entry Point (if known);

(iii) the quantity (if any) of Unsold Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity reserved at the NTS Exit Point and/or NTS Entry Point and the relevant periods of such reservation;

(iv) the total quantity (if any) of Reserved System Capacity reserved at the NTS Exit Point and/or NTS Entry Point,

and National Gas Transmission shall publish updates to any of the above

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information from time to time as applicable.

(c) National Gas Transmission will publish, as soon as reasonably practicable and respecting commercial confidentiality, details of the progress made against the phases of each PARCA. This will include in each case updates on the submission of application for a development consent order (if required), receipt of a development consent order (if required), and calculation of any required funding (in accordance with Special Condition 3.13 of National Gas Transmission's Transporter Licence);

(d) within 10 (ten) Business Days of the termination of a PARCA, National Gas Transmission will publish the quantity and location of any Enduring Annual NTS Exit (Flat) Capacity and/or NTS Entry Capacity that is no longer reserved pursuant to that PARCA and is therefore being made to Users by means of the other mechanisms set out in paragraph 2 or 3;

(e) not more than twenty four (24) hours after the time at which National Gas Transmission notifies the User or Nominated User(s) of their allocation of Quarterly NTS Entry Capacity pursuant to the PARCA and the Code, National Gas Transmission will notify all Users of the following in respect of each calendar quarter:

(i) the price (in pence/kWh) payable for NTS Entry Capacity by the relevant User (and the amount of NTS Entry Capacity applied for);

(ii) the volume of NTS Entry Capacity allocated;

(iii) the volume of Incremental NTS Entry Capacity allocated; and

(iv) the amount of Unsold NTS Entry Capacity (if any) at the relevant NTS Entry Point following the allocation;

(f) not more than twenty four (24) hours after the time at which National Gas Transmission notifies the User or Nominated User(s) of their allocation of Enduring Annual NTS Exit (Flat) Capacity pursuant to the PARCA and the Code, National Gas Transmission will notify all Users of the following information:

(i) the volume of Enduring Annual NTS Exit (Flat) Capacity allocated; and

(ii) the incremental volume (being the volume above Baseline NTS Exit (Flat) Capacity) of Enduring Annual NTS Exit (Flat) Capacity allocated.

1.19 CSEP Supply Points and USEP System Entry Points

1.19.1 In this Section B:

(a) references to Supply Meter Points and Supply Points (and classes thereof) include CSEP Supply Meter Points and CSEP Supply Points (and the corresponding classes thereof);

(b) references to System Entry Points include USEP System Entry Points.

1.19.2 In accordance with paragraph 1.19.1(a), CSEP Users will hold (and be registered as holding) Supply Point Capacity and LDZ Capacity or NTS Exit Capacity at CSEP

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Supply Points (in lieu of any other basis for holding System Capacity at Unmetered Connected System Exit Points).

1.19.3 Paragraph 1.19.1 does not limit the basis on which the Transportation Statement may provide for the determination of Transportation Charges in respect of Unmetered Connected System Exit Points.

1.20 CDSP Functions

1.20.1 Agency Functions of the CDSP to support implementation of this Section B are:

(a) calculating Transportation Charges, Overrun Charges, CSEP Overrun Charges and Supply Point Ratchet Charges; and

(b) maintaining a record of Users Registered and Available System Capacity holdings.

1.21 Maximum Eligible Quantities

1.21.1 The User must set the following limits, which apply only to that User, for each type of auction for Daily NTS Entry Capacity, Daily NTS Interruptible Capacity, Daily NTS Exit (flat) Capacity and Off-Peak Daily NTS Exit (Flat) Capacity:

(a) an amount in kWh/d which the bid volume for any one bid shall not exceed, or such higher amount as temporarily overridden by the User from time to time on any one bid (a **"maximum eligible amount"**); and

(b) an amount which the bid price for any one bid shall not exceed, or such higher amount as temporarily overridden by the User from time to time on any one bid (a **"maximum eligible price"**).

1.21.2 A User shall not apply to be registered as holding NTS Entry Capacity or NTS Exit Capacity in the relevant auctions, where either of these limits may have not been set.

2 NTS ENTRY CAPACITY

2.1 Introduction

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

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

(a) as Quarterly NTS Entry Capacity pursuant to an auction in accordance with paragraph 2.2 and/or apply for, reserve and be Registered as holding NTS Entry Capacity as Quarterly NTS Entry Capacity under a PARCA pursuant to paragraph 1.14;

(b) as Monthly NTS Entry Capacity pursuant to an auction in accordance with paragraphs 2.2 and 2.3;

(c) as Weekly NTS Entry Capacity pursuant to an auction in accordance with paragraphs 2.4;

(d) as Daily NTS Entry Capacity pursuant to a bid under paragraph 2.5; and

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(e) as Daily Interruptible NTS Entry Capacity pursuant to a bid under paragraph 2.6; and

(f) as Quarterly, Monthly, Weekly, Daily or Daily Interruptible NTS Entry Capacity (as the case may be) pursuant to an invitation in accordance with paragraph 2.1.14.

2.1.3 A User may not apply for or reserve under a PARCA pursuant to paragraph 1.14 or be registered as holding NTS Entry Capacity at an Aggregate System Entry Point in an amount less than 100,000 kWh/Day (the "**minimum eligible amount**").

2.1.4 In relation to an Aggregate System Entry Point:

(a) "**Quarterly NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for, or reserved under a PARCA pursuant to paragraph 1.14 and registered as held (in a given amount) by a User for each Day in a particular calendar quarter;

(b) "**Monthly NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a particular calendar month;

(c) **"Weekly NTS Entry Capacity"** is Firm NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for each Day in a particular calendar week;

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

(e) "**Daily Interruptible NTS Entry Capacity**" is Interruptible NTS Entry Capacity which may be applied for and registered as held (in a given amount) by a User for a particular Day only.

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

(a) "**Obligated Entry Capacity**" is the amount of NTS Entry Capacity which National Gas Transmission is required to make available to Users pursuant to National Gas Transmission's Transporter's Licence as set out in National Gas Transmission's Transportation Statement;

(b) "**Incremental NTS Entry Capacity**" is the amount of Firm NTS Entry Capacity (if any) in excess of the Unsold NTS Entry Capacity which National Gas Transmission may (but shall not be required to) invite applications for pursuant to paragraphs 2.2 and 2.3 and which may be reserved as Quarterly NTS Entry Capacity under a PARCA pursuant to paragraph 1.14; and

(c) "**Unsold NTS Entry Capacity**" subject to EID Section E, paragraph 7.1.4, is the amount of Firm NTS Entry Capacity that National Gas Transmission has an obligation to make available (in accordance with the procedures set out in this paragraph 2) to Users pursuant to Special Condition 3.13 of National Gas Transmission's Transporter's Licence as, in the case of NTS Entry Capacity to be made available under paragraphs 2.2, 2.3, 2.4 and 2.5 but not paragraph 2.6, set out in National Gas Transmission's Transportation Statement, for the

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purposes of:

(i) paragraph 2.2, in relation to each Day in a calendar quarter (in the case of QSEC) or in a month (in the case of AMSEC);

(ii) paragraph 2.3, in relation to each Day in a calendar month;

(iii) paragraph 2.4, in relation to each Day in a calendar week;

(iv) paragraph 2.5, in relation to a Day;

in each case minus Reserved Entry Capacity for the calendar quarter, calendar month, calendar week or Day in question.

2.1.6 For the purposes of the application of paragraph 2.7, the amount of Unsold NTS Entry Capacity in existence at a particular time will, unless expressly stated otherwise, be calculated by reference to a continuing obligation to make available Firm NTS Entry Capacity through the application of Special Condition 3.13 of National Gas Transmission's Transporter's Licence prior to the time at which the amount of Unsold NTS Entry Capacity is to be ascertained.

2.1.7 For the purposes of this paragraph 2:

(a) at any time, in respect of an Aggregate System Entry Point and in relation to a Day, the "**System Entry Capability**" is the amount (in kWh) or rate (in kWh/Day) (in each case consistent with the provisions of paragraph 2.1.9), determined by the Transporter at such time, as the maximum amount of gas which it will be feasible to take delivery on that Day at that Aggregate System Entry Point, or (as the case may be) the maximum rate at which it will be feasible to take delivery of gas on that Day or in the remaining part of that Day at that Aggregate System Entry Point;

(b) "**Firm NTS Entry Capacity**" means Quarterly NTS Entry Capacity, Monthly NTS Entry Capacity and Daily NTS Entry Capacity which (without prejudice to Section I3.7) is not subject to curtailment and "**Interruptible NTS Entry Capacity**" means Daily Interruptible NTS Entry Capacity which is liable to be curtailed pursuant to paragraph 2.10;

(c) a reference to the amount of a User's Available or Registered NTS Entry Capacity (of any class) at an Aggregate System Entry Point for a Day as "**Adjusted**":

(i) pursuant to paragraph 2.9.4, is a reference to such amount as reduced pursuant to that paragraph;

(ii) pursuant to paragraph 2.10.4, is a reference to such amount as reduced pursuant to that paragraph; and

(iii) pursuant to paragraph 2.11.8, is a reference to such amount as determined pursuant to that paragraph; and

(iv) pursuant to paragraph 2.18.9 is a reference to such amount as reduced pursuant to that paragraph;

and a reference to such amount as "**Unadjusted**" pursuant to any such paragraph is a reference to such amount before and disregarding such reduction

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or determination;

(d) a reference to the amount of a User's Available or Registered NTS Entry Capacity (of any class) at an Aggregate System Entry Point for a Day as "**Fully Adjusted**" is a reference to such amount as adjusted pursuant to paragraphs 2.9.4, 2.10.4, 2.11.8 and 2.18.9;

(e) an "**invitation date**" is a day on which Users may make applications for NTS Entry Capacity in accordance with paragraphs 2.2 and 2.3;

(f) a "**capacity bid**" is an application for NTS Entry Capacity in accordance with paragraph 2.2, 2.3, 2.4, 2.5 or 2.6;

(g) a "**calendar quarter**" is a period of three calendar months commencing 1 January, 1 April, 1 July and 1 October in any calendar year; and

(h) a **"calendar week"** is a period of seven consecutive Days commencing on at 05:00 on a Monday.

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

2.1.9 For the purposes of determining the NTS Entry Capacity available to the User for each hour in a Day:

(a) where the NTS Entry Capacity is held in respect of the whole Day, the User shall hold in respect of each hour in the Day an amount of the NTS Entry Capacity equal to the NTS Entry Capacity held by the User, divided by 24; and

(b) where the NTS Entry Capacity is held for less than a Day, the User shall hold in respect of each remaining hour of the Day an amount of the NTS Entry Capacity equal to the NTS Entry Capacity, divided by the period (in hours) from the time the NTS Entry Capacity was first registered as being held by a User to the end of the Day.

2.1.10 References to rates at which gas is or may be delivered to or accepted by the System at an Aggregate System Entry Point are references to an instantaneous rate of flow, whether expressed in kWh/Day or other units.

2.1.11 For the avoidance of doubt, where a User ceases to be a User in accordance with Section V4.3, the NTS Entry Capacity which the User was registered as holding shall (with effect from the latest time by which a transferee election might be made) cease to be treated as held by any User, save to the extent to which any other User elects to be registered as holding such NTS Entry Capacity pursuant to paragraph 5.4.1(b) (a 'transferee election').

2.1.12 Any price to be specified by National Gas Transmission or a User pursuant to any provision of this paragraph 2 or under a PARCA pursuant to paragraph 1.14 shall be expressed in pence/kWh/Day and specified to four decimal places.

2.1.13 For the purposes of this paragraph 2 and/or paragraph 1.14 (as applicable) in particular in the context of applications for NTS Entry Capacity or reservation of Quarterly NTS Entry Capacity under a PARCA in accordance with the further provisions of this

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paragraph 2 and/or paragraph 1.14 (as applicable), a reference to a 'Capacity Year + n' is a reference to the Capacity Year commencing on either the n anniversary of the first Day of the Capacity Year in which the applications are invited to be made or on the anniversary of the first Day of the Capacity Year in which the PARCA was agreed.

2.1.14 Discretionary NTS Entry Capacity

(a) In addition to the other methods set out in Section B2.1.2 by which NTS Entry Capacity may be made available to Users, National Gas Transmission shall be entitled to invite applications for NTS Entry Capacity to Users by such means as National Gas Transmission may determine in its sole discretion. The timing of any such invitation, the quantities of NTS Entry Capacity included in such invitation (**"Discretionary NTS Entry Capacity"**), and the terms which shall apply to the offering of, application for, allocation of and use of such Discretionary NTS Entry Capacity shall also be determined by National Gas Transmission in its sole discretion.

(b) Any Discretionary NTS Entry Capacity included in any invitation made by National Gas Transmission pursuant to the provisions of paragraph (a) shall:

(i) be subject to the application of a reserve price, which shall be equal to the prevailing reserve price last published pursuant to paragraph 2.2.1(a) (for each Aggregate System Entry Point at which Discretionary NTS Entry Capacity is offered); and

(ii) be available for a period of no more than one Capacity Year, such period being specified in the relevant invitation; and

(iii) be subject to the provisions of UNC Section V3.

(c) Each User shall pay Capacity Charges for any Discretionary NTS Entry Capacity allocated to it, and such Capacity Charge shall be determined as the quantity of NTS Entry Capacity allocated multiplied by the bid price tendered multiplied by the relevant period for which such Discretionary NTS Entry Capacity has been allocated.

(d) For the avoidance of doubt, any Discretionary NTS Entry Capacity allocated to a User pursuant to this paragraph 2.1.14 shall be included in the User's aggregate Available NTS Entry Capacity.

(e) The bid prices offered by Users for Discretionary NTS System Entry Capacity shall be considered in the determination of System Entry Overrun Charge rates at the relevant Aggregate System Entry Point.

(f) National Gas Transmission will no later than

(i) two (2) Business Days prior to the first day of the period to which the invitation relates, inform each User of those of its capacity bids that have been accepted, the amount of Discretionary NTS Entry Capacity which it is registered as holding for the relevant Aggregate System Entry Point and the period for which the Discretionary NTS Entry Capacity has been allocated); and

(ii) one (1) Business Day prior to the first day of the period to which the invitation relates, National Gas Transmission will provide information to

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all Users with the information referred to in paragraph 2.15.2 in relation to Discretionary NTS System Entry Capacity.

2.2 Annual NTS Entry Capacity auctions

2.2.1 By:

(a) not later than the Day falling twenty eight (28) Days before the annual AMSEC invitation date in any Capacity Year, National Gas Transmission will notify Users of the reserve prices and the step prices that will apply in respect of each Aggregate System Entry Point for the purposes of the annual AMSEC invitation;

(b) not earlier than 1 February and not later than 29 February in a Capacity Year, National Gas Transmission will invite, and Users may make, applications for Monthly NTS Entry Capacity in respect of each Aggregate System Entry Point for the period specified in paragraph 2.2.2(a);

(c) not later than the Day falling twenty eight (28) Days before the first annual QSEC invitation date in any Capacity Year, National Gas Transmission will notify Users of the reserve prices and the step prices that will apply in respect of each Aggregate System Entry Point for the purposes of the annual QSEC invitation; and

(d) not earlier than 1 March and not later than 31 March in a Capacity Year, National Gas Transmission will invite, and Users may make, applications for Quarterly NTS Entry Capacity in respect of each Aggregate System Entry Point for the periods specified in paragraph 2.2.2(b).

2.2.2 National Gas Transmission will invite applications ("**annual invitation**") for:

(a) for Monthly NTS Entry Capacity for each calendar month from April to September (inclusive) in Capacity Year Y and for each calendar month in Capacity Year 1; and

(b) for Quarterly NTS Entry Capacity for each calendar quarter in Capacity Year + 2 to Capacity Year + 16 (inclusive)

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

2.2.3 National Gas Transmission's annual invitations under paragraph 2.2.2 will specify:

(a) the dates (on which applications pursuant to the annual invitation may be made), which for the purposes of:

(i) paragraph 2.2.2(a), shall be four dates (each of which shall be a Business Day) on which applications pursuant to such annual invitation may be made; the period between each such date shall not be less than two Business Days; and

(ii) paragraph 2.2.2(b), shall be a period of ten (10) consecutive Business Days ("**annual invitation period**"),

(each such date an "**annual**" invitation date);

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(b) for each Aggregate System Entry Point, and in respect of each of Capacity Year Y to Capacity Year +16 (inclusive), the Available NTS Entry Capacity (and, in respect of Capacity Year Y and Capacity Year 1, the Available Monthly Capacity as referred to in paragraph (e) below) and the reserve price for Unsold NTS Entry Capacity (in accordance with National Gas Transmission's Transportation Statement) (the "**reserve price**");

(c) for each Aggregate System Entry Point, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive):

(i) the relevant number of incremental amounts (each being for a different amount) of Quarterly NTS Entry Capacity greater than the Obligated Entry Capacity (the maximum incremental amount being the lower of (1) an amount not less than an amount equal to 150% of Obligated Entry Capacity and (2) an amount determined by the application of National Gas Transmission's Entry Capacity Release Methodology Statement) (each amount an "**incremental capacity amount**"); and

(ii) the price payable by Users for each different incremental capacity amount (the "**step price**") were National Gas Transmission to make such incremental capacity amount available

in each case (in accordance with National Gas Transmission's Transportation Statement); and

(d) the relevant number for the purposes of paragraph (c) being twenty (20) except in the case of an Aggregate System Entry Point where the Obligated Entry Capacity is less than 300,000,000 kWh/Day where the relevant number (being not greater than twenty (20) and not less than five (5)) shall be set out in National Gas Transmission's Transportation Statement; and

(e) for each Aggregate System Entry Point and in respect of Capacity Year Y and Capacity Year 1, the Available Monthly Capacity for the relevant calendar month on the relevant annual invitation date. The "**Available Monthly Capacity**" for a calendar month shall mean, in respect of the first three annual invitation dates, an amount equal to 25% of the amount of the Available NTS Entry Capacity for that calendar month (as determined immediately prior to the first such annual invitation date); and in respect of the fourth annual invitation date shall mean an amount equal to the Available NTS Entry Capacity for that calendar month (again as determined immediately prior to the first such annual invitation date) less the amount of NTS Entry Capacity allocated in aggregate pursuant to the first three annual invitation dates for that calendar month.

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

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

(a) a calendar month in Capacity Year Y and Capacity Year 1, not less than the sum of:

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(i) Unsold NTS Entry Capacity (if any); and

(ii) Incremental NTS Entry Capacity (if any); and

(b) a calendar quarter in Capacity Year + 2 to Capacity Year + 16 (inclusive), is not less than the sum of:

(i) Unsold NTS Entry Capacity (if any); and

(ii) Incremental NTS Entry Capacity (if any).

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

(a) the identity of the User;

(b) the Aggregate System Entry Point;

(c) the calendar year and calendar quarter for which Quarterly NTS Entry Capacity is applied for;

(d) the amount (not less than the minimum eligible amount) of Quarterly NTS Entry Capacity applied for (in kWh/Day);

(e) the minimum amount (not less than the minimum eligible amount) of Quarterly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.7.4; and

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

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

(a) the identity of the User;

(b) the Aggregate System Entry Point;

(c) the Capacity Year and calendar month for which Monthly NTS Entry Capacity is applied for;

(d) the amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity applied for (in kWh/Day);

(e) the minimum amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.8.2(e); and

(f) the amount (the "**bid price**") which shall not be less than the reserve price which the User is willing to pay by way of Capacity Charge in respect of the Monthly NTS Entry Capacity applied for.

2.2.8 A User may have, at any one time:

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(a) in aggregate in respect of each of the annual invitation dates, up to but not more than twenty (20) monthly capacity bids; and

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

in respect of a particular Aggregate System Entry Point for each calendar month or (as the case may be) calendar quarter capable of acceptance in accordance with paragraphs 2.7 and 2.8.

2.2.9 A capacity bid:

(a) may not be submitted before 08:00 hours or after 17:00 hours on an invitation date; and

(b) may be withdrawn or amended after 08:00 hours and until, but not after, 17:00 hours:

(i) where such bid is a monthly capacity bid, on the relevant invitation date;

(ii) where such bid is a quarterly capacity bid, on each annual invitation date in the annual invitation period.

2.2.10 Where in relation to the incremental amounts of Quarterly NTS Entry Capacity specified in an annual invitation the step prices specified:

(a) increase as the corresponding incremental amount itself increases, Users may only submit a second or further quarterly capacity bid where the step price applied for is greater than that applying to any other bid, if the amount of Quarterly NTS Entry Capacity applied for in such bid is no greater than that applied for under any earlier bid;

(b) decrease as the incremental amount itself increases, Users may only submit a second or further Quarterly capacity bid where the price applied for is less than that applying to any other bid, if the amount of Quarterly NTS Entry Capacity applied for in such bid is no less than that applied for under any earlier bid.

2.2.11 National Gas Transmission shall reject a capacity bid submitted on an annual invitation date where:

(a) the requirement in paragraph 2.2.10 is not complied with;

(b) any requirement of paragraphs 2.2.6 or 2.2.7 is not complied with

and National Gas Transmission may reject a capacity bid in accordance with Section V3.

2.2.12 Nothing in this paragraph 2.2 shall be construed as giving rise to any restriction on National Gas Transmission's ability to make available Quarterly NTS Entry Capacity (or Monthly NTS Entry Capacity) in an annual invitation in an amount which exceeds the Unsold NTS Entry Capacity.

2.2.13 In the event that a User submits monthly capacity bids in response to an annual

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invitation and the sum of:

(a) the aggregate NTS Entry Capacity Charges payable by the User were all the Monthly NTS Entry Capacity applied for under the User's capacity bids in respect of 1 April to 30 September in Capacity Year Y and 1 October to 31 March in Capacity Year + 1 to be allocated in full; and

(b) the User's Relevant Code Indebtedness at 17:00 hours on any Business Day on which monthly capacity bids may be made

exceeds 85% of the User's Code Credit Limit, National Gas Transmission shall not later than five (5) Business Days after the last relevant annual invitation date inform the User.

2.2.14 Following a notice under paragraph 2.2.13, in the event the User does not within ten (10) Business Days of such notice provide adequate surety or security (in accordance with Section V3.4.5), all monthly capacity bids submitted by the User in response to the annual invitation shall be disregarded for the purposes of this paragraph 2 (and have no effect).

2.2.15 Following the submission of quarterly capacity bids on each annual invitation date in the annual invitation period National Gas Transmission shall as soon as reasonably practicable after 17:00 hours on each such date calculate and notify Users, in respect of each calendar quarter and each Aggregate System Entry Point, of the Stability Group by reference to identifying where the quantities of Quarterly NTS Entry Capacity applied for in aggregate by Users are first equal to or less than the incremental quantities specified in the annual invitation in ascending order.

2.2.16 This paragraph 2.2.16 shall only apply where Quarterly NTS Entry Capacity is requested through a PARCA Application.

(a) Where this paragraph 2.1.18 applies, then within 10 (ten) Business Days of initiating the Phase 1 PARCA Works in relation to that PARCA Application, National Gas Transmission will invite Users to submit applications for Quarterly NTS Entry Capacity in accordance with this paragraph 2.2.16; provided that no such invitation shall be made:

(i) in the period between the date of an annual invitation issued pursuant to paragraph 2.2.2 and the end of the annual invitation period in accordance with this paragraph 2.2;

(ii) in the period between the date of a previous annual invitation issued pursuant to this paragraph 2.2.16 and the end of that ad-hoc annual invitation period in accordance with this paragraph 2.2.

(b) By not later than the Day falling twenty eight (28) Days before the first annual invitation date, National Gas Transmission will notify Users of the applicable reserve prices and the step prices that will apply in respect of the Aggregate System Entry Point for the purposes of the annual invitation.

(c) National Gas Transmission will invite applications (annual invitation (for the avoidance of doubt there may be more than one annual invitation)) for Quarterly NTS Entry Capacity at Aggregate System Entry Points for each calendar quarter in Capacity Year +2 to Capacity Year +16 (inclusive) for such aggregate amounts of Unsold NTS Entry Capacity only as is specified in the annual

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invitation and Users may make applications for NTS Entry Capacity in respect of the Aggregate System Entry Point in accordance with this paragraph 2.2.16.

(d) National Gas Transmission's annual invitation under paragraph 2.2.16(c) will specify:

(i) the date(s) on which applications ("**applications**") pursuant to the annual invitation may be made, which shall be a period of ten (10) consecutive Business Days, (each such date an **"annual invitation date"**);

(ii) for Aggregate System Entry Points, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive), the Available Unsold NTS Entry Capacity and the applicable reserve prices for Obligated Entry Capacity (in accordance with the Transportation Statement) (the "**applicable reserve price**");

(iii) for Aggregate System Entry Points, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive):

(1) the relevant number of incremental capacity amounts of Quarterly NTS Entry Capacity greater than the Obligated Entry Capacity (the maximum incremental capacity amount being the lower of (1) an amount not less than an amount equal to 150% of Obligated Entry Capacity and (2) an amount determined by the application of National Gas Transmission's NTS's Entry Capacity Release Methodology Statement); and

(2) the step price payable by Users for each different incremental capacity amount were National Gas Transmission to make such incremental capacity amount available (even though no such incremental capacity will be made available by National Gas Transmission in these circumstances) in each case (in accordance with National Gas Transmission's Transportation Statement); and

(iv) the relevant number for the purposes of paragraph (iii) being twenty (20) except in the event of a Aggregate System Entry Point where the Obligated Entry Capacity is less than 300,000,000 kWh/Day where the relevant number (being not greater than twenty (20) and not less than five (5)) as set out in National Gas Transmission's Transportation Statement.

(e) Users may apply for Quarterly NTS Entry Capacity for a calendar quarter in each of Capacity Year + 2 to Capacity Year + 16 (inclusive) in respect of Aggregate System Entry Points on the annual invitation dates.

(f) For the avoidance of doubt, and without prejudice to the further provisions of this paragraph 2.2.16, in relation to an annual invitation paragraphs 2.2.5, 2.2.6, 2.2.8, and 2.2.11(b) shall apply.

(g) Following the submission of applications in relation to Aggregate System Entry Points paragraph 2.7 (other than paragraph 2.7.7) shall apply and National Gas Transmission shall allocate NTS Entry Capacity and Users will be registered as holding Quarterly NTS Entry Capacity at the Aggregate System Entry Point in the amounts so allocated.

(h) National Gas Transmission will, by not later than the Day falling ten (10)

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Business Days after the last annual invitation date inform each User of those of its quarterly capacity bidsm which have been accepted and the amount of Quarterly NTS Entry Capacity which it is registered as holding for each calendar quarter pursuant to each such accepted quarterly capacity bid.

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

(a) National Gas Transmission shall by not later than 08:00 hours on the next following annual invitation date, notify Users that this paragraph 2.2.17 applies and that the annual invitation period has ended; and

(b) Users shall not be not be permitted to submit and National Gas Transmission shall not be permitted to accept any further quarterly capacity bids in respect of the annual invitation.

2.3 Rolling Monthly NTS Entry Capacity auctions

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

2.3.2 For the purposes of this paragraph 2.3:

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

$$A + B + C$$

where:

A is the Unsold NTS Entry Capacity (if any) for the calendar month;

B is the Incremental NTS Entry Capacity (if any) for the calendar month; and

C is the Surrendered NTS Entry Capacity (if any) for the calendar month;

(b) **"Donor ASEP"** is an Aggregate System Entry Point in respect of which;

(i) no rolling monthly capacity bid remains unsatisfied following an allocation pursuant to paragraph 2.3.19; and

(ii) there remains Rolling Available NTS Entry Capacity for the relevant month (in an amount in excess of the minimum eligible amount);

(c) **"inter-ASEP exchange rate"** is the rate in respect of different pairs of Aggregate System Entry Points used by National Gas Transmission for the purposes of paragraph 2.3.23 as established in accordance with the Entry Capacity Transfer and Trade Methodology Statement;

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(d) the **"Entry Capacity Transfer and Trade Methodology Statement"** is the capacity methodology statements in respect of entry capacity transfer and entry capacity trade prepared and published by National Gas Transmission in accordance with Special Condition 9.17 of National Gas Transmission's Transporter's Licence;

(e) **"Recipient ASEP"** is an Aggregate System Entry Point in respect of which rolling monthly capacity bids remain unsatisfied following an allocation pursuant to paragraph 2.3.19;

(f) **"relevant month"** is the caledar month in respect of which National Gas Transmission shall invite Users to make rolling monthly surrender offers and rolling monthly capacity bids in accordance with this paragraph 2.3;

(g) **"Surrendered NTS Entry Capacity**" in respect of an Aggregate System Entry Point and a calendar month, is the aggregate amount of Firm NTS Entry Capacity in respect of which Users have submitted rolling monthly surrender offers (excluding any rolling monthly surrender offer rejected in accordance with paragraph 2.3.9) in accordance with this paragraph 2.3;

(h) **"unit price"** in respect of a rolling monthly capacity bid is calculated as follows:

$$X / Y$$

where:

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

Y is:

(i) for the purposes of paragraph 2.3.19, one (1); and

(ii) for the purposes of paragraph 2.3.23, the relevant inter-ASEP exchange rate applying between the Aggregate System Entry Point and the relevant Donor ASEP; and

(iii) **"weighted average unit price"** in respect of a rolling monthly surrender offer is calculated as follows:

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

where:

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

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

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

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to the relevant capacity bid.

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

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

2.3.5 National Gas Transmission's invitation under paragraph 2.3.3 will specify:

(a) the calendar month in respect of which the rolling monthly surrender invitation is made;

(b) the date (the **"rolling monthly surrender date"**) being one of the next two Business Days following the date on which National Gas Transmission invites Users to surrender Firm NTS Entry Capacity under paragraph 2.3.3 on which Users may notify National Gas Transmission of amounts of Firm NTS Entry Capacity which they are willing to surrender for the relevant month; and

(c) the prevailing reserve price for Monthly NTS Entry Capacity at each Aggregate System Entry Point for the relevant month.

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

(a) the identity of the User (**"Surrender User"**);

(b) the relevant month;

(c) the Aggregate System Entry Point;

(d) the amount (not less than the minimum eligible amount) of Firm NTS Entry Capacity offered for surrender (in kWh/Day) (**"surrender amount"**); and

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

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

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

2.3.8 A rolling monthly surrender offer:

(a) may not be submitted before 08:00 hours or after 17:00 hours on a rolling monthly surrender date;

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

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2.3.9 National Gas Transmission will reject a rolling monthly surrender offer submitted on a rolling monthly surrender date where:

(a) any requirement of paragraphs 2.3.6, 2.3.7 or 2.3.8 is not complied with;

(b) the amount of Firm NTS Entry Capacity offered for surrender exceeds the amount of the User's Available Firm NTS Entry Capacity at the Aggregate System Entry Point on any Day in the relevant month (determined by reference to the application of this paragraph 2.3 and System Capacity Transfers which at the relevant time have become effective in accordance with paragraph 5.2.4).

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

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

2.3.12 National Gas Transmission's invitation under paragraph 2.3.10 will specify:

(a) the date ("**rolling monthly**" invitation date) being one of the twenty (20) Business Days preceding the last Business Day of the calendar month preceding the relevant month on which applications pursuant to the rolling monthly invitation may be made;

(b) for each Aggregate System Entry Point the amount of:

(i) the Surrendered NTS Entry Capacity in respect of which the rolling monthly surrender price is:

(1) less than the reserve price;

(2) equal to the reserve price;

(3) greater than the reserve price;

(ii) the Rolling Available NTS Entry Capacity; and

(c) for each Aggregate System Entry Point the reserve price.

2.3.13 Users may apply for Monthly NTS Entry Capacity in respect of an Aggregate System Entry Point for the relevant month on the rolling monthly invitation date.

2.3.14 An application (a "**rolling monthly**" capacity bid) for Monthly NTS Entry Capacity pursuant to paragraph 2.3.13 shall specify:

(a) the identity of the User;

(b) the relevant month;

(c) the Aggregate System Entry Point;

(d) the amount of Monthly NTS Entry Capacity (not less than the minimum eligible

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amount) applied for (in kWh/Day);

(e) the minimum amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraphs 2.3.19 and 2.3.23; and

(f) the amount (the "**bid price**") which shall not be less than the reserve price specified in the rolling monthly invitation which the User is willing to pay by way of Capacity Charge in respect of the Monthly NTS Entry Capacity applied for.

2.3.15 A User may have at any one time up to but no more than twenty (20) rolling monthly capacity bids in respect of a particular Aggregate System Entry Point.

2.3.16 A rolling monthly capacity bid:

(a) may not be submitted before 08:00 hours or after 17:00 hours on a rolling monthly invitation date;

(b) may be withdrawn or amended until, but not after, 17:00 hours on a rolling monthly invitation date.

2.3.17 National Gas Transmission will reject a rolling monthly capacity bid submitted on a rolling monthly invitation date where:

(a) The bid price is less than the reserve price;

(b) any requirement of paragraphs 2.3.14, 2.3.15 or 2.3.16 is not complied with

and National Gas Transmission may reject a rolling monthly capacity bid in accordance with Section V3.

2.3.18 Following the submission of rolling monthly surrender offers and rolling monthly capacity bids Monthly NTS Entry Capacity will be allocated for the relevant month at an Aggregate System Entry Point:

(a) first in accordance with paragraph 2.3.19;

(b) where paragraph 2.3.21 applies, thereafter in accordance with paragraph 2.3.23

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

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

(a) all rolling monthly capacity bids (excluding any rejected pursuant to paragraph 2.3.17) will be ranked in order of price (highest ranking first);

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(b) Monthly NTS Entry Capacity will be allocated to rolling monthly capacity bids with the highest bid price first until such time as all the rolling monthly capacity bids are satisfied or the amount of Monthly NTS Entry Capacity allocated is equal to the Rolling Available NTS Entry Capacity at the Aggregate System Entry Point;

(c) subject to paragraphs (d), (e) and (f), where the amount of Monthly NTS Entry Capacity applied for under a rolling monthly capacity bid exceeds the amount (**"remaining unallocated amount"**) of the Rolling Available NTS Entry Capacity remaining unallocated after allocation to higher priced bids the User will be allocated an amount equal to the remaining unallocated amount;

(d) subject to paragraphs (e) and (f), where two or more rolling monthly capacity bids (**"equal priced bids"**) specify the same bid price, and the amount of Monthly NTS Entry Capacity applied for in aggregate under the equal priced bids exceeds the remaining unallocated amount, the remaining unallocated amount shall be allocated pro rata the amounts applied for in each such rolling monthly capacity bid;

(e) where the amount to be allocated in respect of a rolling monthly capacity bid pursuant to paragraphs (c) and (d) would be less than the minimum amount specified in the bid, the rolling monthly capacity bid will (without prejudice to paragraph 2.3.23) be disregarded for the purposes of this paragraph 2.3.19) and an allocation made between the other rolling monthly capacity bids with the same bid price in accordance with paragraph (d) or (as the case may be) an allocation made in respect of the next ranked rolling monthly capacity bid;

(f) where the amount to be allocated in respect of any rolling monthly capacity bid would be less than the minimum eligible amount, no allocation shall be made to that bid (and, without prejudice to paragraph 2.3.23, no further allocation shall be made in respect of the Aggregate System Entry Point); and

(g) National Gas Transmission will not allocate Monthly NTS Entry Capacity to a rolling monthly capacity bid where the allocation could only be satisfied by the reduction of Surrendered NTS Entry Capacity at the Aggregate System Entry Point (in accordance with paragraph 2.3.20) in respect of which the rolling monthly surrender price is greater than the unit price of the relevant rolling monthly capacity bid.

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

(a) National Gas Transmission will first reduce the amount (if any) of the Surrendered NTS Entry Capacity at the Aggregate System Entry Point in respect of which the rolling monthly surrender price is equal to or less than the reserve price;

(b) where following the application of paragraph (a) there remains no Surrendered NTS Entry Capacity with a rolling monthly surrender price equal to or less than the reserve price, National Gas Transmission will next reduce (if any) the amount of Unsold NTS Entry Capacity at the Aggregate System Entry Point;

(c) where following the application of paragraph (b) there remains no Unsold NTS Entry Capacity, National Gas Transmission will next reduce (if any) the amount of Surrendered NTS Entry Capacity at the Aggregate System Entry Point in

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respect of which the rolling monthly surrender price is greater than the reserve price;

(d) in reducing the Surrendered NTS Entry Capacity National Gas Transmission will be deemed to have accepted one or more rolling monthly surrender offers at the Aggregate System Entry Point (in whole or in part), for which purpose National Gas Transmission shall be deemed to have accepted rolling monthly surrender offers in price order (lowest ranking first) and where two or more rolling monthly surrender offers have the same rolling monthly surrender price the offers shall be accepted on a pro rata basis; and

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

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

(a) the unsatisfied bids for each Recipient ASEP will be grouped in accordance with paragraph 2.3.22 (for which purposes a rolling monthly capacity bid which remains unsatisfied will be included in respect of the unsatisfied bid quantity); and

(b) a further allocation of Monthly NTS Entry Capacity will take place at Recipients ASEPs in accordance with paragraph 2.3.23.

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

(a) the **"unsatisfied bid quantity"** is:

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

(ii) in relation to an unsatisfied bid group, the aggregate unsatisfied bid quantity for all rolling monthly capacity bids in an unsatisfied bid group;

(b) the unsatisfied bids will be grouped on the following basis:

(i) the unsatisfied bids will be ranked in price order (highest ranking first);

(ii) subject to there being sufficient unsatisfied bids, the unsatisfied bids will be grouped in descending price order into a maximum of four (4) bid groups (each an "**unsatisfied bid group**"); where a bid group shall comprise one or more unsatisfied bids such that:

(1) the first and highest ranking bid group comprises unsatisfied bids in respect of which the aggregate amount of Monthly NTS Entry Capacity applied for is not less than twenty-five percent (25%) of the unsatisfied bid quantity;

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(2) the first and second highest ranking bid groups together comprise unsatisfied bids in respect of which the aggregate amount of Monthly NTS Entry Capacity is not less than fifty percent (50%) of the unsatisfied bid quantity; and

(3) the first, second and third highest ranking bid groups together comprise unsatisfied bids in respect of which the aggregate amount of Monthly NTS Entry Capacity applied is not less than seventy-five percent (75%) of the unsatisfied bid quantity;

(iii) where an unsatisfied bid could be included, for the purposes of paragraph (ii), in two (2) unsatisfied bid groups it shall be included in the highest ranked bid group;

(iv) where there are two or more equally priced unsatisfied bids that could be included in two unsatisfied bid groups for the purposes of this paragraph (b), the unsatisfied bids will be included in the unsatisfied bid group with the highest unsatisfied bid group price; and

(v) where the number or characteristics of the unsatisfied bids at a Recipient ASEP are such to prevent the identification of four (4) unsatisfied bid groups in the manner anticipated by paragraph (ii) a lesser number of unsatisfied bid groups may be identified;

(c) for each unsatisfied bid group the "**unsatisfied bid group price**" shall be calculated as follows:

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

where:

n is the number of unsatisfied bids in the unsatisfied bid group;

P is the bid price for each relevant unsatisfied bid in the unsatisfied bid group; and

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

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

(a) all unsatisfied bid groups for all Recipient ASEPs will be ranked in order of unsatisfied bid group price (highest ranking first), and where two or more unsatisfied bid groups have the same unsatisfied bid group price, such unsatisfied bid groups will be ranked as follows:

(i) the unsatisfied bid group comprising the rolling monthly capacity bid with the highest bid price shall rank highest; provided that where the highest individual bid price is the same in two or more unsatisfied bid

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groups, then;

(ii) the unsatisfied bid group with the largest unsatisfied bid quantity shall rank highest; provided that where the unsatisfied bid quantity is the same, then;

(iii) the unsatisfied bid group comprising the earliest received rolling monthly capacity bid shall rank highest;

(b) where, following the ranking of unsatisfied bid groups in accordance with paragraph (a), there are unsatisfied bid groups at the same Recipient ASEP ranked consecutively, the unsatisfied bid groups will be amalgamated for the purposes of determining the inter-ASEP exchange rate when allocating Monthly NTS Entry Capacity to rolling monthly capacity bids comprised in the amalgamated unsatisfied bid group;

(c) subject to the provisions of this paragraph 2.3.23, Monthly NTS Entry Capacity will be allocated to rolling monthly capacity bids comprised in the highest ranked unsatisfied bid group first (and subject to this paragraph (c) to rolling monthly capacity bids comprised in the next ranked unsatisfied bid group), until such time as in respect of an unsatisfied bid group:

(i) all the rolling monthly capacity bids are satisfied;

(ii) Monthly NTS Entry Capacity is only available on the basis of the application of an inter-ASEP exchange rate which is greater than 10:1; or

(iii) there is no Rolling Available NTS Entry Capacity remaining at any Donor ASEPs;

(d) for the purposes of paragraph (c):

(i) when considering an unsatisfied bid group, National Gas Transmission will rank each Donor ASEP by reference to the inter-ASEP exchange rate applying between the Recipient ASEP and the Donor ASEP in accordance with the Entry Capacity Transfer and Trade Methodology Statement;

(ii) National Gas Transmission will allocate Monthly NTS Entry Capacity to rolling monthly capacity bids comprised in an unsatisfied bid group from the highest ranked Donor ASEP first and where there is no longer Rolling Available NTS Entry Capacity at a Donor ASEP National Gas Transmission shall allocate Monthly NTS Entry Capacity from the next ranked Donor ASEP;

(iii) where there is no longer Rolling Available NTS Entry Capacity at a Donor ASEP National Gas Transmission may recalculate the inter-ASEP exchange rate for each of the remaining Donor ASEPs and may, as a result of such recalculation, reconsider the order in which the remaining Donor ASEPs are ranked for the purpose of this paragraph 2.3.23;

(iv) where all the rolling monthly capacity bids comprised in an unsatisfied bid group cannot be satisfied by reference to the Rolling Available NTS Entry Capacity at a Donor ASEP(s) and the relevant inter-ASEP exchange rate, National Gas Transmission will allocate Monthly NTS

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Entry Capacity to the rolling monthly capacity bids comprised in the unsatisfied bid group in bid price order, allocating Monthly NTS Entry Capacity to the rolling monthly capacity bid with the highest bid price first (and where there are two or more rolling monthly capacity bids with the same bid price Monthly NTS Entry Capacity shall be allocated by reference to the time the rolling monthly capacity bids were received by National Gas Transmission, with the earliest received rolling monthly capacity bid ranking highest); and

(v) where rolling monthly capacity bids comprised in an unsatisfied bid group remain unsatisfied following consideration of all relevant Donor ASEPs (whether in whole or part) the rolling monthly capacity bids will be treated for the purposes of this paragraph 2.3.23 as being comprised in the next ranked unsatisfied bid group for that Recipient ASEP;

(e) for the purposes of this paragraph 2.3.23:

(i) Monthly NTS Entry Capacity allocated to a rolling monthly capacity bid pursuant to this paragraph 2.3.23 will be subject to the application of the relevant inter-ASEP exchange rate(s);

(ii) where Monthly NTS Entry Capacity is allocated to a rolling monthly capacity bid comprised in an unsatisfied bid group the Rolling Available NTS Entry Capacity at the relevant Donor ASEP shall be reduced by an amount calculated as follows:

$$P * Q$$

where:

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

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

(f) subject to paragraphs (g) and (h) where the unsatisfied bid quantity under a rolling monthly capacity bid exceeds the amount ("**remaining unallocated amount**") of the Rolling Available NTS Entry Capacity remaining unallocated after allocation to higher priced bids the User will be allocated an amount equal to the remaining unallocated amount;

(g) where the amount to be allocated in respect of a rolling monthly capacity bid pursuant to this paragraph 2.3.23, in respect of which no allocation was made pursuant to paragraph 2.3.19, would be less than the minimum amount specified in the bid, the rolling monthly capacity bid will be disregarded for the purposes of this paragraph 2.3.23 and an allocation made in respect of the next ranked rolling monthly capacity bid;

(h) where the amount to be allocated in respect of a rolling monthly capacity bid pursuant to this paragraph 2.3.23, in respect of which no allocation was made pursuant to paragraph 2.3.19, would be less than the minimum eligible amount, no allocation shall be made to that bid (and no further allocation shall be made

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in respect of the Aggregate System Entry Point);

(i) where one of the conditions referred to in paragraph (c) applies in respect of each unsatisfied bid group National Gas Transmission will not accept any further unsatisfied bids (which such bids shall be disregarded and have no further effect); and

(j) for the purposes of this paragraph 2.3.23 and paragraph 2.3.24 National Gas Transmission will not allocate Monthly NTS Entry Capacity to a rolling monthly capacity bid where the allocation could only be satisfied by the reduction of Surrendered NTS Entry Capacity at the Donor ASEP (in accordance with paragraph 2.3.24) in respect of which the rolling monthly surrender price is greater than the unit price of the relevant rolling monthly capacity bid.

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

(a) National Gas Transmission will first reduce the amount (if any) of the Surrendered NTS Entry Capacity at the Donor ASEP in respect of which the rolling monthly surrender price is equal to or less than the reserve price;

(b) where following the application of paragraph (a) there remains no Surrendered NTS Entry Capacity with a rolling monthly surrender price equal to or less than the reserve price, National Gas Transmission will next reduce (if any) the amount of Unsold NTS Entry Capacity at the Aggregate System Entry Point;

(c) where following the application of paragraph (b) there remains no Unsold NTS Entry Capacity, National Gas Transmission will next reduce (if any) the amount of Surrendered NTS Entry Capacity at the Donor ASEP in respect of which the rolling monthly surrender price is greater than the reserve price;

(d) in reducing the Surrendered NTS Entry Capacity National Gas Transmission will be deemed to have accepted one or more rolling monthly surrender offers at the Donor ASEP (in whole or in part), for which purpose National Gas Transmission shall be deemed to have accepted rolling monthly surrender offers in price order (lowest ranking first) and where two or more rolling monthly surrender offers have the same rolling monthly surrender price the offers shall be accepted on a pro rata basis; and

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

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

(a) the Surrender User shall remain liable for the Capacity Charges payable in respect of the surrendered Firm NTS Entry Capacity for the relevant month;

(b) the User who submitted the rolling monthly capacity bid agrees to pay by way of NTS Entry Capacity Charges the relevant bid price for the relevant month in respect of the Monthly NTS Entry Capacity allocated in accordance with this paragraph 2.3;

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(c) where Monthly NTS Entry Capacity is allocated to a rolling monthly capacity bid by reason of the acceptance of a rolling monthly surrender offer National Gas Transmission shall pay to the Surrender User an amount, subject to paragraph (b), equal to the weighted average unit price multiplied by the amount of Firm NTS Entry Capacity surrendered (and allocated as Monthly NTS Entry Capacity in accordance with paragraphs 2.3.20(d) and 2.3.24(d)); and

(d) for the purposes of paragraph (c) National Gas Transmission shall not be required, in respect of any Aggregate System Entry Point at which a rolling monthly surrender offer(s) were accepted for the purposes of this paragraph 2.3, to pay the Surrender User(s) an amount in aggregate which exceeds the amounts received from a User(s) as a result of the allocation of Monthly NTS Entry Capacity following the acceptance of rolling monthly surrender offers in accordance with paragraph 2.3.20(d) and 2.3.24(d) (and National Gas Transmission shall make such adjustments to the amounts payable to the Surrender User(s) as are reasonable for such purpose).

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

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

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

(a) the issue of invitations pursuant to paragraphs 2.3.3 and 2.3.10 represent the means by which a User may request an entry capacity transfer or trade rate or rates;

(b) where a User submits a rolling monthly surrender offer or rolling monthly capacity bid (as the case may be) the User shall be deemed to have requested National Gas Transmission to enact an entry capacity transfer or trade for the purposes of Special Condition 9.17.6 of National Gas Transmission's Transporter's Licence;

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

2.4 Weekly NTS Entry Capacity auctions

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

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

(a) the identity of the User;

(b) the Aggregate System Entry Point;

(c) the calendar week for which the Weekly NTS Entry Capacity is applied for;

(d) the amount (not less than the minimum eligible amount) of Weekly NTS Entry Capacity applied for;

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(e) the minimum amount (not less than the minimum eligible amount) of Weekly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.8.2(e); and

(f) the amount (the **"bid price"**), which shall not be less than the Reserve Price which the User is willing to pay by way of Capacity Charge in respect of the Weekly NTS Entry Capacity applied for.

2.4.3 A weekly capacity bid:

(a) may be submitted at any time between 08:00 and 17:00 on the tenth (10th) Day before the first Day for the calendar week in respect of which the Weekly NTS Entry Capacity is applied for; and

(b) may, subject to paragraph 2.4.4, be withdrawn or amended at any time before Weekly NTS Entry Capacity is allocated in respect of such bid.

2.4.4 A weekly capacity bid may not be withdrawn during a WSEC capacity allocation period (irrespective of whether or not the weekly capacity bid is in relation to an Aggregate System Entry Point at which, for the purposes of the capacity allocation, there is Available Weekly Capacity) and where a User seeks to withdraw a bid during such period, National Gas Transmission will notify the User that a WSEC capacity allocation period is current and National Gas Transmission may, subject to paragraph 2.4.7, accept such weekly capacity bid.

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

2.4.6 Where one or more Days in a calendar week falls within one Gas Year and the remaining consecutive Days in that calendar week fall in the immediately next following Gas Year, the Reserve Price applicable to each Gas Year will be levied to the number of days accordingly; and, not later than 5 Days before a weekly WSEC invitation date for a calendar week during which more than one Reserve Price shall apply pursuant to this paragraph 2.4.6, National Gas Transmission will notify Users that a different Reserve Price will apply to each of the two different periods in that calendar week.

2.4.7 National Gas Transmission shall reject a weekly capacity bid where:

(a) the bid price is less than the published Reserve Price;

(b) any other requirement of paragraphs 2.4.2, 2.4.3 and 2.4.5 is not complied with

and National Gas Transmission may reject a weekly capacity bid in accordance with Section V3.

2.4.8 For each calendar week in respect of each Aggregate System Entry Point, where Available Weekly Capacity is available National Gas Transmission will initiate a WSEC capacity allocation period.

2.4.9 Where National Gas Transmission has initiated a WSEC capacity allocation period or for the purposes of paragraph 2.4.12, Weekly NTS Entry Capacity (up to the amount, if any, of the Available Weekly Capacity) will be allocated in accordance with paragraph 2.8.

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2.4.10 Subject to paragraph 2.8.3, National Gas Transmission will accept bids in respect of which Weekly NTS Entry Capacity is allocated in accordance with paragraph 2.8.2, and each User whose bid is so accepted will be registered as holding Weekly NTS Entry Capacity (in the amount so allocated) for the calendar week in respect of the Aggregate System Entry Point.

2.4.11 Where there is no Available Weekly Capacity in respect of an Aggregate System Entry Point for a calendar week, or the amount thereof is less than the minimum eligible amount, National Gas Transmission will not accept any weekly capacity bids.

2.4.12 Weekly capacity bids will also be selected for acceptance in accordance with the System Management Principles.

2.4.13 National Gas Transmission will accept weekly capacity bids selected pursuant to paragraph 2.8.2 or 2.4.12 and the amount of Available Weekly Capacity for each Day during that calendar week at the Aggregate System Entry Point will be decreased by the amount for which the bid was selected.

2.4.14 A weekly capacity bid is "available" where submitted and not withdrawn prior to the start of any WSEC capacity allocation period.

2.4.15 For the purposes of this paragraph 2.4:

(a) the **"available capacity rate"** in relation to an Aggregate System Entry Point is the rate (in kWh/hour) calculated as an amount of Weekly NTS Entry Capacity equal, as appropriate, to the Available Weekly Capacity, divided by the number of hours in the calendar week;

(b) the **"Available Weekly Capacity"** in relation to an Aggregate System Entry Point, is an amount of Weekly NTS Entry Capacity equivalent to the sum of Unsold NTS Entry Capacity (which was available for such calendar in accordance with paragraph 2.3 (if any)) which remains available following the application of paragraph 2.3 in respect of each Day in the calendar week in which such Day falls and any additional Weekly NTS Entry Capacity that National Gas Transmission may in its sole discretion choose to make available for the calendar week (if any);

(c) the **"Weekly NTS Entry Capacity"** in respect of an Aggregate System Entry Point and a calendar week, is an amount of Weekly NTS Entry Capacity equal to:

$$A + B$$

where

A is the Unsold NTS Entry Capacity (if any) for the calendar week;

and

B is the Incremental NTS Entry Capacity (if any) for the calendar week;

(d) the **"WSEC invitation date"** means the tenth (10th) Day before the first Day for the calendar week in respect of which the Weekly NTS Entry Capacity is applied for;

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(e) a **"WSEC capacity allocation"** is the allocation of Weekly NTS Entry Capacity during a WSEC capacity allocation period in accordance with paragraph 2.8;

(f) a **"WSEC capacity allocation period"** is the period between 08:00 and 17:00 on the ninth (9th) Day before the first Day for the calendar week in respect of which the Weekly NTS Entry Capacity is applied for;

2.5 Daily NTS Entry Capacity

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

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

(a) the identity of the User;

(b) the Aggregate System Entry Point;

(c) the Day for which the Daily NTS Entry Capacity is applied for;

(d) the amount (not less than the minimum eligible amount and not more than the maximum eligible amount for that User) of Daily NTS Entry Capacity applied for;

(e) the minimum amount (not less than the minimum eligible amount) of Daily NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.8.2(e);

(f) the amount (the "**bid price**"), which shall not be less than the reserve price nor more than the maximum eligible price for that User, which the User is willing to pay by way of Capacity Charge in respect of the Daily NTS Entry Capacity applied for; and

(g) whether such bid is a fixed or reducing daily capacity bid.

2.5.3 A daily capacity bid:

(a) may be submitted at any time from the 7th Day before the Gas Flow Day until 02:00 hours on the Day for which the Daily NTS Entry Capacity is applied for; and

(b) may, subject to paragraph 2.5.4, in the case of a fixed bid be withdrawn or amended and in the case of a reducing bid withdrawn, at any time before Daily NTS Entry Capacity is allocated in respect of such bid.

2.5.4 A daily capacity bid may not be withdrawn during an entry capacity allocation period (irrespective of whether or not the daily capacity bid is in relation to an Aggregate System Entry Point at which, for the purposes of the capacity allocation, there is Available Daily Capacity) and where a User seeks to withdraw a bid during such period, National Gas Transmission will notify the User that an entry capacity allocation period is current and National Gas Transmission may, subject to paragraph 2.5.6, accept such daily capacity bid.

2.5.5 In relation to each Aggregate System Entry Point and in respect of any Day (or part of

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any such Day) a User may have, at any one time, up to but not more than twenty (20) daily capacity bids which are capable of acceptance in accordance with this paragraph 2.5.

2.5.6 National Gas Transmission shall reject a daily capacity bid where:

(a) the bid price is less than the reserve price;

(b) any other requirement of paragraph 2.5.2 is not complied with

and National Gas Transmission may reject a daily capacity bid in accordance with Section V3.

2.5.7 For each Day (or part of each such Day) in respect of each Aggregate System Entry Point, where Available Daily Capacity is available National Gas Transmission will initiate an entry capacity allocation period. For the avoidance of doubt, where Daily NTS Entry Capacity in respect of an Aggregate System Entry Point is applied for on the Day for which such Daily NTS Entry Capacity is required, National Gas Transmission will initiate an entry capacity allocation period on each of the next hour bars falling thereafter, until such daily capacity bid is no longer available in accordance with 2.5.14, up to and including 02:00 hours on such Day where Available Daily Capacity is available at that Aggregate System Entry Point.

2.5.8 Where National Gas Transmission has initiated an entry capacity allocation period or for the purposes of paragraph 2.5.11, Daily NTS Entry Capacity (up to the amount, if any, of the Available Daily Capacity) will be allocated in accordance with paragraph 2.8.

2.5.9 Subject to paragraph 2.8.3, National Gas Transmission will accept bids in respect of which Daily NTS Entry Capacity is allocated in accordance with paragraph 2.8.2, and each User whose bid is so accepted will be registered as holding Daily NTS Entry Capacity (in the amount so allocated) for the Day in respect of the Aggregate System Entry Point.

2.5.10 Where there is no Available Daily Capacity in respect of an Aggregate System Entry Point for a Day, or the amount thereof is less than the minimum eligible amount, National Gas Transmission will not accept any daily capacity bids.

2.5.11 Daily capacity bids will also be selected for acceptance in accordance with the System Management Principles.

2.5.12 National Gas Transmission will accept daily capacity bids selected pursuant to paragraph 2.8.2 or 2.5.11 and the amount of Available Daily Capacity for the Day at the Aggregate System Entry Point will be decreased by the amount for which the bid was selected.

2.5.13 For the purposes of this paragraph 2.5:

(a) the "**Available Daily Capacity**" in relation to an Aggregate System Entry Point, is an amount of Daily NTS Entry Capacity equivalent to the sum of Unsold NTS Entry Capacity (which was available for such Day in accordance with paragraph 2.3 (if any)) which remains available following the application of paragraph 2.3 in respect of each Day in the calendar month in which such Day falls or which remains available following the application of paragraph 2.4 in respect of each Day in the calendar week in which such Day falls and any additional Daily NTS

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Entry Capacity that National Gas Transmission may in its sole discretion choose to make available for the Day (if any);

(b) the "**bid effective time**" is the time on the hour in relation to a daily capacity bid being the later of:

(i) 05:00 hours on the Gas Flow Day; or

(ii) the time falling no earlier than 60 minutes after Daily NTS Entry Capacity has been allocated in respect of such bid;

(c) an "**entry capacity allocation period**" is the period of 15 minutes, in which National Gas Transmission conducts capacity allocation at an Aggregate System Entry Point for a Day, and which subject to there being Available Daily Capacity and available daily capacity bids at such time:

(i) first commences at 13:00 hours on the Preceding Day to that for which the Daily NTS Entry Capacity is applied for;

(ii) commences on any hour bar falling thereafter up to and including 02:00 hours on the Day for which the Daily NTS Entry Capacity is applied for (but not thereafter);

(d) a "**capacity allocation**" is the allocation of Daily NTS Entry Capacity during an entry capacity allocation period in accordance with paragraph 2.8;

(e) a "**fixed bid**" is a daily capacity bid in relation to which the Daily NTS Entry Capacity applied for is not conditional on the bid effective time and a "**reducing bid**" is a daily capacity bid in relation to which the amount of Daily Entry Capacity applied for is determined as:

$$(DSEC \ / \ BET) \ * \ N$$

where:

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

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

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

(f) the "**reserve price**" shall mean, in respect of Daily NTS Entry Capacity,, the reserve price for Unsold NTS Entry Capacity (in accordance with National Gas Transmission's Transportation Statement).

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

(a) submitted and not withdrawn prior to the start of any entry capacity allocation period; and

(b) the bid effective time is later than 05:00 on the Gas Flow Day, the implied capacity rate is less than or equal to the available capacity rate at the relevant

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Aggregate System Entry Point

and for the avoidance of doubt, where Daily NTS Entry Capacity is allocated in respect of a bid such bid shall be extinguished and no longer be available for the purposes of paragraph 2.8.

2.5.15 For the purposes of this paragraph 2.5:

(a) the "**available capacity rate**" in relation to an Aggregate System Entry Point is the rate (in kWh/hour) calculated as an amount of Daily NTS Entry Capacity equal, as appropriate, to the Available Daily Capacity, divided by the number of hours remaining in the Day following the capacity allocation effective time;

(b) the "**capacity allocation effective time**" is:

(i) where the entry capacity allocation period ends prior to 03:00 hours on the Preceding Day, 05:00 on the Gas Flow Day; or

(ii) the hour bar following the next hour bar falling after the end of an entry capacity allocation period;

(c) the "**implied capacity rate**" in relation to a:

(i) fixed bid, is the rate (in kWh/hour), calculated as the amount of Daily NTS Entry Capacity in respect of which the bid was made divided by the number of hours remaining in the Day were Daily NTS Entry Capacity to be allocated in respect of such bid;

(ii) reducing bid, is the rate (in kWh/hour) calculated as the amount of Daily NTS Entry Capacity in respect of which the bid was made divided by the number of hours remaining in the Day from the hour bar following the hour bar next falling after submission of such bid.

2.6 Daily Interruptible NTS Entry Capacity

2.6.1 Users may apply for Daily Interruptible NTS Entry Capacity in respect of an Aggregate System Entry Point for a Day in accordance with this paragraph 2.6.

2.6.2 An application (a "**daily interruptible**" capacity bid) for Daily NTS Entry Capacity pursuant to this paragraph 2.6 shall specify:

(a) the identity of the User;

(b) the Aggregate System Entry Point;

(c) the Day for which the Daily Interruptible NTS Entry Capacity is applied for;

(d) the amount (not less than the minimum eligible amount and not more than the maximum eligible amount for that User) of Daily Interruptible NTS Entry Capacity applied for;

(e) the minimum amount (not less than the minimum eligible amount) of Daily Interruptible NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.8.2(e); and

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(f) the amount (the "**bid price**"), which shall not be less than the reserve price nor more than the maximum eligible price for that User, which the User is willing to pay by way of Capacity Charge in respect of the Daily Interruptible NTS Entry Capacity applied for.

2.6.3 A daily interruptible capacity bid:

(a) may be submitted at any time from the 7th Day before the Gas Flow Day until 13:00 hours on the Preceding Day; and

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

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

(a) National Gas Transmission will notify Users of the amount of Available Interruptible Capacity by not later than 12:00 hours on the Preceding Day; and

(b) Daily Interruptible NTS Entry Capacity (up to the amount if any of the Available Interruptible Capacity) will be allocated pursuant to daily interruptible capacity bids in accordance with paragraph 2.8.

2.6.5 In relation to each Aggregate System Entry Point and in respect of any Day a User may have, at any one time, up to but not more than 20 daily interruptible capacity bids which are capable of acceptance in accordance with paragraph 2.8.

2.6.6 National Gas Transmission will reject a daily interruptible capacity bid where:

(a) the bid price is less than the reserve price;

(b) any other requirement of paragraph 2.6.2 is not complied with

and National Gas Transmission may reject a daily interruptible capacity bid in accordance with Section V3.

2.6.7 Subject to paragraph 2.8.3, National Gas Transmission will accept bids in respect of which Daily Interruptible NTS Entry Capacity is allocated in accordance with paragraph 2.8.2, and each User whose bid is so accepted will be registered as holding Daily Interruptible NTS Entry Capacity (in the amount so allocated) for the Day in respect of the Aggregate System Entry Point.

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

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

2.6.10 For the purposes of this paragraph 2.6 the "**Available Interruptible Capacity**" in respect of an Aggregate System Entry Point for any Day is:

(a) an amount of NTS Entry Capacity equal to the daily average unutilised firm capacity; and

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(b) an amount of NTS Entry Capacity (if any) additional to that in (a) which National Gas Transmission determines, in its sole discretion, shall be made available.

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

AUC / 30

where:

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

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

2.7 Allocation: Quarterly NTS Entry Capacity

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

(a) is equal to or less than the Unsold NTS Entry Capacity, paragraph 2.7.2 will apply;

(b) is greater than the Unsold NTS Entry Capacity, paragraph 2.7.3 will apply (other than where the circumstances in paragraph 2.7.4 exist in which case such paragraph shall apply).

2.7.2 Where this paragraph 2.7.2 applies pursuant to paragraph 2.6.1:

(a) Quarterly NTS Entry Capacity will be allocated to each quarterly capacity bid (excluding any quarterly capacity bid rejected pursuant to paragraph 2.2.11) in the amount of Quarterly NTS Entry Capacity applied for; and

(b) the User agrees to pay by way of NTS Entry Capacity Charges for the Quarterly NTS Entry Capacity allocated in accordance with paragraph (a) the applicable reserve price for the calendar quarter.

2.7.3 Where this paragraph 2.7.3 applies pursuant to paragraph 2.7.1, subject to paragraph 2.7.4:

(a) Quarterly NTS Entry Capacity will be allocated to each quarterly capacity bid in the relevant step price group or the reserve price (as the case may be) (in each case excluding any quarterly capacity bid rejected pursuant to paragraph 2.2.11) in the amount of Quarterly NTS Entry Capacity applied for; and

(b) the User agrees to pay by way of NTS Entry Capacity Charges for the Quarterly NTS Entry Capacity allocated in accordance with paragraph (a) the step price or the reserve price (as the case may be) corresponding to the relevant step price group for the calendar quarter.

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

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

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

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

2.7.5 For the purposes of this paragraph 2.7, and in respect of an Aggregate System Entry Point in relation to a calendar quarter:

(a) "**Actual Available NTS Entry Capacity**" is, following an annual invitation, an amount of Quarterly NTS Entry Capacity equal to the sum of:

(i) Unsold NTS Entry Capacity (as determined prior to the annual invitation);

(ii) any additional Quarterly NTS Entry Capacity which NTS is required to make available pursuant to the Entry Capacity Release Methodology Statement following the submission of quarterly capacity bids in response to the annual invitation; and

(iii) any additional Quarterly NTS Entry Capacity which National Gas Transmission in its sole discretion determines to make available to Users;

(b) the "**relevant step price group**" is:

(i) where a step price group quantity is exactly equal to the Actual Available NTS Entry Capacity, the step price group in respect of which the step price group quantity is exactly equal to the Actual Available NTS Entry Capacity at the step price in respect of the Actual Available NTS Entry Capacity; and

(ii) where paragraph (i) above is not applicable and paragraph 2.2.10(a) applies, the step price group, when considering the incremental quantities specified in the annual invitation in ascending order, in respect of which the step price group quantity is first equal to or less than the Actual Available NTS Entry Capacity; and

(iii) where paragraph (i) above is not applicable and paragraph 2.2.10(b) applies, the step price group or those bids at the reserve price (as the case may be), when considering the step prices and the reserve price specified in the annual invitation in descending order, in respect of which the step price group quantity or the Reserve Price Bid Amount is last equal to or less than the Actual Available NTS Entry Capacity;

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(c) the "**Reserve Price Bid Amount**" is, in relation to an annual invitation, the aggregate amount of Quarterly NTS Entry Capacity applied for pursuant to quarterly capacity bids in respect of which different Users specified a price other than a step price when applying for Quarterly NTS Entry Capacity;

(d) a "**step price group**" are those quarterly capacity bids in respect of which different Users specified the same step price when applying for Quarterly NTS Entry Capacity; and

(e) the "**step price group quantity**" is the aggregate amount of Quarterly NTS Entry Capacity applied for by Users pursuant to quarterly capacity bids comprised in a step price group; and

(f) the "**Stability Group**" is the step price group, when considering the incremental quantities specified in the annual invitation in ascending order, in respect of which the step price group quantity is first equal to or less than the incremental quantities specified in the annual invitation in ascending order.

2.7.6 National Gas Transmission will accept quarterly capacity bids in respect of which Quarterly NTS Entry Capacity is allocated in accordance with paragraphs 2.7.2, 2.7.3 and 2.7.4, and each User whose bid is so accepted will be registered as holding Quarterly NTS Entry Capacity (in the amount so allocated) for the relevant calendar quarter in respect of the Aggregate System Entry Point.

2.7.7 National Gas Transmission will, not later than:

(a) two months following the last annual invitation date in a Capacity Year inform each User of those of its quarterly capacity bids which have been accepted and the amount of Quarterly NTS Entry Capacity which it is registered as holding for each calendar quarter pursuant to each such accepted quarterly capacity bid; and

(b) twenty four (24) hours after the time at which National Gas Transmission notifies Users in accordance with paragraph (a) notify all Users in respect of each calendar quarter in accordance with paragraph 2.15.2.

2.7.8 Where an amount of NTS Entry Capacity became Registered pursuant to paragraph 1.14, the User or Nominated User(s) will, on the date specified in the PARCA, be registered as holding that amount of NTS Entry Capacity specified in the PARCA and/or the confirmed notices issued pursuant to paragraph 1.14.5.

2.8 Allocation: Monthly, Weekly, Daily and Daily Interruptible NTS Entry Capacity

2.8.1 Following the submission of monthly capacity bids, weekly capacity bids, daily capacity bids and daily interruptible capacity bids, NTS Entry Capacity will be allocated for a relevant short term period in accordance with this paragraph 2.8.

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

(a) all capacity bids submitted in respect of the relevant short term period (excluding any bid rejected pursuant to paragraph 2.2.11, 2.4.7, 2.5.6 or 2.6.6) will be ranked in order of bid price (the highest price ranking first) save that in the case of monthly capacity bids made pursuant to paragraph 2.2.4 the ranking

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will be made in respect of each relevant annual invitation date;

(b) in the case of monthly capacity bids made pursuant to paragraph 2.2.4, the Available NTS Entry Capacity for the calendar month;

(i) in the case of monthly capacity bids made pursuant to paragraph 2.2.4, the Available Monthly Capacity for the relevant annual invitation date for the calendar month;

(ii) in the case of weekly capacity bids made pursuant to paragraph 2.4.1, the Available Weekly Capacity; and

(iii) in the case of daily capacity bids made pursuant to paragraph 2.5.1 the Available Daily Capacity; and

(iv) in the case of daily interruptible capacity bids made pursuant to paragraph 2.6.1, the Available Interruptible Capacity;

(c) subject to paragraphs (d) and (e) and paragraph 2.8.3, where the amount of NTS Entry Capacity applied for under a bid exceeds the amount (the "**remaining unallocated amount**") of the relevant capacity remaining unallocated after allocation to higher priced bids, the User will be allocated an amount equal to the remaining unallocated amount;

(d) subject to paragraph (e) and paragraph 2.8.3, where each of two or more bids ("**equal priced bids**") specifies the same bid price, and the amount of relevant capacity remaining applied for in aggregate under such bids exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the amounts applied for in each such bid;

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

2.8.3 Where the amount to be allocated in respect of any bid pursuant to paragraph 2.8.2 is less than the minimum eligible amount, National Gas Transmission will not accept that or any further capacity bids under, as appropriate, paragraphs 2.2, 2.4, 2.5 or 2.6.

2.8.4 Subject to paragraph 2.8.2, National Gas Transmission will accept bids in respect of which NTS Entry Capacity is allocated in accordance with paragraph 2.8.2, and each User whose bid is so accepted will be registered as holding NTS Entry Capacity (in the amount so allocated) for the relevant short term period in respect of the Aggregate System Entry Point.

2.8.5 Each User who applies for NTS Entry Capacity for a relevant short term period shall tender in respect of each capacity bid a bid price (in accordance with paragraph 2.2.7(f), 2.4.2(f), 2.5.2(f) or 2.6.2(f)) and agrees by making such application to pay by way of NTS Entry Capacity Charges the relevant bid price for the relevant short term period in respect of the NTS Entry Capacity allocated in accordance with this paragraph 2.8 pursuant to such capacity bid.

2.8.6 For the purposes of this paragraph 2.8:

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(a) "**relevant short term period**" means:

(i) in the case of an annual invitation under paragraph 2.2, the relevant calendar month;

(ii) in the case of a weekly invitation under paragraph 2.4, the relevant calendar week; and

(iii) for the purposes of paragraphs 2.5 and 2.6, the relevant Day; and

(b) "**relevant capacity remaining**" is, for the purposes of an allocation in accordance with paragraph 2.8.2 following applications made under:

(i) paragraph 2.2.5, Monthly NTS Entry Capacity;

(ii) paragraph 2.4.1, Weekly NTS Entry Capacity;

(iii) paragraph 2.5.1, Daily NTS Entry Capacity; and

(iv) paragraph 2.6.1, Daily Interruptible NTS Entry Capacity.

2.8.7 National Gas Transmission will:

(a) in respect of Monthly NTS Entry Capacity allocated in respect of Capacity Year Y not later than one month following the final date on which applications for Monthly NTS Entry Capacity could be made, inform each User of those of its monthly capacity bids which have been accepted and the amount of Monthly NTS Entry Capacity which it is registered as holding for each calendar month in Capacity Year Y pursuant to each such accepted monthly capacity bid;

(b) in respect of Monthly NTS Entry Capacity allocated in respect of Capacity Year 1 not later than two months following the final date on which applications for Monthly NTS Entry Capacity could be made, inform each User of those of its monthly capacity bids which have been accepted and the amount of Monthly NTS Entry Capacity which it is registered as holding for each calendar month in Capacity Year 1;

(c) after a WSEC capacity allocation of Weekly NTS Entry Capacity and on or before the eighth (8th) Day before the first Day for the calendar week in respect of which the Weekly NTS Entry Capacity is applied for, inform each User of those of its capacity bids which have been accepted and the amount of Weekly NTS Entry Capacity which it is registered as holding pursuant to each such accepted capacity bid;

(d) one (1) hour after a capacity allocation of Daily NTS Entry Capacity and Daily Interruptible NTS Entry Capacity inform each User of those of its capacity bids which have been accepted and the amount of Daily NTS Entry Capacity and Daily Interruptible NTS Entry Capacity which it is registered as holding pursuant to each such accepted capacity bid; and

(e) twenty four (24) hours after the time at which National Gas Transmission notifies Users in accordance with paragraph (a), (b), (c) and (d) notify all Users in respect of each relevant short term period in accordance with paragraph 2.15.2.

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2.9 Capacity Constraint Management

2.9.1 National Gas Transmission may, for the purposes of Capacity Management:

(a) initiate an entry capacity allocation period (as defined in paragraph 2.4.13(c)) in accordance with the System Management Principles; and

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

2.9.2 For the purposes of the Code:

(a) "**Capacity Management**" means, in relation to an Aggregate System Entry Point and in relation to any Day:

(i) the entering into of a Capacity Management Agreement by National Gas Transmission; and/or

(ii) the curtailment of Interruptible NTS Entry Capacity in accordance with paragraphs 2.10; and/or

(iii) the acceptance by National Gas Transmission of daily capacity offers submitted by Users in accordance with paragraph 2.11

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

(b) "**Capacity Management Charges**" are all amounts payable by National Gas Transmission to a User pursuant to a Capacity Management Agreement and include Capacity Surrender Charges; and

(c) a "**Capacity Management Agreement**" is any form of agreement (or mechanism) identified in the statement to be prepared and published by National Gas Transmission pursuant to Special Condition 9.19 of National Gas Transmission's Transporter's Licence which may be utilised by National Gas Transmission and pursuant to which National Gas Transmission may secure the surrender of Firm NTS Entry Capacity by Users for the purposes of the management of a capacity constraint.

2.9.3 National Gas Transmission may enter into a Capacity Management Agreement with a User.

2.9.4 Where pursuant to the terms of a Capacity Management Agreement a User surrenders Firm NTS Entry Capacity at an Aggregate System Entry Point in relation to a Day, the amount of the User's Available Firm NTS Entry Capacity at the Aggregate System Entry Point shall be reduced by the amount surrendered by the User pursuant to the terms of the Capacity Management Agreement.

2.9.5 Capacity Surrender Charges will be invoiced and payable in accordance with Section S.

2.9.6 National Gas Transmission shall for the purposes of the management of a capacity constraint take such steps as are in accordance with the System Management Principles; it however being acknowledged that the System Management Principles do not form

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part of, and are not incorporated into, and are not binding upon National Gas Transmission pursuant to, the Code.

2.9.7 For the avoidance of doubt, National Gas Transmission shall not be under any obligation pursuant to paragraphs 2.2, 2.3, 2.4, 2.5, 2.6 or any other provision of this Section B2 to make available to Users NTS Entry Capacity surrendered by Users pursuant to the terms of a Capacity Management Agreement.

2.9.8 For the purposes of paragraph 2.9.9 below, the following words shall have the following meanings:

(a) "**Forward Agreement**" means a Capacity Management Agreement (entered into following the issue of a Tender Invitation Notice) pursuant to which a User surrenders Firm NTS Entry Capacity to National Gas Transmission over a forward period of days (but, for the avoidance of doubt, shall not include an agreement made pursuant to the provisions of paragraph 2.11);

(b) "**Option Agreement**" means a Capacity Management Agreement (entered into following the issue of a Tender Invitation Notice) pursuant to which a User grants an option to National Gas Transmission upon the exercise of which National Gas Transmission may accept the surrender of Firm NTS Entry Capacity (but, for the avoidance of doubt, shall not include an agreement made pursuant to the provisions of paragraph 2.11);

(c) "**Relevant Forward Combination**" means a specific combination of Aggregate System Entry Point and forward delivery period as set out in a valid tender offer submitted to National Gas Transmission pursuant to a Tender Invitation Notice;

(d) "**Relevant Option Combination**" means a specific combination of Aggregate System Entry Point and option exercise period as set out in a valid tender offer submitted to National Gas Transmission pursuant to a Tender Invitation Notice; and

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

2.9.9

(a) Where, in respect of a Relevant Forward Combination and pursuant to a Tender Invitation Notice, National Gas Transmission enters into Forward Agreement(s) with Users after the date of implementation of the modification proposal giving effect to this paragraph (a), it shall publish on the Business Day following that on which it enters into such Forward Agreement(s) and in respect of each Gas Flow Day in the relevant forward delivery period:

(i) the volume weighted average price in respect of all valid offers received by National Gas Transmission for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;

(ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Gas Transmission for that Relevant Forward Combination pursuant to that Tender Invitation Notice;

(iii) the minimum price offered by Users in valid offers for the surrender of

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Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;

(iv) the maximum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;

(v) in respect of such Forward Agreement(s), the volume weighted average price for the surrender of Firm NTS Entry Capacity pursuant to such agreements;

(vi) in respect of such Forward Agreement(s), the aggregate quantity of Firm NTS Entry Capacity that was surrendered pursuant to such agreements;

(vii) in respect of such Forward Agreement(s), the minimum price paid for the surrender of Firm NTS Entry Capacity pursuant to such agreements; and

(viii) in respect of such Forward Agreement(s), the maximum price paid for the surrender of Firm NTS Entry Capacity pursuant to such agreements.

(b) Where, in respect of a Relevant Option Combination and pursuant to a Tender Invitation Notice, National Gas Transmission enters into Option Agreement(s) with Users after the date of implementation of the modification proposal giving effect to this paragraph (b), it shall publish on the Business Day following that on which it enters into such Option Agreement(s):

(i) the volume weighted average strike price in respect of all valid offers received by National Gas Transmission for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to the Tender Invitation Notice;

(ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Gas Transmission for that Relevant Option Combination pursuant to that Tender Invitation Notice;

(iii) the minimum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;

(iv) the maximum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;

(v) in respect of such Option Agreement(s), the volume weighted average strike price for the Firm NTS Entry Capacity available for surrender pursuant to such agreements;

(vi) in respect of such Option Agreement(s), the aggregate quantity of Firm NTS Entry Capacity that is available for surrender by Users pursuant to such agreements;

(vii) in respect of such Option Agreement(s), the minimum strike price for the surrender of Firm NTS Entry Capacity pursuant to such agreements; and

(viii) in respect of such Option Agreement(s), the maximum strike price for the

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surrender of Firm NTS Entry Capacity pursuant to such agreements.

(c) Where, after the date of implementation of the modification proposal giving effect to this paragraph (c), National Gas Transmission, whether in whole or in part, exercises its right to accept the surrender of Firm NTS Entry Capacity in respect of any specific Gas Flow Day and specific Aggregate System Entry Point pursuant to an Option Agreement or Option Agreements, it shall publish on the first Business Day following that specific Gas Flow Day:

(i) the aggregate quantity of Firm NTS Entry Capacity surrendered to National Gas Transmission in respect of that Gas Flow Day and Aggregate System Entry Point pursuant to such exercise; and

(ii) the volume weighted average strike price in respect of the Firm NTS Entry Capacity surrendered to National Gas Transmission in respect of that Gas Flow Day and Aggregate System Entry Point pursuant to such exercise.

(d) Where, after the date of implementation of the modification proposal giving effect to this paragraph (d) and pursuant to a Tender Invitation Notice, National Gas Transmission receives valid tender offers in respect of a Relevant Forward Combination but National Gas Transmission does not enter into any Forward Agreements with Users in respect of that Relevant Forward Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish**,** within 4 Business Days following the last Day on which such tender offers may have been submitted to National Gas Transmission pursuant to that Tender Invitation Notice, and in respect of each Gas Flow Day in the relevant forward delivery period:

(i) the volume weighted average price in respect of all valid offers received by National Gas Transmission for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;

(ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Gas Transmission for that Relevant Forward Combination pursuant to that Tender Invitation Notice;

(iii) the minimum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice; and

(iv) the maximum price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice.

(e) Where, after the date of implementation of the modification proposal giving effect to this paragraph (e) and pursuant to a Tender Invitation Notice, National Gas Transmission receives valid tender offers in respect of a Relevant Option Combination but National Gas Transmission does not enter into any Option Agreements with Users in respect of that Relevant Option Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish within 4 Business Days following the last Day on which such tender offers may have been submitted to National Gas Transmission pursuant to that Tender Invitation Notice:

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(i) the volume weighted average strike price in respect of all valid offers received by National Gas Transmission for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;

(ii) the aggregate quantity of Firm NTS Entry Capacity for which valid offers to surrender were received by National Gas Transmission for that Relevant Option Combination pursuant to that Tender Invitation Notice;

(iii) the minimum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice; and

(iv) the maximum strike price offered by Users in valid offers for the surrender of Firm NTS Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice.

2.10 Curtailment of Interruptible NTS Entry Capacity

2.10.1 For the purposes of this paragraph 2.10, an "**Entry Capability Shortfall**" in respect of an Aggregate System Entry Point for a Day is the amount (in kWh) by which the amount of (or rate at which) gas is or will be delivered exceeds the System Entry Capability (as determined by National Gas Transmission).

2.10.2 Where at any time after 15:00 hours on the Preceding Day National Gas Transmission determines:

(a) in relation to any Aggregate System Entry Point that there is or will be an Entry Capability Shortfall; or

(b) that there is or will be a Transportation Constraint or a Localised Transportation Deficit which National Gas Transmission believes may be avoided or remedied by the curtailment of Interruptible NTS Entry Capacity held by Users at one or more Aggregate System Entry Points (whether or not those Aggregate System Entry Points are affected by the Transportation Constraint or Localised Transportation Deficit);

the Interruptible NTS Entry Capacity held by Users at that Aggregate System Entry Point may be curtailed subject to and in accordance with the System Management Principles and the further provisions of this paragraph 2.10.

2.10.3 National Gas Transmission will give a notice ("**interruptible curtailment notice**") to all Users specifying:

(a) the Aggregate System Entry Point and the Day to which the notice relates;

(b) the time ("**curtailment effective time**") with effect from which such curtailment is to take place, which shall be on the hour, shall not be earlier than 05:00 hours nor later than 01:00 hours on the Gas Flow Day, and shall not be less than 60 minutes after such notice is given; and

(c) a factor ("**interruptible curtailment factor**") determined in accordance with the System Management Principles.

2.10.4 Where National Gas Transmission gives an interruptible curtailment notice, the amount

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of each User's Available Interruptible NTS Entry Capacity (excluding any negative Available Interruptible NTS Entry Capacity) will be determined as:

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

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

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

ICF is the interruptible curtailment factor, and

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

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

2.11 Surrender of NTS Entry Capacity

2.11.1 Users may offer to surrender Available Firm NTS Entry Capacity for a Day in respect of an Aggregate System Entry Point, and National Gas Transmission may accept such offers, subject to and in accordance with the System Management Principles and this paragraph 2.11.

2.11.2 An offer ("**daily capacity offer**") to surrender Firm NTS Entry Capacity pursuant to this paragraph 2.11 shall specify:

(a) the identity of the User;

(b) the Aggregate System Entry Point;

(c) the Day for which NTS Entry Capacity is offered for surrender;

(d) the amount (not less than the minimum eligible amount) of NTS Entry Capacity offered for surrender (in kWh/Day);

(e) the minimum amount (not less than the minimum eligible amount) of NTS Entry Capacity for which the User is willing to have the offer accepted;

(f) the amount (the "**offer price**") in pence/kWh/Day which the User wishes to be paid in respect of the of the surrender of the offered NTS Entry Capacity; and

(g) whether such offer is a fixed or reducing daily capacity offer.

2.11.3 A daily capacity offer:

(a) may be submitted at any time from 05:00 hours on the 7th Day before the Gas Flow Day until 01:00 hours on the Day for which the NTS Entry Capacity is offered for surrender; and

(b) may, subject to paragraph 2.11.4, in the case of a fixed offer be withdrawn or

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amended and in the case of a reducing offer be withdrawn, at any time before NTS Entry Capacity in such bid is selected for surrender.

2.11.4 A daily capacity offer may not be withdrawn during a capacity selection period (irrespective of whether or not the daily capacity offer is in relation to an Aggregate System Entry Point at which, for the purposes of capacity selection, there is a Firm Capacity Shortfall) and where a User seeks to withdraw an offer during such period, National Gas Transmission will notify the User that a capacity selection period is current and National Gas Transmission may, subject to paragraph 2.11.6, accept such daily capacity offer.

2.11.5 In relation to each Aggregate System Entry Point and in respect of any Day (or part of any such Day) a User may have, at any one time, up to but not more than twenty (20) daily capacity offers which are capable of acceptance in accordance with this paragraph 2.11.

2.11.6 National Gas Transmission will reject a daily capacity offer where any requirement of paragraph 2.11.2 is not complied with, and may reject such an offer where the amount of NTS Entry Capacity offered for surrender exceeds the amount of the User's Available Firm NTS Entry Capacity (determined by reference to System Capacity Transfers which have at the relevant time become effective pursuant to paragraph 5.2.3(c) and the provisions of paragraph 2.9 and this paragraph 2.11).

2.11.7 For each Day (or part of each such Day) in respect of each Aggregate System Entry Point, where National Gas Transmission determines that:

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

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

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

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

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

2.11.10 For the purposes of this paragraph 2.11:

(a) the "**offer effective time**" is the time on the hour in relation to a daily capacity offer being the later of:

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(i) 05:00 hours on the Gas Flow Day; and

(ii) the time not earlier than 60 minutes after Firm NTS Entry Capacity has been selected pursuant to such bid for surrender;

(b) a "**capacity selection period**" is the period of 15 minutes in which, where National Gas Transmission intends to accept Firm NTS Entry Capacity for surrender pursuant to available daily capacity offers, it conducts a capacity selection;

(c) a "**capacity selection**" is the acceptance of Firm NTS Entry Capacity for surrender during a capacity selection period in accordance with this paragraph 2.11;

(d) a "**fixed offer**" is a daily capacity offer in relation to which the amount of Firm NTS Entry Capacity offered for surrender is not conditional on the offer effective time and a "**reducing offer**" is a daily capacity offer in relation to which the amount of Firm Entry Capacity offered for surrender is determined as:

(FSEC / OET) * N

where:

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

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

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

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

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

(a) submitted and not withdrawn prior to the start of any capacity selection period; and

(b) where the offer effective time is later than 05:00 on the Gas Flow Day, the implied surrender rate is less than or equal to the available surrender rate at the relevant Aggregate System Entry Point

and for the avoidance of doubt, where Firm NTS Entry Capacity is selected for surrender pursuant to an offer such offer shall be extinguished and no longer be available for the purposes of this paragraph 2.11.

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2.11.12 For the purposes of this paragraph 2.11:

(a) the "**available surrender rate**" in relation to an Aggregate System Entry Point is the rate (in kWh/hour) calculated as an amount of Firm NTS Entry Capacity equal, as appropriate, to the Firm Capacity Shortfall or to the amount of Firm System Entry Capacity National Gas Transmission believes requires to be surrendered to avoid or remedy the relevant Transportation Constraint or Localised Transportation Deficit), divided by the number of hours remaining in the Day following the capacity selection effective time;

(b) the "**capacity selection effective time**" is the hour bar following the next hour bar falling after the end of a capacity selection period;

(c) the "**implied surrender rate**" in relation to:

(i) a fixed offer, is the rate (in kWh/hour), calculated as the amount of Firm NTS Entry Capacity in respect of which the offer was made divided by the number of hours remaining in the Day were Firm NTS Entry Capacity to be selected for surrender pursuant to such offer;

(ii) a reducing offer, is the rate (in kWh/hour) calculated as the amount of Firm NTS Entry Capacity in respect of which the offer was made divided by the number of hours remaining in the Day from the hour bar following the hour next falling after submission of such offer.

2.12 Entry Charges, General Non-Transmission Services Charges, Entry Transmission Services Revenue Recovery Charges, and Capacity Surrender Charges

2.12.1 Entry-related Transportation Charges are payable in respect of the NTS as follows:

(a) a User shall pay Capacity Charges ("**NTS Entry Capacity Charges**") to National Gas Transmission in respect of its Registered NTS Entry Capacity at Aggregate System Entry Points each Day, in accordance with paragraph 2.12.2 to 2.12.4;

(b) National Gas Transmission shall pay Capacity Surrender Charges to a User, in accordance with paragraph 2.12.5;

(c) a Shipper User shall pay General Non-Transmission Services Charges as Commodity Charges to National Gas Transmission in respect of its use of the NTS for the delivery of gas to the Total System on any Day, in accordance with paragraph 2.12.6, or a charge calculated by reference to Special Condition 2.1 and 2.3 of National Gas Transmission's Transporter's Licence;

(d) a User shall pay to National Gas Transmission, or (where the Applicable Daily Rate is negative) National Gas Transmission shall pay to the User, the Entry Transmission Services Revenue Recovery Charge in respect of NTS Entry Capacity each Day, in accordance with paragraph 2.12.7.

2.12.2 The NTS Entry Capacity Charge payable by a User in respect of each Day will be determined subject to paragraph 9, for each Aggregate System Entry Point and each class (as described in paragraph 2.1.4) of NTS Entry Capacity, as the amount of the User's Registered NTS Entry Capacity (of the relevant class, and in the case of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity, applied for pursuant

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to paragraphs 2.2 and/or 2.3 and/or reserved under paragraph 1.14, and allocated following an invitation date and/or allocated under a PARCA pursuant to paragraph 1.14) multiplied by the Applicable Daily Rate.

2.12.3 The Applicable Daily Rate of NTS Entry Capacity Charges shall be:

(a) in respect of Quarterly NTS Entry Capacity;

(i) applied for pursuant to an annual invitation under paragraph 2.2, the rate determined in accordance with Section 2 of the NTS Transportation Charging Methodology; and

(ii) applied for, reserved and registered under a PARCA pursuant to paragraph 1.14 the applicable price as set out in the relevant Transportation Statement.

(b) in respect of Monthly NTS Entry Capacity applied for pursuant to an invitation under paragraphs 2.2 and 2.3, the bid price tendered by the User in respect of the Monthly NTS Entry Capacity allocated for the relevant calendar month pursuant to paragraph 2.8.2;

(c) in respect of Daily NTS Entry Capacity, the bid price tendered by the User in respect of the Daily NTS Entry Capacity allocated for the Day pursuant to paragraph 2.8.2; and

(d) in respect of Daily Interruptible NTS Entry Capacity, the bid price tendered by the User in respect of the Daily Interruptible NTS Entry Capacity allocated for the Day pursuant to paragraph 2.8.2.

2.12.4 For the purposes of paragraph 2.12.2, the amount of the User's Registered NTS Entry Capacity shall be determined Unadjusted pursuant to paragraph 2.10.4 (but for the avoidance of doubt Unadjusted pursuant to paragraphs 2.9.4, 2.11.8 and 2.18.9).

2.12.5 Where National Gas Transmission accepts a daily capacity offer pursuant to paragraph 2.11 National Gas Transmission will pay to the User a charge ("**Capacity Surrender Charge**") in an amount determined as the amount of NTS Entry Capacity for which the daily capacity offer was accepted by National Gas Transmission multiplied by the offer price specified in the daily capacity offer.

2.12.6 The General Non-Transmission Services Charge payable by a User in respect of each Day will be determined for each NTS Entry Point, excluding Storage Connection Points, as the User Daily Quantity Input multiplied by the Applicable Commodity Rate for such charge as determined under Section 4 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.

2.12.7 The Entry Transmission Services Revenue Recovery Charge payable by a User or National Gas Transmission in respect of each Day will be determined for each Aggregate System Entry Point as the User's Fully Adjusted Available NTS Entry Capacity, Excluding Existing Available Holding, multiplied by the Applicable Daily Rate for such charge and such Aggregate System Entry Point as determined in accordance with Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.

2.12.8 NTS Entry Capacity Charges, General Non-Transmission Services Charge, Capacity Surrender Charges, and the Entry Transmission Services Revenue Recovery Charges

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will be invoiced and payable in accordance with Section S.

2.13 Overrun charges

2.13.1 If for any reason the quantity of gas delivered by a User to the Total System at an Aggregate System Entry Point on any Day exceeds the User's aggregate Available NTS Entry Capacity (determined as Fully Adjusted), the User shall pay a charge ("**System Entry Overrun Charge**") in respect of NTS Entry Capacity at that Aggregate System Entry Point on that Day.

2.13.2 For the purposes of this paragraph 2.13, in respect of a User at an Aggregate System Entry Point for any Day, the "**overrun quantity**" is the amount by which the sum of the User's UDQIs on that Day in respect of each System Entry Point comprised in the Aggregate System Entry Point exceeds the sum of the User's Fully Adjusted Available NTS Entry Capacity.

2.13.3 The System Entry Overrun Charge shall be calculated as the amount of the overrun quantity multiplied by whichever is the greatest of:

(a) (3 * A), where 'A' is on the Day in which the overrun occurs the higher of:

(i) the reserve price on the Day for the Aggregate System Entry Point at which the overrun occurs; and

(ii) the highest price payable in relation to a capacity bid in respect of which NTS Entry Capacity was allocated following an invitation under paragraphs 2.2, 2.3, 2.4 and 2.5 and/or the highest price payable in respect of NTS Entry Capacity allocated under a PARCA pursuant to paragraph 1.14; and

(b) (1.1 * B), where 'B' is the relevant average accepted offer price;

(c) (1.1 * C), where 'C' is the relevant average accepted forward price;

(d) (1.1 * D), where 'D' is the relevant average accepted exercise price; and

(e) (1.1 * E), where 'E' is the highest unit price accepted by National Gas Transmission

where (a), (b), (c), (d) and (e) are calculated by reference to information available to National Gas Transmission at 01:00 hours on the relevant Day.

2.13.4 For the purposes of paragraph 2.13.3(b), in respect of an Aggregate System Entry Point the "**relevant average accepted offer price**" for a Day is calculated as:

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

where:

n is the number of relevant successful offers;

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

P is the offer price of each relevant successful offer,

and for the purposes of this paragraph 2.13.4 a "**relevant successful offer**" is an offer in respect of which relevant capacity was surrendered by a User and "**relevant capacity**" is that amount of NTS Entry Capacity equal to the first 25% of the total Firm NTS Entry Capacity surrendered by Users (determined by ranking all relevant successful offers for the Day in price order (the highest ranked first) and aggregating the Firm NTS Entry Capacity surrendered for each relevant successful offer, in descending order of bid price starting with the highest priced until the aggregate Firm NTS Entry Capacity surrendered equals the relevant capacity) in accordance with paragraph 2.11 and the System Management Principles.

2.13.5 For the purposes of paragraph 2.13.3(c), in respect of an Aggregate System Entry Point the "**relevant average forward price**" for a Day is calculated as:

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

where:

n is the number of relevant forward arrangements;

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

P is the forward price of each relevant forward arrangement,

and for the purposes of this paragraph 2.13.5 a "**relevant forward arrangement**" is a Capacity Management Agreement pursuant to which relevant forward capacity was surrendered by a User for the relevant Day on any earlier Day and "**relevant forward capacity**" is that amount of NTS Entry Capacity equal to the first 25% of Firm NTS Entry Capacity surrendered by Users (determined by ranking all relevant forward offers for the Day in price order (the highest ranked first) and aggregating the Firm NTS Entry Capacity surrendered for each relevant forward offer, in descending order of bid price starting with the highest priced until the aggregate Firm NTS Entry Capacity surrendered equals the relevant forward capacity) in accordance with paragraph 2.11 and the System Management Principles.

2.13.6 For the purposes of paragraph 2.13.3(d), in respect of an Aggregate System Entry Point the "**relevant average accepted exercise price**" for a Day is calculated as:

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

where:

n is the number of relevant option arrangements;

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

P is the exercise price of each relevant option arrangement,

and for the purposes of this paragraph 2.13.5 a "**relevant option arrangement**" is a Capacity Management Agreement pursuant to which relevant option capacity was surrendered by a User for the relevant Day on any earlier Day following the exercise by National Gas Transmission of an option that NTS Entry Capacity be surrendered on such Day and "**relevant option capacity**" is that amount of NTS Entry Capacity equal to the first 25% of Firm NTS Entry Capacity surrendered by Users (determined by ranking all relevant option offers for the Day in price order (the highest ranked first) and aggregating the Firm NTS Entry Capacity surrendered for each relevant option offer, in descending order of bid price starting with the highest priced until the aggregate Firm NTS Entry Capacity surrendered equals the relevant option capacity) in accordance with paragraph 2.11 and the System Management Principles.

2.13.7 System Entry Overrun Charges shall be invoiced and payable in accordance with Section S.

2.14 Capacity Neutrality Arrangements

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

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

(a) "**Relevant Capacity Revenues**" are the aggregate of the amounts payable to National Gas Transmission by Users:

(i) by way of Capacity Charges in respect of:

(1) Monthly NTS Entry Capacity is allocated pursuant to paragraph 2.3.19 or 2.3.23 by reason of the acceptance of a rolling monthly surrender offer

at the Aggregate System Entry Point;

(ii) by way of System Entry Overrun Charges; and

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(iii) where any User has negative Available NTS Entry Capacity, by way of System Entry Overrun Charges pursuant to (and calculated in respect of the amount determined under) paragraph 5.5.2(a); and

(iv) by way of Market Balancing Action Charges in respect of each Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint; and

(v) by way of any other amounts payable to National Gas Transmission in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements as a result of a Localised Transportation Deficit and/or a Transportation Constraint; and

(vi) by way of Physical Renomination Incentive Charges

in respect of such Day;

(b) "**Relevant Capacity Costs**" are the aggregate of the amounts payable by National Gas Transmission to Users by way of:

(i) Capacity Management Charges (for which purposes any premium payable by National Gas Transmission shall be attributable to the Day pro rata to the number of Days during which National Gas Transmission may exercise rights in respect of the surrender of Firm NTS Entry Capacity pursuant to the relevant Capacity Managment Agreement); and

(ii) Aggregate Constraint Amounts pursuant to Section I3.7.2;

(iii) Market Balancing Action Charges in respect of each Market Balancing Buy Action (or negatively priced Balancing Sell Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint;

(iv) any other amounts in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements as a result of a Localised Transportation Deficit and/or a Transportation Constraint;

(v) amounts payable by National Gas Transmission in accordance with paragraph 2.3.25(c); and

(vi) amounts payable by National Gas Transmission in accordance with paragraph 2.18;

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

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

$$RCR * UFAC / AFAC$$

where:

RCR is the Relevant Capacity Revenues;

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UAFC is the aggregate sum of the User's Fully Adjusted Firm Available NTS Entry Capacity (exclusive of any Reserved Entry Capacity under a PARCA pursuant to paragraph 1.14) at each Aggregate System Entry Point; and

AFAC is the aggregate sum of all User's Fully Adjusted Firm Available NTS Entry Capacity (exclusive of any Reserved Entry Capacity under a PARCA pursuant to paragraph 1.14) at each Aggregate System Entry Point

in each case as determined at 03:00 hours on the relevant Day.

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

RCC * UFAC / AFAC

where:

RCC are the Relevant Capacity Costs;

and 'UFAC' and 'AUFC' have the meanings in paragraph 2.14.3.

2.14.5 For the purposes of this paragraph 2.14:

(a) the "**Second Capacity Adjustment Neutrality Amount**" for a Day in a calendar month (month 'm') is:

(i) the sum of:

(1) the amount of any charge of a kind referred to in the definition of Relevant Capacity Revenues, and of any Capacity Neutrality Charge (payable to National Gas Transmission), which was due for payment to National Gas Transmission in month m-2 but were unpaid to National Gas Transmission as at the last Day of month m:

(2) the amount of any interest paid (in accordance with Section S4.3.2) by National Gas Transmission to any User on any Day in month m by virtue of the User having made an over-payment in respect of any of such amount as is referred to in paragraph (1) above;

less

(ii) the sum of:

(1) the amount of any charge of a kind referred to in the definition of Relevant Capacity Revenues, and of any Capacity Neutrality Charge (payable to National Gas Transmission) which:

(aa) was unpaid as at the last Day of month m-3 and was taken into account (under paragraph (a)(i) above) in calculating the Second Capacity Adjustment Neutrality Amount for month m-1; but

(bb) has been paid to National Gas Transmission since the last

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Day of month m-1;

(2) the amount of any interest paid (in accordance with Section S4.3.2) by any User to National Gas Transmission on any Day in month m by virtue of late payment of any such charge as is referred to in paragraph (1) above,

divided by the number of Days in month 'm';

(b) "**Capacity Neutrality Charges**" comprise Capacity Revenue Neutrality Charges, Capacity Cost Neutrality Charges and Capacity Adjustment Neutrality Charges;

(c) "**Relevant Capacity Charges**" comprise Relevant Capacity Revenues and Relevant Capacity Costs; and

(d) a "**relevant User**" is a User registered as holding Firm NTS Entry Capacity at an Aggregate System Entry Point on the relevant Day.

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

(a) the Second Capacity Adjustment Neutrality Amount (if any) is negative, National Gas Transmission shall pay to each relevant User; and

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

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

CNAA * UFAC / AFAC

where CNAA is the Second Capacity Adjustment Neutrality Amount and 'UFAC' and 'AFAC' have the meanings in paragraph 2.14.3 (provided that in the event that no Firm NTS Entry Capacity was held by any User at any Aggregate System Entry Point on such Day, 'UFAC' and 'AFAC' shall be determined on the basis of the most recent preceding Day in respect of which a User held Firm NTS Entry Capacity at an Aggregate System Entry Point).

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

2.15 Auction information

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

2.15.2 Following each allocation of NTS Entry Capacity pursuant to paragraphs 2.1.14, 2.2, 2.5 and 2.6 National Gas Transmission will, in accordance with paragraphs 2.1.14(f), 2.7.7 and 2.8.7 and in respect of each Aggregate System Entry Point and relevant long term period or (as the case may be) relevant short term period, notify Users of:

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(a) the price (in pence/kWh) accepted for NTS Entry Capacity by a User (and the amount of NTS Entry Capacity applied for);

(b) except in relation to an allocation of NTS Entry Capacity pursuant to paragraph 2.1.14, the relevant step price group;

(c) the lowest accepted bid price in respect of a successful capacity bid and the amount of NTS Entry Capacity applied for;

(d) aggregate volume of NTS Entry Capacity allocated to successful capacity bids;

(e) the number of Users who submitted successful capacity bids and the number of Users who submitted unsuccessful capacity bids;

(f) the weighted average price in respect of capacity bids for which NTS Entry Capacity was allocated calculated as:

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

where:

n is the number of successful relevant capacity bids;

Q is the amount of NTS Entry Capacity allocated to each successful relevant capacity bid; and

p is the bid price of each successful relevant capacity bid

and for the purposes of this paragraph 2.15.2(f), "**relevant capacity bid**" is a bid in respect of which relevant capacity was allocated and "**relevant capacity**" is that amount of capacity equal to the first 50% of the total NTS Entry Capacity allocated (determined in accordance with the the provisions of paragraphs 2.7.2 or 2.7.6 or (as the case may be) paragraph 2.8.2;

(g) the amount of Obligated Entry Capacity which remains unsold (if any) following the allocation; and

(h) in the case of an allocation of Quarterly NTS Entry Capacity only, the number of Users who submitted, in respect of each step price group, a Quarterly capacity bid.

2.15.3 Following an allocation of NTS Entry Capacity pursuant to paragraph 2.3, National Gas Transmission will:

(a) by not later than three (3) Business days before the last Business day of the calendar month preceding the relevant month, notify each User who submitted a rolling monthly capacity bid for the relevant month and in respect of each Aggregate System Entry Point, of:

(i) the rolling monthly capacity bids in respect of which an allocation of

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Monthly NTS Entry Capacity was made in accordance with paragraphs 2.3.19 and 2.3.23 and the amount of the allocation in respect of each such rolling monthly capacity bid;

(ii) the amount of Monthly NTS Entry Capacity held in aggregate by the User for the relevant month pursuant to an allocation in accordance with paragraphs 2.3.19 and 2.3.23;

(iii) the amount of NTS Entry Capacity held in aggregate by the User for the relevant month;

(b) by not later than three (3) Business Days before the last Business Day of the calendar month preceding the relevant month, notify each User who submitted a rolling monthly surrender offer for the relevant month and in respect of each Aggregate System Entry Point, of:

(i) the amount of Firm NTS Entry Capacity which the User offered for surrender;

(ii) the aggregate quantity of Firm NTS Entry Capacity which was surrendered following acceptance of rolling monthly surrender offers submitted by the User for the purposes of paragraphs 2.3.19 and 2.3.23;

(iii) the weighted average unit price in respect of each rolling monthly surrender offer in respect of which Firm NTS Entry Capacity was surrendered by the User;

(c) by not later than the Business Day following the notification under paragraphs (a) and (b), notify all Users in respect of each Aggregate System Entry Point, of:

(i) (the information referred to in paragraph 2.15.2 (other than the relevant step price group);

(ii) the amount of Monthly NTS Entry Capacity allocated for the relevant month pursuant to paragraph 2.3.19;

(iii) the amount of Monthly NTS Entry Capacity allocated for the relevant month pursuant to paragraph 2.3.23;

(iv) the aggregate amount of Firm NTS Entry Capacity which Users offered for surrender and the aggregate amount of Firm NTS Entry Capacity which was surrendered following acceptance of rolling monthly surrender offers submitted by Users for the purposes of paragraphs 2.3.19 and 2.3.23;

(v) that quantity (if any) of Daily NTS Entry Capacity which National Gas Transmission is required to make available to Users in accordance with paragraph 2.5 for the relevant month;

(vi) for each Donor ASEP the aggregate amount by which the Unsold NTS Entry Capacity at the Donor ASEP was reduced in accordance with paragraph 2.3.23;

(vii) for each Recipient ASEP:

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(1) the order in which the unsatisfied bid groups were ranked for the purposes of paragraph 2.3.23;

(2) the highest and lowest bid price and the weighted average price (calculated in a manner consistent with the calculation in paragraph 2.15.2(f)) in respect a rolling monthly capacity bids for which Monthly NTS Entry Capacity was allocated under paragraph 2.3.23;

(3) the weighted average inter-ASEP exchange rate for each combination of Recipient ASEP and Donor ASEP utilised for the purposes of paragraph 2.3.23.

2.16 NTS Entry Capacity Retention

2.16.1 For the purposes of the Code, **"Entry Capacity Substitution Methodology Statement"** means the capacity methodology statement published in respect of Entry Capacity substitution pursuant to Special Condition 9.17 of National Gas Transmission's Gas Transporter's Licence.

2.16.2 National Gas Transmission may, from time to time in accordance with the Entry Capacity Substitution Methodology Statement, invite Users to enter into an arrangement with National Gas Transmission pursuant to which National Gas Transmission may exclude certain amounts of unsold NTS Entry Capacity from being substituted from an ASEP to meet demand for incremental obligated NTS Entry Capacity at one or more other ASEPs. Any amount payable by a User (or to be refunded to a User) pursuant to such an arrangement shall be a "**NTS Entry Capacity Retention Charge**", and the rate of such charge is determined in accordance with the NTS Transportation Charging Methodology.

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

2.17 Class A Contingencies

2.17.1 During the period of a Class A Contingency:

(a) where due to a Class A Contingency no capacity allocations of Daily NTS Entry Capacity in respect of a relevant Day are made by National Gas Transmission within the entry capacity allocation period (in accordance with paragraph 2.5.13(c)) the System Entry Overrun Charge payable by Users in respect of the relevant Day will not apply;

(b) applications for and registration of NTS Entry Capacity (pursuant to paragraph 2) will be operated in accordance with the relevant Contingency Procedures as contained in the Code Contingency Guidelines Document,

(c) where

(i) Capacity Management processes are required; and/or

(ii) Surrender of NTS Entry Capacity is required; and/or

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(iii) Registration of System Capacity Trading processes is required;

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

2.18 Force Majeure affecting capacity at an ASEP

2.18.1 Where National Gas Transmission issues an ASEP Force Majeure Notice in respect of the affected ASEP it will implement a Force Majeure Capacity Management Arrangement in accordance with this paragraph 2.18.

2.18.2 National Gas Transmission will commence the Force Majeure Capacity Management Arrangement:

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

(b) within 5 Business Days following the Modification Implementation Date, where the Modification Implementation Date occurs after the date of the ASEP Force Majeure Notice.

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

2.18.4 Where Users in aggregate are Registered (on the day that the Force Majeure Notice is issued) as holding Firm NTS Entry Capacity at the affected ASEP that would entitle them to tender gas for delivery in excess of the level that National Gas Transmission is able to accept at the affected ASEP as a result of the ASEP Force Majeure, then pursuant to the Force Majeure Capacity Management Arrangement, National Gas Transmission will determine one or more Force Majeure Option Arrangements, each being for a Day(s), Month(s) or Quarter(s) during the period of the Force Majeure Capacity Management Arrangement and notify each Relevant User in accordance with paragraph 2.18.5.

2.18.5 National Gas Transmission will update its relevant systems with, and following such update will provide to each Relevant User, the following details in respect of each Force Majeure Option Arrangement:

(a) the affected ASEP in respect of which the Force Majeure Option Arrangement will apply;

(b) the duration of the Force Majeure Option Arrangement which, at the discretion of National Gas Transmission, may be for the period of a Day, Month or Quarter;

(c) the number of Days in respect of which the Force Majeure Option may be exercised during each Force Majeure Option Arrangement;

(d) the ASEP Force Majeure Quantity at the affected ASEP;

(e) the Maximum Option Capacity (kWh/day) that may be exercised in respect of that Force Majeure Entry User at the affected ASEP;

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(f) the Force Majeure Premium Charge (p/kWh/day) payable to the Force Majeure Entry User;

(g) the latest time by which a Force Majeure Option may be exercised; (which shall be no later than 00:00 hours on the Day);

(h) the Exercise Price, which shall be zero.

2.18.6 Upon the determination of a Force Majeure Option Arrangement, the Force Majeure Entry User, in consideration of the Force Majeure Premium Charge, irrevocably grants to National Gas Transmission, in accordance with paragraph 2.18.7, the right to exercise one or more Force Majeure Options.

2.18.7 National Gas Transmission may exercise (by no later than the latest exercise time specified in paragraph 2.18.5(g)) a Force Majeure Option in respect of any Day or Days during the period of the Force Majeure Option Arrangement to which the Force Majeure Option pertains and will provide notification of such exercise and the Force Majeure Option Quantity in respect of such Force Majeure Option.

2.18.8 Upon the exercise of the Force Majeure Option in accordance with paragraph 2.18.7, the Force Majeure Entry User will be deemed to have surrendered the Force Majeure Option Quantity in respect of such Force Majeure Option and authorised National Gas Transmission to take any actions to give effect to such surrender.

2.18.9 Where pursuant to paragraph 2.18.8 a Force Majeure Option Quantity is deemed to have been surrendered at the affected ASEP in relation to a Day, the amount of the Force Majeure Entry User's Available Firm NTS Entry Capacity at the affected ASEP shall be reduced by such Force Majeure Option Quantity.

2.18.10 For the avoidance of doubt, paragraph 2.18.9 is without prejudice to any actions National Gas Transmission may take to agree additional surrender of NTS Entry Capacity where on the same Day National Gas Transmission is required to take any actions for the purposes of the management of a capacity constraint (other than related to the Force Majeure event) at the affected ASEP.

2.18.11 When a Force Majeure Option Arrangement(s) is granted, National Gas Transmission will provide to all Users:

(a) the ASEP Force Majeure Quantity (kWh/day);

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

2.18.12 Within one hour following the exercise of a Force Majeure Option National Gas Transmission will provide notification to all Users:

(a) that the Force Majeure Option has been exercised;

(b) the affected ASEP at which it has been exercised.

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

2.18.14 Where National Gas Transmission has issued an ASEP Force Majeure Notice and

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subsequently updates it such that the Force Majeure Amount is increased or decreased, National Gas Transmission will determine one or more replacement Force Majeure Option Arrangements in accordance with paragraph 2.18.4 so as to increase or decrease the Force Majeure Option Quantity and Maximum Option Capacity;

2.18.15 For the purposes of this paragraph 2.18:

(a) **"ASEP Force Majeure"** is an occurrence of Force Majeure in respect of an Aggregate System Exit Point (the **"affected ASEP"**);

(b) **"ASEP Force Majeure Notice"** is a notice issued pursuant to General Terms, Section B, paragraph 3.3 in respect of an ASEP Force Majeure, pursuant to which the amount of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity held in aggregate on the date of the ASEP Force Majeure Notice by all Force Majeure Entry Users is greater than the amount of gas tendered for delivery that may be accommodated at the affected ASEP as a result of the ASEP Force Majeure;

(c) **"ASEP Force Majeure Quantity (kWh/day)"** is determined as:

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

where:

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

TS is the total aggregate quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity which has been surrendered by all Force Majeure Entry Users at the affected ASEP in accordance with paragraph 2.11 on the date of the ASEP Force Majeure Notice;

B is the Obligated Entry Capacity at the affected ASEP on the date of the ASEP Force Majeure Notice;

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

(d) **"Exercise Price"** is the price payable by National Gas Transmission for exercise of a Force Majeure Option, which in all cases will be zero;

(e) **"Force Majeure Capacity Management Arrangement"** is an arrangement pursuant to which all Force Majeure Entry Users at the affected ASEP will be deemed to have granted National Gas Transmission one or more Force Majeure Option Arrangements;

(f) **"Force Majeure Entry User"** is a User that is registered as holding Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity at the affected ASEP on the date of the ASEP Force Majeure Notice;

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(g) **"Force Majeure Option"** is an option granted by a Force Majeure Entry User to National Gas Transmission upon the exercise of which National Gas Transmission may accept surrender of a quantity of Firm NTS Entry Capacity determined by National Gas Transmission (the **"Force Majeure Option Quantity"**) which quantity may not be greater than the Maximum Option Capacity;

(h) **"Force Majeure Option Arrangement"** is an arrangement granted in accordance with paragraph 2.18.4, pursuant to which National Gas Transmission may accept the surrender of a Force Majeure Option Quantity up to the Maximum Option Capacity by exercising Force Majeure Options during the period of the Force Majeure Option Arrangement.

(i) **"Force Majeure Premium Charge"** is the price (in p/kWh/day) payable by National Gas Transmission to a Force Majeure Entry User for the entitlement of National Gas Transmission to exercise a Force Majeure Option Arrangement (whether it is exercised or not) and such price will be the weighted average price (in p/kWh/day) payable to each Force Majeure Entry User at the affected ASEP;

(j) **"The Maximum Option Capacity"** is a quantity of NTS Entry Capacity determined as:

((R – S) divided by (T – TS)) * AFMA

where:

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

S is the Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity which has been surrendered by such Force Majeure Entry User at the affected ASEP in accordance with paragraph 2.11 before the date of the ASEP Force Majeure Notice and which applies in respect of a period during the Force Majeure Capacity Management Arrangement;

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

TS is the total quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity which has been surrendered by all Force Majeure Entry Users at the affected ASEP in accordance with paragraph 2.11 before the date of the ASEP Force Majeure Notice and which in respect of a period applies during the Force Majeure Capacity Management Arrangement;

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

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Capacity that has been acquired after the date of the ASEP Force Majeure Notice.

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

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

where:

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

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

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

SSC is the sum of any surrendered Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity before the date of the ASEP Force Majeure Notice.

3 NTS EXIT CAPACITY

3.1 Introduction

3.1.1 Subject to the provisions of the Code,

(a) a Shipper User may:

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

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

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

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

3.1.3 Users may:

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

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

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

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

(b) apply for, reserve and be registered as holding Enduring Annual NTS Exit (Flat) Capacity and/or, in the case of DNO Users only, NTS Exit (Flexibility) Capacity under a PARCA pursuant with paragraph 1.14

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

3.1.4 Subject to paragraph 3.2.13(d), a User may not apply for, reserve under a PARCA pursuant to paragraph 1.14, bid or offer to surrender NTS Exit (Flat) Capacity at an NTS Exit Point in an amount less than 100,000 kWh per day (the **"minimum eligible amount"**).

3.1.5 In relation to an NTS Exit Point:

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

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

(c) **"Enduring"** Annual NTS Exit (Flat) Capacity is Annual NTS Exit (Flat) Capacity which may be applied for, reserved under a PARCA pursuant to paragraph 1.14 and registered as held (in a given amount) by a User with effect from the Day for which it is allocated pursuant to paragraph 3.2 and/or under a PARCA pursuant to paragraph 1.14, on the basis that the User will continue to hold such amount of capacity subject only to:

(i) a reduction in accordance with paragraph 3.2;

(ii) the User ceasing to hold the capacity in accordance with 3.3.4(a);

(iii) any System Capacity Assignment;

(d) Daily NTS Exit (Flat) Capacity is **"Off-peak"** where it is subject to curtailment in accordance with paragraph 3.10, and otherwise is **"Firm"**; and except where expressly stated to be Off-peak, references to Daily NTS Exit (Flat) Capacity are to Firm Daily NTS Exit (Flat) Capacity.

3.1.6 For the purposes of the Code:

(a) the **"classes"** of NTS Exit Capacity are Enduring Annual NTS Exit (Flat) Capacity, Annual NTS Exit (Flat) Capacity, Firm Daily NTS Exit (Flat) Capacity, Off-peak Daily NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity;

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(b) in respect of an NTS Exit Point and in relation to a Gas Year:

(i) the **"Baseline NTS Exit (Flat) Capacity"** is the amount of NTS Exit (Flat) Capacity which National Gas Transmission is required to make available to Users in relation to each Day in that Gas Year (or part thereof) pursuant to National Gas Transmission's Transporter's Licence and as set out in National Gas Transmission's Exit Capacity release obligation summary report;

(ii) subject to EID Section E, paragraph 7.1.4, at any time the **"Remaining Available NTS Exit (Flat) Capacity"** in relation to that Gas Year or (as the case may be) a Day in that Gas Year is the amount (if any) by which the Baseline NTS Exit (Flat) Capacity for that Gas Year exceeds the aggregate amount of NTS Exit (Flat) Capacity registered, at that time, as held by Users in relation to that Gas Year or Day (Reserved NTS Exit Capacity shall be treated (for the purposes only of determining the Remaining Available NTS Exit (Flat) Capacity) as if it were registered as held by a User);

(c) for the purposes of any capacity invitation, the **"reserve price"** in relation to any class of NTS Exit Capacity, capacity period and NTS Exit Point is the price ascertained pursuant to National Gas Transmission's Transporters Licence as set out in National Gas Transmission's Transportation Statement;

(d) a **"New"** NTS Exit Point is an NTS Exit Point in respect of which Users have not previously been able to submit an application or bid for Annual NTS Exit (Flat) Capacity in accordance with the provisions of paragraphs 3.2.3(a), 3.4 and/or under a PARCA pursuant to paragraph 1.14.

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

(a) in the case of a NTS Supply Point or NTS Connected System Exit Point, the Shipper User's UDQO for the NTS Supply Point or NTS Connected System Exit Point;

(b) in the case of a NTS/LDZ Offtake, the quantity of gas treated as offtaken by the DNO User at the NTS/LDZ Offtake on that Day;

3.1.8 For the purposes of this paragraph 3 and in particular in the context of applications and invitations for Annual NTS Exit (Flat) Capacity or reservation of Enduring Annual NTS Exit (Flat) Capacity under a PARCA pursuant to paragraph 1.14 in accordance with the further provisions of this paragraph 3 and/or under a PARCA pursuant to paragraph 1.14 a reference to a 'Gas Year Y+n' is a reference to a Gas Year commencing on the nth anniversary of the first Day of the Gas Year in which such applications are to be made.

3.1.9 The **"Annual Application Window"** in a Gas Year (Y) is the period commencing at 08:00 hours and ending on 17:00 hours on each Business Day in July.

3.1.10 An "**enduring annual capacity notification**" is the notification made each Gas Year pursuant to Section B3.2.26 by National Gas Transmission informing Users they may make capacity applications for Enduring Annual NTS (Flat) Exit Capacity.

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

3.2.1 In each Gas Year (Y) Users may apply for Enduring Annual NTS Exit (Flat) Capacity to be registered as held with effect from the first Day of any month within Gas Years Y+4, Y+5 or Y+6 or in accordance with the provisions of 3.2.3(b), at each NTS Exit Point, in accordance with the further provisions of this paragraph 3.2 and having regard to the Exit Capacity Release Methodology Statement.

3.2.2 Where a User is for the time being registered as holding any amount of Enduring Annual NTS Exit (Flat) Capacity in respect of an NTS Exit Point, the User shall continue to be registered as holding such amount of Enduring Annual NTS Exit (Flat) Capacity until and unless the amount is increased by the User making a further application in a Gas Year following Gas Year Y in accordance with paragraph 3.2.4 or reduced by the User in accordance with paragraph 3.2.12 or paragraph B6.

3.2.3 An application for Enduring Annual NTS Exit (Flat) Capacity:

(a) during an Annual Application Window may be for an amount of Enduring Annual NTS Exit (Flat) Capacity equal to the Enduring Annual NTS Exit (Flat) Capacity (if any) which the User wishes to apply for at the NTS Exit Point;

(b) may be made by a User at any time between 1 October and 30 June in Gas Year Y where the application is:

(i) in respect of a New NTS Exit Point; or

(ii) for an amount of Enduring Annual NTS Exit (Flat) Capacity which:

(1) if accepted would result in Users holding in aggregate an amount of Enduring Annual NTS Exit (Flat) Capacity in excess of 125% of the Baseline NTS Exit (Flat) Capacity at the NTS Exit Point in respect of the Gas Year for which the application is made; or

(2) exceeds 1GWh/Day;

(c) shall specify:

(i) the identity of the User;

(ii) the NTS Exit Point in respect of which the application is made;

(iii) the Gas Year in respect of which the application is made; and

(iv) the amount of Enduring Annual NTS Exit (Flat) Capacity applied for (being not less than the minimum eligible amount);

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

3.2.4 A User:

(a) in the case of an application made under paragraph 3.2.3(a):

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(i) may submit an application for Enduring Annual NTS Exit (Flat) Capacity during the Annual Application Window;

(ii) may apply for Enduring Annual NTS Exit (Flat) Capacity to be registered with effect from the first Day of any month within Gas Years Y+4, Y+5 and Y+6;

(iii) may have, at any one time, no more than one (1) application for each of Gas Year Y+4, Y+5 and Y+6 for Enduring Annual NTS Exit (Flat) Capacity capable of acceptance by National Gas Transmission in respect of an NTS Exit Point; and

(iv) may withdraw or modify an application at any time during the Annual Application Window.

(b) in the case of an application made under paragraph 3.2.3(b):

(i) may apply for up to four (4) separate tranches of Enduring Annual NTS Exit (Flat) Capacity, specifying in each case the amount applied for in each separate tranche;

(ii) shall specify, in respect of each separate tranche applied for, the date with effect from which the User wishes to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity, such date being not earlier than six (6) months from the date the application is made and not later than 1 October in Gas Year Y+6; and

(iii) in respect of a New NTS Exit Point, shall submit with its application such other documentation (as published by National Gas Transmission from time to time) required by National Gas Transmission for the purposes of commencing work on new connections to the NTS.

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

(a) where any of the requirements of paragraphs 3.2.3 or 3.2.4 is not complied with;

(b) where the amount of Enduring Annual NTS Exit (Flat) Capacity applied for by way of a revised application submitted in accordance with paragraph 3.2.6(a) is, in the reasonable opinion of National Gas Transmission, not consistent with National Gas Transmission's rejection or acceptance in part only of an application made by the DNO User pursuant to paragraph 3.7.5 for NTS Exit (Flexibility) Capacity or Section J2.5.9 in relation to an increase in the Assured Offtake Pressure;

(c) in accordance with Section V3.

3.2.6 In respect of an application made under paragraph 3.2.3(a) and (as the case may be) a notice of reduction given by a DNO User under paragraph 3.2.13 to which paragraph (a) applies:

(a) where National Gas Transmission has rejected or accepted in part only an application made by a DNO User pursuant to paragraph 3.7.5 for NTS Exit (Flexibility) Capacity or Section J2.5 in relation to an increase in the Assured Offtake Pressure in respect of Gas Year Y+4, Y+5 or Y+6, a DNO User may, on

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any of the ten (10) Business Days following the provision of the indicative statement in accordance with paragraph 3.7.9(b) in Gas Year Y;

(i) submit a revised application for Enduring Annual NTS Exit (Flat) Capacity with effect from the first Day of any month within Gas Years Y+4, Y+5 and Y+6; and/or

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

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

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

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

(iii) (if not rejected pursuant to paragraph 3.2.17) give effect to a DNO User's revised notice of reduction given under paragraph 3.2.6(a)(ii) in accordance with paragraph 3.2.18;

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

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

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

(ii) the aggregate quantity of Enduring Annual NTS Exit (Flat) Capacity in respect of which applications were accepted by National Gas Transmission; and

(iii) the aggregate quantity of any Enduring Annual NTS Exit (Flat) Capacity in respect of which applications were accepted in excess of the Baseline NTS Exit (Flat) Capacity.

3.2.7 Paragraphs 3.2.8 to 3.2.11 shall apply in respect of an application made under paragraph 3.2.3(b).

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

(a) the amount of Enduring Annual NTS Exit (Flat) Capacity offered, being equal

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to the amount applied for under paragraph 3.2.4(b)(i);

(b) the date(s) with effect from which the User applied to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity (or each separate tranche specified in the application);

(c) the date(s) with effect from which National Gas Transmission is able to make Enduring Annual NTS Exit (Flat) Capacity available at the NTS Exit Point, such dates(s) being not earlier than the date(s) with effect from which the User applied to be registered as holding Enduring Annual NTS Exit (Flat) Capacity and not later than 1 October in the Gas Year Y+4; and

(d) where applicable, the Demonstration Date;

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

3.2.9 National Gas Transmission will notify the User of its offer in accordance with paragraph 3.2.8 as soon as possible after an application under paragraph 3.2.3(b) is received, but in any event by not later than:

(a) except where paragraphs (b) or (c) apply, fifteen (15) Business Days after the application was received;

(b) where National Gas Transmission is of the opinion Works may be required or there is likely to be a requirement for capacity substitution in accordance with the principles in the prevailing Exit Capacity Substitution Methodology Statement, ninety (90) days after the application was received;

(c) such later date, being a date falling more than ninety (90) days after the application was received, as National Gas Transmission and the User may agree.

3.2.10 A User may accept an offer made under paragraph 3.2.8 within thirty (30) days of the date on which the offer was made by National Gas Transmission or within such other greater period as agreed between National Gas Transmission and the User, and where the User accepts an offer the User will be registered as holding the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point with effect from the date(s) specified in the offer (in accordance with paragraph 3.2.8(c)) and/or the date specified under a PARCA pursuant to paragraph 1.14 (the **"Registration Date(s)"**).

3.2.11 Within ten (10) days of acceptance of an offer by a User pursuant to paragraph 3.2.10 National Gas Transmission will publish the following information:

(a) the NTS Exit Point at which the Enduring Annual NTS Exit (Flat) Capacity is to be registered pursuant to paragraph 3.2.10;

(b) the amount of Enduring Annual NTS Exit (Flat) Capacity registered;

(c) the Registration Date(s);

(d) if applicable, the Demonstration Date.

3.2.12 A User may reduce the amount of Enduring Annual NTS Exit (Flat) Capacity which it

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holds at an NTS Exit Point (subject to paragraph 3.2.14) by giving notice of such reduction to National Gas Transmission.

3.2.13 Save in respect of a DNO User where circumstances in paragraph 3.2.6(a) apply, a notice of reduction of Enduring Annual NTS Exit (Flat) Capacity may be given no earlier than 08:00 hours or later than 17:00 hours on a Business Day in the period 1 July to 15 July (inclusive) in any Gas Year (Y). A notice of reduction (including any revised notice of reduction given by a DNO User under paragraph 3.2.6(a)(ii)) shall specify:

(a) the identify of the User;

(b) the NTS Exit Point;

(c) subject to paragraph 3.2.14, the date, being the first day of a calendar month, on which the User wishes the reduction to be effective (**"User Reduction Date"**);

(d) the amount of Enduring Annual NTS Exit (Flat) Capacity (which, notwithstanding paragraph 3.1.4, may be less than the minimum eligible amount) which the User no longer wishes to be registered as holding (**"reduction amount"**);

(e) the remaining amount (which may not be less than zero) of Enduring Annual NTS Exit (Flat) Capacity which the User wishes to be registered as holding.

3.2.14 The earliest date upon which a reduction may be effective shall be 1 October in Gas Year Y+1 or such later date (being the first day of a calendar month) as determined in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement.

3.2.15 National Gas Transmission:

(a) may give effect to the reduction (acting in its sole discretion) from the User Reduction Date specified in the User's application where the User Reduction Date is not after the end of the commitment period as determined in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement (**“Commitment Period”**), where

(i) a User has applied to be registered as holding Enduring Annual NTS Exit (Flat) Capacity at any NTS Exit Point; and

(ii) National Gas Transmission is able to satisfy such application by reason of giving effect to the reduction applied for; or

(b) will give effect to the reduction from the User Reduction Date specified in the User’s application where the User Reduction Date is after the end of the Commitment Period.

3.2.16 Save in respect of a DNO User where circumstances in paragraph 3.2.6(a) apply, a User may withdraw or modify a notice of reduction at any time between 08:00 hours and 17:00 hours on a Business Day during the period referred to in paragraph 3.2.13.

3.2.17 National Gas Transmission may reject a notice of reduction where:

(a) any of the requirements of paragraph 3.2.13 or 3.2.20 is not complied with;

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(b) by reference to System Capacity Transfers notified prior to the notice of reduction, the User's Enduring Annual NTS Exit (Flat) Capacity would, on the basis of the reduced amount specified in such notice, be negative at any time in the future;

(c) the User Reduction Date is earlier than the end of the Commitment Period and National Gas Transmission is unable to utilise the reduction amount to satisfy a further application for Enduring Annual NTS Exit (Flat) Capacity at any NTS Exit Point;

(d) in the case of a revised reduction notice submitted by a DNO User pursuant to paragraph 3.2.6(a)(ii), the revision is, in the reasonable opinion of National Gas Transmission, not consistent with National Gas Transmission's rejection or acceptance in part only of an application made by the DNO User pursuant to paragraph 3.7.5 for NTS Exit (Flexibility) Capacity or Section J2.5.9 in relation to an increase in the Assured Offtake Pressure.

3.2.18 National Gas Transmission will, not later than 30 September in Gas Year Y:

(a) give effect to a User's notice of reduction (by reducing the User's Registered Enduring Annual NTS Exit (Flat) Capacity at the relevant NTS Exit Point) made pursuant to paragraph 3.2.13 (if not rejected pursuant to paragraph 3.2.17) in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement;

(b) notify the User of the date on which the reduction is to be effective; and

(c) notify the User of the amount of Enduring Annual NTS Exit (Flat) Capacity the User will continue to be registered as holding at the NTS Exit Point following the date specified in paragraph (b).

3.2.19 National Gas Transmission may invite Users to submit a notice of reduction at such other times as it may determine in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement, and any such invitation shall specify:

(a) the period (being a period other than the period referred to in paragraph 3.2.13) during which a User may give a notice of reduction;

(b) the earliest date on which National Gas Transmission may give effect to a reduction;

(c) the date on which National Gas Transmission will notify a User of whether or not it will give effect to a notice of reduction; and

(d) where applicable, the NTS Exit Points where such notices of reduction will be Permitted.

3.2.20 A notice of reduction in respect of an invitation under paragraph 3.2.19 shall, in addition to the details referred to in paragraph 3.2.13 specify:

(a) a User Reduction Date which is not earlier than the date specified in paragraph 3.2.19(b);

(b) the minimum amount of Enduring Annual NTS Exit (Flat) Capacity in respect of which National Gas Transmission may give effect to the notice of reduction

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(**"minimum reduction amount"**).

3.2.21 By not later than the date specified in the invitation, National Gas Transmission:

(a) will notify the User of whether or not it will give effect to the notice of reduction, and if so, the date on which the reduction is to be effective and of the amount of Enduring Annual NTS Exit (Flat) Capacity the User will continue to be registered as holding at the NTS Exit Point from such date.

(b) may give effect to a User's notice of the reduction made pursuant to paragraph 3.2.20 (if not rejected pursuant to paragraph 3.2.17) for an amount of Enduring Annual NTS Exit (Flat) Capacity which is not:

(i) greater than the reduction amount; or

(ii) less than the minimum reduction amount

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

3.2.22 National Gas Transmission will, not later than twenty four (24) hours after giving effect to a notice of reduction in accordance with paragraphs 3.2.6(b)(iii), 3.2.18 and 3.2.21, publish the aggregate quantity of Enduring Annual NTS Exit (Flat) Capacity in respect of which it gave effect to a notice of reduction:

(a) pursuant to paragraph 3.2.6(b)(iii);

(b) pursuant to paragraph 3.2.18;

(c) pursuant to paragraph 3.2.21, for each relevant period.

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

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

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

3.3 Demonstration Dates

3.3.1 Where an application is made by a User in accordance with paragraph 3.2.3(b) (which is not rejected pursuant to paragraph 3.2.5) and National Gas Transmission is of the opinion that Works will be required:

(a) National Gas Transmission will notify the User of the latest date by which the demonstration information is to be provided to it (**"Demonstration Date"**); and

(b) the User will provide the demonstration information to National Gas Transmission by no later than the Demonstration Date.

3.3.2 For the purposes of paragraph 3.3.1:

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(a) **"demonstration information"** is such information (not being information which is in the possession or control of National Gas Transmission) as is sufficient to enable National Gas Transmission to be reasonably satisfied that the User (or other relevant party):

(i) will be able to progress to commencement; or

(ii) has commenced;

(iii) and in either case, is expected to be able to progress to completion;

such activities as are necessary to ensure that the Enduring Annual NTS Exit (Flat) Capacity applied for will be utilised by the offtake of gas at the NTS Exit Point with effect from the Registration Date(s);

(b) National Gas Transmission will publish guidelines (to be updated from time to time) setting out the scope and content of such demonstration information as it may require for the purposes of paragraph 3.3.1.

3.3.3 Where a User fails to provide National Gas Transmission with demonstration information by the Demonstration Date (and National Gas Transmission is not entitled to reject the application made under paragraph 3.2.3(b) in accordance with Section V3), National Gas Transmission may delay commencement of the Works and in such case:

(a) subject to paragraph 3.3.4:

(i) a new Demonstration Date shall apply, which shall be the date falling one year after the previously notified Demonstration Date (or with the agreement of the User, any earlier date);

(ii) National Gas Transmission may for the purposes of the User's application under paragraph 3.2.3(b) treat the application as being made for a Registration Date(s) falling on a date up to one year after the Registration Date specified by in the application made under paragraph 3.2.3(b);

(b) National Gas Transmission will notify the User of the new Demonstration Date and Registration Date(s) by no later than ten (10) Business Days following the previously notified Demonstration Date;

(c) the User will provide the demonstration information by no later than the new Demonstration Date notified in accordance with paragraph (b);

3.3.4 Where the User does not provide National Gas Transmission with demonstration information by the Demonstration Date notified under paragraph 3.3.1 or by two (2) subsequent Demonstration Dates notified under paragraph 3.3.3:

(a) unless otherwise agreed with the User, the User shall cease to hold the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point which the User was previously registered as holding pursuant to paragraph 3.2.10; and

(b) National Gas Transmission shall be entitled to recover from the User all costs and expenses incurred in performing design work in respect of the Works prior to the latest Demonstration Date notified to the User under this paragraph 3.3.

3.3.5 Where following an application under paragraph 3.2.3(a) National Gas Transmission is

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unable to make available (consistent with its acceptance of the application under paragraph 3.2.6(b)) Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point from the date of registration in accordance with 3.2.6(c) by reason of a failure or delay in connection with the completion of any necessary Works, or connection work being undertaken by National Gas Transmission, National Gas Transmission shall be required (subject to the provisions of Annex B-1 paragraph 3.10 and except where such failure or delay is due to an event or circumstance beyond the reasonable control of National Gas Transmission and which could not have been avoided by steps which might reasonably be expected to have been taken by it) to take Exit Constraint Management Actions in relation to the NTS Exit Point on the date specified in the User's application in accordance with 3.2.6(c) and any Day thereafter until such time as all necessary Works or connection work is completed.

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

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

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

3.4 Release of Annual NTS Exit (Flat) Capacity

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

(a) the provisions of paragraph 3.4.2; and

(b) the applicable provisions of Annex B-1.

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

(a) capacity applications may be made in the Annual Application Window;

(b) the capacity periods are Gas Years Y+1, Y+2 and Y+3;

(c) the amount of Annual NTS Exit (Flat) Capacity subject to such annual capacity notification in respect of each NTS Exit Point and each capacity period shall be

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the amount of Remaining Available NTS Exit (Flat) Capacity that is available for all Gas Days within that Gas Year plus such additional amount of Annual NTS Exit (Flat) Capacity above the Baseline NTS Exit (Flat) Capacity as National Gas Transmission may decide to release for that Gas Year in its absolute discretion.

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

3.5 Release of Daily NTS Exit (Flat) Capacity

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

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

(a) there will be an exit capacity allocation period commencing at:

(i) 15:00 hours on Day D-1; and

(ii) 06:00 and thereafter on each hour bar until 02:00 hours on Day D;

(b) National Gas Transmission may elect to have one or more further exit capacity allocation periods, commencing at any time (up to but not later than 02:00 hours) on Day D, by giving notice to Users not later than sixty (60) minutes before the commencement of each such exit capacity allocation period;

(c) the amount of Daily NTS Exit (Flat) Capacity subject to such capacity invitation in respect of each NTS Exit Point shall be:

(i) the Remaining Available NTS Exit (Flat) Capacity on Day D and such additional amount, if any, of Daily NTS Exit (Flat) Capacity as National Gas Transmission may in its discretion choose to make available for the Day;

(ii) in the case of each other exit capacity allocation period, such amount, if any, of Daily NTS Exit (Flat) Capacity as National Gas Transmission may in its discretion choose to make available for the Day.

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

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

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

3.6.2 For the purposes of Annex B-1, in relation to the capacity invitation pursuant to this paragraph 3.6 in respect of a Day (D):

(a) there will be an exit capacity allocation period commencing at 15:00 hours on Day D-1;

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(b) the amount of Off-peak Daily NTS Exit (Flat) Capacity subject to such capacity invitation in respect of each NTS Exit Point shall be:

(i) the amount determined under paragraph 3.6.3;

(ii) where at 13:30 hours on Day D-1 the prevailing Forecast Total System Demand for Day (D) is less than 80% of the 1-in-20 peak day demand, the Maximum NTS Exit Point Offtake Rate multiplied by 24, less the aggregate amount of Firm NTS Exit (Flat) Capacity held by Users; and

(iii) such additional amount, if any, of Off-peak Daily NTS Exit (Flat) Capacity as National Gas Transmission may in its discretion make available for the Day without prejudicing the offtake of gas by Users consistent with the amounts of Firm Daily NTS Exit (Flat) Capacity held in aggregate by Users.

3.6.3 The amount of Off-peak Daily NTS Exit (Flat) Capacity in relation to an NTS Exit Point required to be released pursuant to paragraph 3.6.2(b)(i) is an amount determined as:

$$AUC / 30$$

where:

AUC is the aggregate amount, over the thirty (30) day period ending on and including Day D-7, by which on each Day in such period the Firm NTS Exit (Flat) Capacity (excluding Reserved Capacity) at the NTS Exit Point held by Users in aggregate exceeds the sum of the User Daily Exit Quantities for the NTS Exit Point.

3.6.4 For the purposes of this paragraph 3.6, National Gas Transmission shall, in respect of each Day, by not later than 13:30 hours on the Preceding Day notify Users of the prevailing Forecast Total System Demand expressed as a percentage of the 1-in-20 peak day demand.

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

3.6.6 In respect of an NTS Exit Point the **"Maximum NTS Exit Point Offtake Rate"** is an amount (where positive) determined as the instantaneous rate of offtake (in kWh/hour) which the Transporter determines to be the maximum instantaneous rate at which it is feasible to make gas available for offtake at the NTS Exit Point.

3.6.7 No later than the date from which gas may be first offtaken from a New NTS Exit Point National Gas Transmission will notify the User of the Maximum NTS Exit Point Offtake Rate.

3.6.8 A User shall take all reasonable steps to ensure that it is made aware of any change to the size or nature of, or the nature of use of, gas facility which uses gas offtaken by the User at an NTS Exit Point and shall notify National Gas Transmission of any such change as soon as reasonably practicable after being so aware.

3.6.9 Where National Gas Transmission becomes aware of a change to the size or nature of, or the nature of use of, the gas facility which uses gas offtaken by the User at an NTS Exit Point, it shall notify the relevant User as soon as reasonably practicable thereafter.

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3.6.10 Within five (5) Business Days of becoming aware of such change under paragraph 3.6.8 or of receiving notice under 3.6.9, the User shall provide to National Gas Transmission:

(a) reasonable details of the change;

(b) the date on which the change occurred; and

(c) details of the reasons for the change.

3.6.11 Where National Gas Transmission determines that it will be feasible to revise the Maximum NTS Exit Point Offtake Rate at an NTS Exit Point following receipt by National Gas Transmission of a notice under paragraph 3.6.10, it will notify the User of the revised Maximum NTS Exit Point Offtake Rate; and the date from which the revised rate may become effective.

3.6.12 For the purposes of paragraph 3.6, **"gas facility"** means in respect of any NTS Exit Point, the plant, equipment and/or facilty, in which gas offtaken from the Total System at that point is to be used (including any plant equipment and/or facility in which gas is compressed, stored or otherwise treated before being consumed).

3.7 Offtake Capacity Statement

3.7.1 National Gas Transmission will issue to each DNO User, not later than 30 September in each Gas Year, a statement (**"Offtake Capacity Statement"**) specifying, for each DNO User, for each of the Gas Years (each a **"relevant"** Gas Year) Gas Year +1 to Gas Year +5 (inclusive), in relation to each NTS/LDZ Offtake an amount of NTS Exit (Flexibility) Capacity.

3.7.2 The Offtake Capacity Statement may be revised (as to any relevant Gas Year) in accordance with the further provisions of this paragraph 3.7.

3.7.3 The Offtake Capacity Statement issued in any Gas Year will, as respects each relevant Gas Year, contain the same details as were specified in the preceding year's statement for that Gas Year, subject to any revision pursuant to paragraph 3.7.5 and 3.7.10.

3.7.4 Subject to the further provisions of this paragraph 3.7 for each relevant Gas Year (or part thereof) a DNO User shall be registered as holding in respect of each relevant NTS/LDZ Offtake the amount of NTS Exit (Flexibility) Capacity specified in respect of such Gas Year (or part thereof) in the prevailing Offtake Capacity Statement.

3.7.5 A DNO User may apply:

(a) to increase its NTS Exit (Flexibility) Capacity at a NTS/LDZ Offtake:

(i) in relation to any relevant Gas Year (year Y) or any relevant Gas Year after Year Y by submitting an application to National Gas Transmission during the period 1 July to 31 July in Gas Year Y-1 (the **"Application Window"**);

(ii) in relation to any relevant Gas Year(s) or the remaining part thereof, out with the Application Window, as a result of a request for new or additional capacity at a Supply Point, where the DNO User might otherwise be unable to comply with the relevant conditions of its Transporter's Licence, by submitting an application to National Gas Transmission;

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(b) for an amount of NTS Exit (Flexibility) Capacity at an NTS/LDZ Offtake in relation to any relevant Gas Year (Y) (and the preceding Gas Year where the DNO User has not submitted an earlier application for an amount of NTS Exit (Flexibility) Capacity pursuant to this paragraph 3.7.5(b) in respect of such Gas Year) by submitting an application to National Gas Transmission during the Application Window 1 July to 31 July in Gas Year Y-5.

subject to and in accordance with this paragraph 3.7.

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

(a) the identity of the DNO User;

(b) the relevant NTS/LDZ Offtake;

(c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which the application is made;

(d) the amount or increased amount of NTS Exit (Flexibility) Capacity applied for.

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

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

3.7.9 National Gas Transmission will in the case of an application under paragraph 3.7.5:

(a) as soon as reasonably practicable thereafter notify DNO Users where they believe they are unlikely to be able to meet the application in full, providing details of;

(i) the circumstances surrounding any restrictions; and

(ii) the maximum available capacity;

(b) in the case of an application made under paragraph 3.7.5(a)(i) or 3.7.5(b), within 15 Business Days following the last Day of the Application Window provide an indicative statement notifying the DNO User whether its application is accepted in whole or in part, or rejected, specifying the indicative amount of NTS Exit (Flexibility) Capacity for each NTS/LDZ Offtake and each Gas Year and maximum available NTS Exit (Flexibility) Capacity;

(c) a DNO User will then have an opportunity to seek clarification, reconsider and resubmit its application for NTS Exit (Flexibility) Capacity within ten (10) Business Days following notification from National Gas Transmission under paragraph 3.7.9(b) above;

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(d) National Gas Transmission will use reasonable endeavours to consider and where necessary discuss an application made under paragraph 3.7.9(c) with a DNO User with a view to agreeing by 30 September the Offtake Capacity Statement to be issued by such date in accordance with paragraph 3.7.1; and

(e) in the case of an application made under paragraph 3.7.5(a)(ii) National Gas Transmission must within fifteen (15) Business Days of such application provide a statement to the DNO User in accordance with paragraphs 3.7.1 to 3.7.4 (except with regard to date of 30 September). Such statement will for the purpose of paragraph 3.7.2 be deemed to be an Offtake Capacity Statement revision. It is understood that in determining whether capacity is available, National Gas Transmission will take into account whether it would be likely to trigger the declaration of a Potential Network Gas Supply Emergency or actual Network Gas Supply Emergency. If this is likely to be the case it is understood that capacity would not be deemed available.

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

(a) the identity of the User;

(b) the relevant NTS/LDZ Offtake;

(c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which notification is made;

(d) the decreased amount of NTS Exit (Flexibility) Capacity.

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

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

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

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

3.8 NTS Exit Constraints

3.8.1 Where National Gas Transmission determines, in relation to a Day or the remaining part of a Day, that it will not or may not be feasible to make gas available for offtake at an

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NTS Exit Point in the amounts or rates at which National Gas Transmission expects gas to be offtaken by Users (within their entitlements pursuant to the amounts of NTS Exit Capacity held by them), there is an **"NTS Exit Constraint"** in relation to that NTS Exit Point.

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

(a) reducing the amounts of NTS Exit (Flat) Capacity held by Users in respect of that NTS Exit Point for that Day; or

(b) reducing the quantity of gas offtaken by Users at that NTS Exit Point on that Day

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

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

(a) the entering into and/or exercise of a right pursuant to an Exit Constraint Management Agreement, as provided in paragraph 3.9;

(b) the curtailment of Off-peak Daily NTS Exit (Flat) Capacity in accordance with paragraph 3.10;

(c) the initiation of a capacity invitation for, and the selection of, daily capacity offers in respect of NTS Exit (Flat) Capacity in accordance with paragraph 3.11;

(d) the issue of a offtake reduction invitation, and acceptance of offtake reduction offers, in accordance with Annex B-2.

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

3.8.5 For the avoidance of doubt, amounts of NTS Exit (Flat) Capacity which are surrendered by Users in relation to any Day pursuant to any Exit Constraint Management Action shall not form part of the Remaining Available NTS Exit Capacity for that Day; and National Gas Transmission shall have no obligation to make such amounts available to Users.

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

(a) as **"Adjusted"** pursuant to any of paragraphs 3.9, 3.10, 3.11 is a reference to

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such amount as reduced pursuant to such paragraph(s);

(b) as **"Unadjusted"** pursuant to any such paragraph is a reference to such amount before and disregarding such reduction;

(c) as **"Fully Adjusted"** is a reference to such amount as reduced pursuant to each of paragraphs 3.9, 3.10 and 3.11.

3.8.7 For the purposes of the Code:

(a) **"Exit Constraint Management"** means the taking of any Exit Constraint Management Action in accordance with the System Management Principles and this paragraph 3.8;

(b) **"Exit Constraint Management Charges"** are all amounts payable by National Gas Transmission to a User pursuant to an Exit Constraint Management Agreement, NTS Exit Capacity Surrender Charges and NTS Offtake Reduction Charges.

3.8.8 Notwithstanding any other provision of the Code, National Gas Transmission shall for the purposes of the management of a capacity constraint be entitled to apply and take such steps as are in accordance with the System Management Principles; it however being acknowledged that the System Management Principles do not form part of, and are not incorporated into, and are not binding upon National Gas Transmission pursuant to, the Code.

3.9 Exit Constraint Management Agreement

3.9.1 For the purposes of the Code an **"Exit Constraint Management Agreement"** is any form of agreement (or mechanism) identified in the System Management Principles to be prepared and published by National Gas Transmission pursuant to Special Condition 9.19 of National Gas Transmission's Transporter's Licence which may be utilised by National Gas Transmission and pursuant to which National Gas Transmission may secure the surrender of Firm NTS Exit (Flat) Capacity by Users for the purposes of the management of an NTS Exit Constraint.

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

3.9.3 In accordance with the System Management Principles:

(a) an Exit Constraint Management Agreement may comprise:

(i) an Exit Forward Agreement, pursuant to which a User will surrender a particular amount of NTS Exit (Flat) Capacity in relation to a period of one or more Days;

(ii) an Exit Option Agreement, pursuant to which National Gas Transmission may require a User to surrender a particular amount (or up to that amount) of NTS Exit (Flat) Capacity in relation to any Day in a period of one or more Days;

(b) Exit Constraint Management Agreements may be entered into following a tender carried out by National Gas Transmission for offers by Users to enter into such agreements.

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

(a) following the carrying out of any tender for such agreements, irrespective of whether National Gas Transmission accepted any offers received in response to such tender:

(i) the volume-weighted average forward price (in the case of forward agreements) or option exercise price (in the case of option agreements) of valid offers received;

(ii) the aggregate amount of NTS Exit (Flat) Capacity for which valid offers were received;

(iii) the lowest and the highest offer price or option exercise price under any valid offer received;

(b) following the carrying out of any tender for such agreements, where National Gas Transmission accepted any such offer(s):

(i) the volume-weighted average forward price (in the case of forward agreements) or option exercise price (in the case of option agreements) of offers accepted;

(ii) the aggregate amount of NTS Exit (Flat) Capacity for which offers were accepted;

(iii) the lowest and the highest forward price or option exercise price under any offer accepted;

(c) following the exercise in respect of any Day of the right under an option agreement to require the surrender of NTS Exit (Flat) Capacity:

(i) the aggregate amount of NTS Exit (Flat) Capacity for which such options were exercised;

(ii) the volume-weighted average option exercise price of the options exercised.

3.9.5 The information under paragraph 3.9.4 is to be published:

(a) in the case of paragraph 3.9.4(a) and (b), where National Gas Transmission accepted any such offer(s), on the Business Day following that on which Exit Constraint Management Agreements were entered into pursuant to such acceptance;

(b) in the case of paragraph 3.9.4(a), where National Gas Transmission did not accept any such offer(s), on the 4th Business Day following the last Day on which Users were entitled to submit offers pursuant to the tender;

(c) in the case of paragraph 3.9.4(c), on the Business Day following the Day for which the options were exercised.

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3.9.6 For the purposes of this paragraph 3.9:

(a) an **"Exit Forward Agreement"** means an Exit Constraint Management Agreement pursuant to which (against payment of a forward price for a Day) a User surrenders Firm NTS Exit (Flat) Capacity to National Gas Transmission over a forward period of days in accordance with the terms of such agreement);

(b) an **"Exit Option Agreement"** means an Exit Constraint Management Agreement pursuant to which a User grants an option to National Gas Transmission upon the exercise of which National Gas Transmission will pay an option exercise price and the User will surrender Firm NTS Exit (Flat) Capacity for a Day in accordance with the terms of such agreement

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

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

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

(a) the NTS Exit Point(s) and the Day to which the notice relates;

(b) the time (**"exit curtailment effective time"**) with effect from which such curtailment is to take place, which shall be on the hour, shall not be earlier than 05:00 hours nor later than 01:00 hours on the Gas Flow Day, and shall not be less than four (4) hours after such notice is given; and

(c) a factor (**"exit off-peak curtailment factor"**) determined in accordance with the System Management Principles.

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

$$R * \Sigma i (ExICFi * Pi) / 24$$

where:

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

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

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

ExICFi is the exit off-peak curtailment factor; and

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

and for the purposes of which, in the absence of any other exit off-peak curtailment

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

3.11 Surrender of Daily NTS Exit (Flat) Capacity

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

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

(a) where, in relation to an NTS Exit Constraint, National Gas Transmission wishes to accept daily capacity offers in respect of NTS Exit (Flat) Capacity, National Gas Transmission will initiate a capacity selection period no earlier than 15:00 hours on D-1 and no later than 01:00 hours on Day D;

(b) the amount of NTS Exit (Flat) Capacity subject to such capacity invitation shall be such amount as National Gas Transmission shall in its discretion choose to accept for surrender.

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

3.12 NTS Exit (Flat) Capacity Charges, General Non-Transmission Services Charges, Exit Transmission Services Revenue Recovery Charges and NTS Exit (Flat) Capacity Surrender Charges

3.12.1 Exit-related Transportation Charges are payable in relation to the NTS as follows:

(a) a User shall pay Capacity Charges (**"NTS Exit (Flat) Capacity Charges"**) to National Gas Transmission in respect of its Registered NTS Exit (Flat) Capacity at NTS Exit Points each Day, in accordance with paragraphs 3.12.3 to 3.12.5;

(b) National Gas Transmission shall pay NTS Offtake Reduction Charges to a User, in accordance with paragraph 3.12.6;

(c) a Shipper shall pay General Non-Transmission Services Charges as Commodity Charges to National Gas Transmission in respect of its use of the NTS for the offtake of gas from the Total System on any Day, in accordance with paragraphs 3.12.8 and 3.12.9, or a charge payable by reference to the arrangements in Special Condition 2.1 and 2.3 of National Gas Transmission's Transporter's Licence;

(d) a User shall pay to National Gas Transmission, or (where the Applicable Daily Rate is negative) National Gas Transmission shall pay to the User, the Exit Transmission Services Revenue Recovery Charge in respect of NTS Exit (Flat) Capacity on each Day, in accordance with paragraph 3.12.10.

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

3.12.3 The NTS Exit (Flat) Capacity Charge payable by a User in respect of each Day will be determined subject to paragraph 9, for each NTS Exit Point, and each class and each allocation of NTS Exit (Flat) Capacity, as the amount of the User's Registered NTS Exit

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(Flat) Capacity registered (pursuant to such allocation) multiplied by the Applicable Daily Rate.

3.12.4 The Applicable Daily Rate of NTS Exit (Flat) Capacity Charges shall be:

(a) in respect of:

(i) Enduring Annual NTS Exit (Flat) Capacity; and

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

the rate determined in accordance with Section 2 of the NTS Transportation Charging Methodology and set out in National Gas Transmission's Transportation Statement;

(b) in respect of each amount of:

(i) Daily NTS Exit (Flat) Capacity allocated to the User in respect of a Day pursuant to paragraph 3.5;

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

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

3.12.5 For the purposes of paragraph 3.12.3, the amount of the User's Registered NTS Exit (Flat) Capacity shall be determined Unadjusted pursuant to paragraphs 3.9, 3.10, 3.11 or (as the case may be) paragraph 3.4 of Annex B-2.

3.12.6 Where National Gas Transmission accepts an offtake reduction offer made by a User pursuant to Annex B-2, National Gas Transmission will pay to the User a charge (**"NTS Offtake Reduction Charge"**) determined as the quantity for which the offtake reduction offer was accepted multiplied by the offer price.

3.12.7 The General Non-Transmission Services Charge payable by a User in respect of each Day will be determined:

(a) for each System Exit Point excluding Storage Connection Points, as the User Daily Quantity Output; and

(b) for a Storage Connection Point in relation to which the User is a storage use gas provider, as the User's daily storage use gas quantity, multiplied by the Applicable Commodity Rate for such charge as determined under Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.

3.12.8 For the purposes of paragraph 3.12.7, a User's daily storage use gas quantity for a Day in a month (m) is the quantity of storage use gas for month m attributed to the User, as notified to National Gas Transmission pursuant to the terms of the Storage Connection Agreement in respect of such Storage Connection Point, divided by the number of Days in month m.

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3.12.9 The Exit Transmission Services Revenue Recovery Charge payable by a User or National Gas Transmission in respect of each Day will be determined for each NTS System Exit Point as the User's Fully Adjusted Available NTS Exit (Flat) Capacity multiplied by the Applicable Daily Rate of such charge and such NTS System Exit Point as determined in accordance with Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.

3.12.10 NTS Exit (Flat) Capacity Charges, General Non-Transmission Services Charges, NTS Exit (Flat) Capacity Surrender Charges, NTS Offtake Reduction Charges, and Exit Transmission Services Revenue Recovery Charges will be invoiced and payable in accordance with Section S.

3.13 NTS Exit Capacity: overruns and overrun charges

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

(a) the quantity of gas offtaken by a User at the NTS Exit Point on the Day exceeds the User's Fully Adjusted Available NTS Exit (Flat) Capacity (an **"individual flat overrun"**); and

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

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

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

$$AO * IO / \Sigma IO$$

where:

AO is the aggregate flat overrun for the Day;

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

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

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

(a) (6 * A), where 'A' is:

(i) the highest bid price paid to National Gas Transmission in relation to any capacity bid accepted in respect of the Day; or

(ii) the Applicable Daily Rate in relation to a capacity application in respect of the Gas Year in which the Day falls, at the NTS Exit Point;

(b) (1.1 * B), where 'B' is the highest offer price, forward price or option exercise price paid by National Gas Transmission in respect of any Exit Constraint Management Action taken in respect of the Day at the NTS Exit Point; and

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(c) (6 * C), where 'C' is the highest reserve price under any invitation for the Day or the Gas Year in which the Day falls for NTS Exit (Flat) Capacity at the NTS Exit Point.

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

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

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

where:

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

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

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

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

where:

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

FT is 0.015 (a 1.5% flexibility tolerance);

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

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

3.13.8 For the purposes of this paragraph 3.13:

(a) a relevant User will be appointed as **"Overrun User"** in relation to any NTS Exit Point and a Day if:

(i) all relevant Users jointly have given a notice of such appointment to National Gas Transmission; and

(ii) where following a notice of appointment, a User proposes to become a relevant User, the User and each relevant User give a new notice of appointment to National Gas Transmission;

(iii) no relevant User has given notice (effective for such Day) of revocation of such appointment; and

(iv) National Gas Transmission has not rejected such notice or cancelled such appointment pursuant to Section V3;

(b) the notice of the appointment shall state:

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(i) the agreement of the Overrun User to be appointed;

(ii) the agreement of each other relevant User (or prospective relevant User) to such appointment; and

(iii) the date with effect from which the appointment is to take effect;

(c) any notice of the appointment or revocation of the appointment of an Overrun User shall be effective in relation to a Day only if given at least five (5) Business Days before that Day;

(d) in relation to a Day, a relevant User is any User which (on such Day) is a Registered User in respect of such NTS Exit Point;

(e) an Overrun User will cease to be appointed with effect from the Day on which a User becomes a relevant User where no new notice of appointment has been given and is effective in respect of such Day.

3.13.9 Where, in relation to any NTS Exit Point an Overrun User is appointed in respect of any Day, for the purposes of this paragraph 3.13 all amounts payable (by any relevant User) by way of NTS Exit (Flat) Overrun Charges in respect of such NTS Exit Point and such Day shall be payable by the Overrun User (and no relevant User other than the Overrun User shall be liable to pay such amounts).

3.13.10 For the purposes of this paragraph 3.13, the calculation of a Chargeable NTS Exit (Flat) Overrun shall take into account any additional quantity of gas offtaken at an NTS/LDZ Offtake consistent with any revision to the rate of offtake of gas for the Day at the NTS/LDZ Offtake following the application of OAD Sections I2.4, 2.5 and 6.5.

3.13.11 In relation to each NTS Exit Zone and each Day (D), National Gas Transmission will publish by not later than 12:00 on D+1 and D+6:

(a) the aggregate quantity of gas offtaken by all Users between 06.00 and 22.00;

(b) the aggregate quantity of gas offtaken by all Users; and

(c) the sum of the NTS Exit Flexibility Quantity utilised by all Users;

(and for the purposes of this paragraph 3.13.11(c) National Gas Transmission shall calculate a notional Exit Flexibility Quantity for each NTS Supply Point and NTS Connected System Exit Point in each NTS Exit Zone in a manner consistent with the formula in paragraph 3.13.6).

3.13.12 In relation to each Linepack Zone and each Day (D), National Gas Transmission will publish by not later than 12:00 on D+1 and D+6:

(a) the opening linepack; and

(b) the closing linepack for each hour of the Day (D).

3.13.13 National Gas Transmission may publish revised information previously published pursuant to paragraphs 3.13.11 and 3.13.12 in respect of a Day (D) where following D+6 more accurate information becomes available.

3.13.14 Where a NTS Exit Point is comprised in an Aggregate NTS Exit Point:

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(a) the references in paragraph 3.13.1(a) and (b):

(i) to quantities of gas offtaken, are to quantities offttaken (by the User or all Users respectively) in aggregate at all NTS Exit Points comprised in the Aggregate NTS Exit Point;

(ii) to NTS Exit (Flat) Capacity, are to NTS Exit (Flat) Capacity at the Aggregate NTS Exit Point.

(b) references in paragraphs 3.13.2, 3.13.3, 3.13.8 and 3.13.9 to the NTS Exit Point are to the Aggregate NTS Exit Point.

4 SUPPLY POINT AND LDZ CAPACITY

4.1 Introduction

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

(a) offtake gas from the Total System at any LDZ Supply Point;

(b) by offtaking gas from the Total System at an LDZ System Exit Point, require a gas flow in the relevant LDZ; and

(c) offtake gas from the Total System at an LDZ Metered Connected System Exit Point.

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

4.1.3 For the purposes of paragraphs 4.2 and 4.3, subject to Annex B-3, paragraph 12.1, in relation to a CSEP Supply Point, references to Supply Point Registration, Supply Point Registration Date and Supply Point Deregistration shall be construed as references to the equivalent matters under the IGT Code pursuant to the provisions of IGTAD Section D2.1 (as reflected in the CSEP Supply Point Register).

4.1.4 References in this paragraph 4 to a User applying for, requesting or electing certain Registration Details in respect of a Proposed Supply Point, where such application, request or election is made by way of a Detail Registration Nomination, shall be construed on the basis that the User's application, request or election is subject to the condition that a Relevant CSS Request (in relation to which the Detail Registration Response is operational) becomes effective.

4.2 Supply Point Capacity: Registration

4.2.1 A User who becomes the Registered User of a:

(a) DM Supply Point shall be treated as having applied for and registered as holding Supply Point Capacity (**"DM Supply Point Capacity"**):

(i) where the Supply Point Registration is effective on the basis of a Base Registration Nomination which specifies an operative Detail Registration Response, the amount of the Offered Supply Point Capacity specified in the operative Detail Registration Response, subject to Section G5.4.5(b);

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(ii) where paragraph (i) does not apply, the amount of Supply Point Capacity determined in accordance with Annex G-1;

(b) NDM Supply Point shall be treated as having applied for and registered as holding Supply Point Capacity (**"NDM Supply Point Capacity"**) as determined in accordance with Section H4.1

in each case with effect from the Supply Point Registration Date of the Supply Point.

4.2.2 A User's Registered Supply Point Capacity in respect of a Registered DM Supply Point:

(a) may be increased or reduced subject to and in accordance with the conditions and requirements in Annex B-3 but subject to and save as otherwise provided by paragraph 4.9 in the case of a Seasonal Large Supply Point;

(b) shall not be reduced nor (subject to paragraph 4.7) increased other than as provided in paragraph (a), nor (subject to Section V4.3) shall the registration be terminated, except as provided in paragraph 4.3.

4.2.3 A User's Registered Supply Point Capacity in respect of a Registered NDM Supply Point will be determined from time to time in accordance with Section H4.1.

4.3 Supply Point Capacity: Cessation of Registration

4.3.1 The Registered User will cease to be registered as holding DM Supply Point Capacity at a DM Supply Point and NDM Supply Point Capacity at a NDM Supply Point when the User ceases to be the Registered User of the DM Supply Point or NDM Supply Point in accordance with a Supply Point Deregistration which is effective.

4.4 LDZ Capacity Registration: LDZ Supply Points

4.4.1 Save as otherwise provided by paragraph 4.9 a User will at all times be registered as holding LDZ Capacity at each LDZ Supply Point in an amount equal to the amount of the Supply Point Capacity which the User is for the time being registered as holding (pursuant to any provision of the Code) at that Supply Point (and accordingly a User is not be required to apply for LDZ Capacity).

4.4.2 In accordance with paragraph 4.4.1, a User will cease to be registered as holding LDZ Capacity at an LDZ Supply Point where it ceases to hold Supply Point Capacity at such Supply Point.

4.5 LDZ Capacity Registration: LDZ Connected System Exit Points

4.5.1 A CSEP User may hold LDZ Capacity at an LDZ Metered Connected System Exit Point.

4.5.2 The basis on which a User may apply for or may be treated as having applied for and may be registered as holding LDZ Capacity at an LDZ Metered Connected System Exit Point will be in accordance with the CSEP Network Exit Provisions.

4.5.3 The CSEP Network Exit Provisions may provide (subject to Section V3) for:

(a) a minimum amount and a maximum amount of LDZ Capacity to be held by CSEP Users in aggregate at an LDZ Metered Connected System Exit Point, and

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for such amounts to vary from time to time;

(b) the LDZ Capacity held by each CSEP User at an LDZ Metered Connected System Exit Point to vary from Day to Day.

4.6 LDZ, Supply Point Charges and CSEP Charges

4.6.1 A User shall pay:

(a) Capacity Charges ("**LDZ Capacity Charges**") in respect of its Registered LDZ Capacity at LDZ System Exit Points;

(b) Commodity Charges ("**LDZ Commodity Charges**") in respect of its use of each LDZ;

(c) Customer Charges in respect of its Registered LDZ Supply Points; and

(d) CSEP Charges in respect of each relevant Connected System Exit Point in relation to which it is a CSEP User.

4.6.2 The LDZ Capacity Charge payable by a User in respect of each Day will be determined (for each LDZ System Exit Point) as the amount of its Registered LDZ Capacity multiplied by the Applicable Daily Rate. For the avoidance of doubt the LDZ Capacity Charge in respect of a Seasonal Large Supply Point is only payable by the User in respect of those Days that fall within the applicable Restricted LDZ Capacity Period for that Seasonal Large Supply Point.

4.6.3 The LDZ Commodity Charge payable (for any Day) by a User will be determined (for each LDZ System Exit Point) as the amount of its User Daily Quantity Output multiplied by the Applicable Commodity Rate.

4.6.4 The Customer Charge payable by a User in respect of each Day will be determined (for each Supply Point):

(a) as to the Capacity Variable Component (if any) thereof, as the amount of its Registered Supply Point Capacity multiplied by the Applicable Daily Rate;

(b) as to the Commodity Variable Component (if any) thereof for a Day, as the amount of its UDQO multiplied by the Applicable Commodity Rate;

(c) as to the Fixed Component (if any) thereof, as the applicable fixed charge.

4.6.5 For the avoidance of doubt no Capacity Charge is payable in respect of Supply Point Capacity.

4.6.6 The CSEP Charge payable by a User in respect of each Day will be determined for each relevant Connected System Exit Point in accordance with the relevant provisions of the Transportation Statement.

4.6.7 LDZ Capacity Charges, LDZ Commodity Charges, Customer Charges and CSEP Charges will be invoiced and payable in accordance with Section S.

4.6.8 Pursuant to the prevailing Transportation Statement, a User may elect that, for the purpose of paragraph 4.6.2, the Applicable Daily Rate of the LDZ Capacity Charge in respect of an LDZ Specified Exit Point shall be the LDZ Optional Capacity Rate,

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determined in accordance with the following provisions:

(a) for the purpose of Code:

(i) a "**Notional NTS Connection Point**" is the point on the NTS which is derived by the Transporter in accordance with paragraph 4.6.9 and in the case of a Proposed Supply Point as identified by the Transporter in its Detail Registration Response or Supply Point Offer or in the case of a CSEP, the point identified by the Transporter in accordance with paragraph (f);

(ii) an "**LDZ Specified Exit Point**" is, in the case of a Supply Point, the System Exit Point notified to the Transporter as the Proposed Supply Point in the User's Detail Registration Nomination or Supply Point Nomination or, in the case of a CSEP the LDZ System Exit Point identified as the CSEP in the Conventional Notice in accordance with paragraph (f);

(b) the LDZ Capacity Charge payable (for any Day) by a Registered User or CSEP User will be determined (for each Specified Exit Point) as the Registered LDZ Capacity multiplied by the LDZ Optional Capacity Rate applicable for the capacity (calculated in accordance with paragraph (c)) and the distance (calculated in accordance with paragraph (d)) and shall be invoiced and are payable in accordance with Section S;

(c) for the purposes of this paragraph 4.6.8 the capacity of the LDZ Specified Exit Point shall be the Supply Point Capacity, determined in accordance with Annex B-3, paragraph 5.1 except:

(i) for an LDZ Supply Point the capacity shall be the sum of the DM Supply Point Capacity and the NDM Supply Point Capacity that the User is registered as holding from time to time in accordance with paragraphs 4.2 and 4.3 respectively;

(ii) for a Shared Supply Meter Point the capacity shall be determined in accordance with Section G9.7.1;

(iii) for an LDZ CSEP the capacity shall be determined in accordance with paragraph 4.5.2;

(d) the distance (to the nearest 0.1 km) from the Notional NTS Connection Point to the curtilage of the LDZ Specified Exit Point or the offtake from the Total System at the LDZ Specified Exit Point (whichever is the lesser) shall be calculated on a straight line basis using eight figure grid references and the Transporter shall determine an eight figure grid reference for each Notional NTS Connection Point and each LDZ Specified Exit Point (which may be revised in accordance with paragraph (f) or Sections G5.3.14 or 6.5.12);

(e) an application for the LDZ Optional Capacity Rate for a Supply Point shall be made by submitting a Detail Registration Nomination in accordance with Section G5.3 or a Supply Point Nomination in accordance with G6.4.2(g) and, for a CSEP, shall be made in accordance with the provisions of paragraph (f);

(f) a CSEP User, or a Proposing CSEP User, may apply for the LDZ Optional Capacity Rate in the following manner:

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(i) by notice to the Transporter stating the CSEP User, the LDZ Specified Exit Point; and

(ii) the Transporter shall identify the Notional NTS Connection Point and offer the LDZ Optional Capacity Rate and shall provide the distance between the LDZ Specified Exit Point and the Notional NTS Connection Point, the capacity of the CSEP determined in accordance with paragraph 4.5.2 and the eight figure grid references used; and

(iii) where the CSEP User disputes the distance specified by the Transporter under paragraph (ii), the CSEP user may resubmit an application in accordance with paragraph (i) stating an alternative eight figure grid reference for the LDZ Specified Exit Point with supporting evidence of calculation;

(iv) the CSEP User shall confirm acceptance of the offer made in accordance with paragraph (ii) not earlier than 15 days after the submission of the confirmation (or such lesser period as the Transporter may specify) and not later than six months from the date of the offer;

(g) where the User elects to pay the LDZ Optional Capacity Rate the LDZ Commodity Charge shall not be payable.

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

(a) in the case of a Supply Point, the point on the NTS at which the NTS is nearest to either:

(i) the curtilage of the LDZ Specified Exit Point; or

(ii) the offtake from the Total System at the LDZ Specified Exit Point

whichever gives the lesser distance;

(b) in the case of a CSEP the point on the NTS at which the NTS is nearest to the LDZ Specified Exit Point.

4.7 Supply Point Ratchet

4.7.1 Subject to paragraph 1.3.2, and paragraphs 4.7.10 and 4.7.12 if for any reason:

(a) in respect of a DM Supply Point (other than a Seasonal Large Supply Point) on any Day, other than a Day in the months of June to September inclusive, or

(b) in respect of a Seasonal Large Supply Point, on any Day,

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

(i) the User's Registered DM Supply Point Capacity at that Supply Point shall automatically be increased with effect from the following Day in accordance with paragraph 4.7.3; and

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(ii) subject to paragraph 4.7.11, the User shall pay a charge ("**Supply Point Ratchet Charge**") in respect of the Capacity Ratchet Amount in accordance with paragraph 4.7.7 or 4.7.8.

4.7.2 For the purposes of this Section B, subject to paragraph 4.7.11, the "**Capacity Ratchet Amount**" shall be the amount by which the User's UDQO on the Day of the Supply Point Ratchet in respect of the DM Supply Point exceeds the User's Registered DM Supply Point Capacity.

4.7.3 Subject to Annex B-3, paragraph 6.5, the increased amount (the "**Ratchetted Supply Point Capacity**") of the User's DM Registered Supply Point Capacity shall be:

(a) the sum of the User's DM Registered Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount:

(b) where the Supply Point at which the Supply Point Ratchet occurred comprises a NExA Supply Meter Point, the lesser of:

(i) the sum of the User's DM Registered Supply Point Capacity on the Day of the Supply Point Ratchet and Capacity Ratchet Amount; and

(ii) where the sum of the User's DM Registered Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount would exceed any maximum daily rate of offtake specified in the NExA, any maximum daily rate of offtake specified in the NExA.

4.7.4 Where the Supply Point Ratchet relates to:

(a) a Class 1 Supply Point a **"Class 1"** Ratchet Charge shall apply;

(b) a Class 2 Supply Point a **"Class 2"** Ratchet Charge shall apply.

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

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

4.7.7 A Class 1 Ratchet Charge shall be calculated as the Capacity Ratchet Amount multiplied by the sum of:

(a) 2 times the Applicable Annual Rate (including where determined in accordance with paragraph 1.8.5(a)) of the LDZ Capacity Charge; and

(b) where applicable, 2 times the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge

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

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the Day of the Supply Point Ratchet.

4.7.8 A Class 2 Ratchet Charge shall be calculated as the sum of:

$$((A + B + C) * D) – ((E + F + G) * H) * J / 365$$

where in respect of the Ratchet Supply Point Capacity;

A the Applicable Annual Rate of the LDZ Capacity Charge;

B the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge;

C the applicable annual rate of the LDZ ECN charge;

D is the Ratchetted Supply Point Capacity;

where in respect of the Registered User's Supply Point Capacity on the Day of the Supply Point Ratchet:

E the Applicable Annual Charge of the LDZ Capacity Charge;

F the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge;

G the applicable annual rate of the LDZ ECN charge;

H is the Registered User's Supply Point Capacity on the Day of the Supply Point Ratchet; and

J the number of Days in the period between:

(a) in the case of a Supply Point:

(i) for which the User was the Registered User prior to the start of the Gas Year in which the Supply Point Ratchet occurred, the preceding 1 October;

(ii) for which the User was not the Registered User prior to the start of the Gas Year in which the Supply Point Ratchet occurred, the Supply Point Registration Date;

(iii) which is a Seasonal Larger Supply Point, the first Day of the Restricted LDZ Capacity Period; and

(b) the first Day of the calendar month in respect of which LDZ Capacity Charges, Capacity Variable Component (if any) of the Customer Charges and LDZ ECN charges (being the charges payable pursuant to Section Y, Part B paragraph 9) are determined on the basis of the Ratchetted Supply Point; and

where the 'LDZ ECN charge' is the charge payable by Users pursuant to TPD Section Y Part B paragraph 9.

4.7.9 Subject to paragraph 4.7.13, the Supply Point Ratchet Charge shall be invoiced and

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payable in accordance with Section S.

4.7.10 Where a DM Supply Point comprises a Shared Supply Meter Point:

(a) paragraph 4.7.1 shall apply only if and to the extent that the aggregate quantity offtaken from the Total System by all Sharing Registered Users at the DM Supply Points which comprise such Shared Supply Meter Point exceeds the aggregate of such Users' Registered Supply Point Capacity at such Supply Point, the amount of such excess (the "**aggregate ratchet excess"**);

(b) for each such Sharing Registered User, the Capacity Ratchet Amount shall be determined as the amount (the "**individual ratchet excess**") by which that User's UDQO exceeds its Registered Supply Point Capacity, divided by the sum of the individual ratchet excesses for all such Sharing Registered Users, multiplied by the aggregate ratchet excess.

4.7.11 Without prejudice to Section G6.8.3 to 6.8.6 (inclusive), where in accordance with Section G6.4.1 the Proposing User has submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point First Nomination (**"Supply Point First Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point First Registration**") and subsequent to the date of such Supply Point First Registration such User incurs and pays a Supply Point Ratchet Charge in respect of such Supply Point then, where such Proposing User has also submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point Second Nomination ("**Supply Point Second Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point Second Registration**") then, subject to paragraph 4.7.12, the Transporter will reimburse the User the amount of such Supply Point Ratchet Charge which has been paid by the User for the period of 18 Days commencing from the Supply Point First Registration Date.

4.7.12 The amount of such reimbursement in accordance with paragraph 4.7.9 shall not exceed the amount of the Supply Point Ratchet Charge which applies in respect of the Confirmed Supply Point Capacity for the Supply Point Second Registration. For the purpose only of calculating the amount of such reimbursement, such Confirmed Supply Point Capacity shall not be treated as increased in accordance with Section G6.8.4(a) as a result of the occurrence of a Supply Point Ratchet.

4.7.13 Where on any Day(s) in any relevant Billing Period, on the occurrence of a Supply Point Ratchet the User's Registered DM Supply Point Capacity is greater than or equal to the Provisional Maximum Supply Point Capacity (the "**Relevant Day(s)**"), only the highest Supply Point Ratchet Charge incurred on the Relevant Day(s) in such relevant Billing Period shall be invoiced and payable in accordance with paragraph 4.7.9.

4.7.14 Paragraph 4.7.15 applies in relation to a Supply Point where:

(a) pursuant to the Supply Point Registration:

(i) the Supply Meter Point was (prior to such Supply Point Registration) Class 3 or 4; and

(ii) following such Supply Point Registration the Supply Meter Point is Class 1 or 2; or

(b) pursuant to a Supply Point Amendment, the Registered User changes the Class

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of the Supply Meter Point from Class 3 or 4 to Class 1 or 2;

and where (in either case)

(c) the Supply Point is not a Seasonal Large Supply Point; and

(d) the DM Supply Point Capacity following such Supply Point Registration or Supply Point Amendment is not less than the NDM Supply Point Capacity of the Supply Point prior to it.

4.7.15 Where this paragraph 4.7.15 applies, for a period starting with the Supply Point Registration Date or (as the case may be) effective date of the Supply Point Amendment, and ending on the earlier of:

(a) the expiry of a period of 12 months; or

(b) the date (if any) when the DM Supply Point Capacity becomes less than the NDM Supply Point Capacity as referred to in paragraph 4.7.14(d); or

(c) the Supply Point Registration Date of any subsequent Supply Point Registration pursuant to which a User other than the Existing User becomes the Registered User

the Registered User shall not be liable for any Supply Point Ratchet Charge in respect of the Supply Point (but without prejudice to paragraph 4.7.1(b)(i)).

4.7.16 Where any of the circumstances set out in the Distribution Network Operator Designated Class 1 Guidance Document apply in respect of a Class 2, 3 or 4 Supply Point the Transporter may designate the Supply Point as one in respect of which Class 1 Ratchet Charges should apply; and where the Transporter so designates a Supply Point it shall notify the CDSP, and the CDSP shall promptly notify the Registered User and the designation shall be effective from the date of the CDSP's notification unless paragraph 4.7.19(a) applies.

4.7.17 The Transporter may only designate a Supply Point for the purposes of paragraph 4.7.16:

(a) subject to paragraph (b), on a Day in the period from 1 June to the date falling forty (40) Supply Point Systems Business Days before the following 1 October in any calendar year;

(b) in the case of a new Supply Point, in the period ending thirty (30) Supply Point Systems Business Days after the Supply Point Registration Date.

4.7.18 Where the CDSP notifies the Registered User a Supply Point is designated for the purposes of paragraph 4.7.16 the Registered User may within twenty (20) Supply Point Systems Business Days of the CDSP’s notification notify the CDSP of the User’s objection to the designation on the basis the User believes the circumstances set out in the Distribution Network Operator Designated Class 1 Guidance Document do not apply, and the CDSP shall notify the Transporter of any such objection.

4.7.19 Following the CDSP’s notification under paragraph 4.7.18, the Transporter shall notify the CDSP of the Transporter’s response to the User’s objection within twenty (20) Supply Point Systems Business Days of notification of the User’s objection; and where:

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(a) the Transporter accepts the circumstances do not apply the Supply Point shall not be so designated, and Class 1 Ratchet Charges shall not apply (and in the event any Class 1 Ratchet Charges have been applied in relation to the Supply Point an adjustment shall be made (in the case of Class 2 Supply Point on the basis Class 2 Ratchet Charges should have been applied and in the case of a Class 3 or 4 Supply Point on the basis no Supply Point Ratchet Charges should have applied);

(b) the Transporter rejects the User's objection, Class 1 Ratchet Charges shall apply from the date of the CDSP's notification under paragraph 4.7.16.

4.7.20 For the purposes of paragraphs 4.7.16 to 4.7.19 (inclusive) the Transporters shall prepare and publish (and may update from time to time) a guidance document (**"Distribution Network Operator Designated Class 1 Guidance Document"**) setting out:

(a) the circumstances which must apply before the Transporter may designate a Class 2, 3 or 4 Supply Point as one in respect of which Class 1 Ratchet Charges should apply;

(b) the basis on which a User may object to a designation, and the basis on which a Transporter may accept or reject a User's objection to a designation for the purposes of paragraph 4.7.19.

4.7.21 Where the Transporter designates a Class 2, 3 or 4 Supply Point for the purposes of paragraph 4.7.16, the Registered User shall within twenty (20) Supply Point Systems Business Days of the later of CDSP's notification under paragraph 4.7.16 or the Transporter's rejection of the Registered User's objection in accordance with paragraph 4.7.19(b) submit a Supply Point Amendment to change the Class of the Supply Meter Point and Supply Point to Class 1 (failing which the CDSP shall make such amendment to the Supply Point Register and notify the Registered User of such amendment)

4.8 LDZ CSEP Overrun Charge

4.8.1 If for any reason in any calendar month (an "**overrun month**"):

(a) in respect of a LDZ Connected System Exit Point (other than a Seasonal LDZ Connected System Exit Point) on any Day other than a Day in a month from June to September inclusive; or

(b) in respect of a Seasonal LDZ Connected System Exit Point, on any Day in any Month;

(i) the quantity of gas offtaken by a CSEP User from the Total System at a relevant LDZ Metered Connected System Exit Point or Seasonal LDZ Connected System Exit Point on any Day exceeds the User's Registered LDZ Capacity; and

(ii) (where pursuant to the CSEP Network Exit Provisions this paragraph (ii) applies) the aggregate quantity of gas offtaken by all CSEP Users at the relevant Metered Connected System Exit Point on such Day exceeds the sum of such CSEP Users' Registered LDZ Capacities

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

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that month.

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

(a) the "**overrun quantity**" in respect of an overrun day is the amount by which the UDQO in respect of the relevant LDZ Metered Connected System Exit Point exceeds the User's Registered LDZ Capacity;

(b) the "**chargeable overrun quantity**" in respect of an overrun month is the largest overrun quantity in respect of any overrun day in that month.

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

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

4.9 Seasonal LDZ Capacity

4.9.1 **"Seasonal Period"** means the period commencing 05:00 on 1 April and ending at 05:00 on the next following 1 October.

4.9.2 In respect of any DM Supply Point (other than an NTS Exit Point) whose Annual Quantity is greater than or equal to 5,860,000 kWh (*200,000 therms*), a User may, on or before 1 March in the current Gas Year (or such later date in the Gas Year as the DNO shall allow) request pursuant to a Detail Registration Nomination or Supply Point Nomination or a Capacity Revision Application that:

(a) the User be registered as the holder of Supply Point Capacity at that DM Supply Point on all Days; and

(b) LDZ Capacity and a specific Supply Point Offtake Rate are made available for that DM Supply Point only for a restricted period of specified consecutive calendar months falling within the Seasonal Period in the current Gas Year (the **"User Nominated Restricted LDZ Capacity Period"**).

4.9.3 Following a request by a User pursuant to paragraph 4.9.2, the DNO shall notify the User of such period (if any) of consecutive calendar months within the Seasonal Period throughout which the LDZ Capacity, Supply Point Capacity and Supply Point Offtake Rate requested by the User can be made available at the relevant DM Supply Point (the **"DNO Notified Restricted LDZ Capacity Period"**).

4.9.4 If both (1) the start of the User Nominated Restricted LDZ Capacity Period is no earlier than the start of the DNO Notified Restricted LDZ Capacity Period; and (2) the end of the User Nominated Restricted LDZ Capacity Period is no later than the end of the DNO Notified Restricted LDZ Capacity Period, then (subject to the acceptance by the Transporter of a Capacity Revision Application (in respect of a capacity increase at an Existing Supply Point) or Supply Point Registration (in respect of a New Supply Point)):

(a) the DM Supply Point shall be classified as a **"Seasonal Large Supply Point"**;

(b) the period of consecutive calendar months during the Seasonal Period throughout which LDZ Capacity shall be made available for that DM Supply

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Point at the requested Supply Point Offtake Rate (the **"Restricted LDZ Capacity Period"**) shall be the shorter of:

(i) the DNO Notified Restricted LDZ Capacity Period; and

(ii) the User Nominated Restricted LDZ Capacity Period; and

(c) once set pursuant to paragraph 4.9.4(b) the Restricted LDZ Capacity Period in respect of the relevant Seasonal Large Supply Point shall not be varied without the prior consent of the DNO.

4.9.5 In respect of a Seasonal Large Supply Point:

(a) the User's Registered Supply Point Capacity will be registered (in accordance with this Section B) for a period (the **"SLSP Annual Period"**) of twelve (12) months from 05:00 on the first day of the Restricted LDZ Capacity Period and, subject to paragraphs 4.7 and 4.9.5(c), such Supply Point Capacity will apply in respect of all Gas Flow Days within the SLSP Annual Period. For the avoidance of doubt, the Capacity Variable Component of the Customer Charge shall be payable in respect of each Day within the SLSP Annual Period and will not be limited to the Restricted LDZ Capacity Period.

(b) the User's Registered LDZ Capacity will only be available in respect of those Days falling within the Restricted LDZ Capacity Period and the User shall hold no Registered LDZ Capacity in respect of any Day that does not fall within the Restricted LDZ Capacity Period;

(c) the Supply Point Capacity and LDZ Capacity shall be increased in accordance with paragraph 4.7 (Supply Point Ratchet) provided always that the resulting increased LDZ Capacity pursuant to any Supply Point Ratchet will only be available during the Restricted LDZ Capacity Period.

(d) without prejudice to paragraph 4.9.4(c), if prior to the expiry of any SLSP Annual Period the User wishes to increase the Supply Point Capacity, LDZ Capacity or Supply Point Offtake Rate then, in accordance with Annex B-3, it may submit a Capacity Revision Application or an application for an increased Supply Point Offtake Rate.

(e) without prejudice to paragraph (g), the User shall not be entitled to reduce either the Supply Point Capacity or the LDZ Capacity in respect of a Seasonal Large Supply Point until the expiry SLSP Annual Period;

(f) in the event of any inconsistency between (on the one hand) paragraphs 4.9.5(d) or 4.9.5(e) and (on the other hand) the provisions of Annex B-3, then paragraph 4.9.5(d) or 4.9.5(e) (as the case may be) shall prevail.

(g) the User's Registered Supply Point Capacity as at the expiry of any SLSP Annual Period shall be Registered for a further period of twelve (12) months with effect from the expiry of such SLSP Annual Period (such further period of twelve (12) months being a new SLSP Annual Period); and

(i) the User shall be Registered as holding LDZ Capacity for the next following Restricted LDZ Capacity Period falling within the new SLSP Annual Period; and

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(ii) the Supply Point Offtake Rate prevailing at the expiry of the current SLSP Annual Period shall continue to the new SLSP Annual Period;

Provided always that the User may, prior to the commencement of the new SLSP Annual Period, request a reduction in Supply Point Capacity and LDZ Capacity where such reduction is to be effective from the first day of the new SLSP Annual Period.

4.9.6 The offtake arrangements in respect of a Seasonal Large Supply Point shall be comprised in Network Exit Provisions and, where applicable any Siteworks Contract in relation to that Seasonal Large Supply Point.

4.9.7 Seasonal Capacity Failure Charge

If, in respect of a Seasonal Large Supply Point and any Day (being a Day which is not within the Restricted LDZ Capacity Period for that Seasonal Large Supply Point) the User offtakes gas and exceeds the Registered LDZ Capacity (which, for the avoidance of doubt, is zero in respect of any Day that is not within the Restricted LDZ Capacity Period) a Seasonal Capacity Failure will have occurred and:

(a) the User shall pay a charge (a Seasonal Capacity Failure Charge) in respect of each Day on which a Seasonal Capacity Failure occurs determined as:

(i) the Applicable Annual Rate for Registered LDZ Capacity multiplied by the aggregate quantity (in kWh) of gas offtaken at that Seasonal Large Supply Point on that Day;

(b) the Seasonal Capacity Failure Charge will be:

(i) payable in addition to any Supply Point Ratchet Charge payable in respect of that Seasonal Large Supply Point and that Day; and

(ii) invoiced and payable as an Ancillary Invoice in accordance with Section S2.4; and

(c) irrespective of whether the Seasonal Capacity Failure resulted from Force Majeure, where the Transporter determines that the Seasonal Capacity Failure results in a significant risk to the security of the relevant System, the Transporter may take any steps available to it to isolate or disconnect any or all Supply Meter Points comprised within the Seasonal Large Supply Point.

4.10 Seasonal LDZ Capacity at LDZ Metered CSEPs

4.10.1 **"Seasonal Period"** means the period commencing 05:00 on 1 April and ending at 05:00 on the next following 1 October.

4.10.2 In this paragraph 4.10, references to a LDZ Metered CSEP are to a LDZ System Point as referred to in Section A3.3.1 and not to any separate System Exit Point deemed (pursuant to CSEP Network Exit Provisions) to be comprised in such a System Point as provided in Section A3.3.5.

4.10.3 In respect of any LDZ Metered CSEP, a CSEP User may, on or before 1 March in the current Gas Year (or such later date in the Gas Year as the DNO shall allow) request (in accordance with Section B4.5.2 and the relevant CSEP Network Exit Provisions) that LDZ Capacity at that LDZ Metered CSEP be made available to the CSEP User for only

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a restricted period of specified consecutive calendar months falling within the Seasonal Period in the current Gas Year (the **"CSEP User Requested Period"**).

4.10.4 Following a request by a User pursuant to paragraph 4.10.3, the DNO shall notify the CSEP User of such period (if any) of consecutive calendar months within the Seasonal Period throughout which the LDZ Capacity requested by the CSEP User can be made available at the relevant LDZ Metered CSEP (the **"DNO Notified Period"**).

4.10.5 If both (1) the start of the CSEP User Requested Period is no earlier than the start of the DNO Notified Period; and (2) the end of the CSEP User Requested Period is no later than the end of the DNO Notified Period, then:

(a) the LDZ Metered CSEP shall be classified as a **"Seasonal LDZ Metered CSEP"**;

(b) the period of consecutive calendar months during the Seasonal Period throughout which LDZ Capacity shall be made available to the CSEP User at that LDZ Metered CSEP (the **"Restricted LDZ CSEP Capacity Period"**) shall be the shorter of:

(i) the DNO Notified Period; and

(ii) the CSEP User Requested Period; and

(c) once set pursuant to paragraph 4.10.5(b) the Restricted LDZ CSEP Capacity Period in respect of the relevant CSEP User and Seasonal LDZ Metered CSEP shall not be varied without the prior consent of the DNO.

4.10.6 In respect of a CSEP User and a Seasonal LDZ Metered CSEP:

(a) the CSEP User's Registered LDZ Capacity will only be available in respect of those Days falling within the Restricted LDZ CSEP Capacity Period and the CSEP User shall hold no Registered LDZ Capacity in respect of any Day that does not fall within the Restricted LDZ CSEP Capacity Period;

(b) without prejudice to paragraph (c), the CSEP User shall not be entitled to reduce its LDZ Capacity during the Restricted LDZ CSEP Capacity Period;

(c) the CSEP User shall be Registered as holding LDZ Capacity at the Seasonal LDZ Metered CSEP for the Restricted LDZ CSEP Capacity Period falling within all subsequent Seasonal Periods;

provided always that the CSEP User may, prior to the commencement of the next following Seasonal Period, request a reduction in LDZ Capacity at the relevant Seasonal LDZ Metered CSEP where such reduction is to be effective from the first day of the Restricted LDZ CSEP Capacity Period in such next following Seasonal Period.

4.10.7 The offtake arrangements in respect of a Seasonal LDZ Metered CSEP shall be comprised in CSEP Network Exit Provisions.

4.10.8 Seasonal CSEP Capacity Failure Charge

If, in respect of a Seasonal LDZ Metered CSEP and any Day (being a Day which is not within the Restricted LDZ CSEP Capacity Period for that CSEP User in respect of that Seasonal LDZ Metered CSEP) the CSEP User offtakes gas and exceeds the CSEP

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User's Registered LDZ Capacity (which, for the avoidance of doubt, is zero in respect of any Day that is not within the Restricted LDZ CSEP Capacity Period) a **"Seasonal CSEP Capacity Failure"** will have occurred and:

(a) the CSEP User shall pay a charge (a **"Seasonal CSEP Capacity Failure Charge"**) in respect of each Day on which a Seasonal CSEP Capacity Failure occurs determined as the Applicable Annual Rate for Registered LDZ Capacity multiplied by the aggregate quantity (in kWh) of gas offtaken by the CSEP User at that Seasonal LDZ Metered CSEP on that Day.

(b) the Seasonal CSEP Capacity Failure Charge will be:

(i) payable in addition to any LDZ CSEP Overrun Charge payable by the CSEP User in respect of that Seasonal LDZ Metered CSEP and that Day; and

(ii) invoiced and payable as an Ancillary Invoice in accordance with Section S2.4; and

(c) irrespective of whether the Seasonal CSEP Capacity Failure resulted from Force Majeure, where the Transporter determines that the Seasonal CSEP Capacity Failure results in a significant risk to the security of the relevant System, the Transporter may take any steps available to it to isolate or disconnect the Seasonal LDZ Metered CSEP as specified and agreed between the Transporter and the Connected System Operator and defined in the CSEP Network Exit Provisions.

5 CAPACITY TRANSFER

5.1 Basis of transfer

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

(a) its Available NTS Entry Capacity, as Adjusted for the time being pursuant to paragraphs 2.10 and 2.11, in respect of an Aggregate System Entry Point; and/ or

(b) its Available Firm NTS Exit (Flat) Capacity, as Adjusted for the time being pursuant to paragraphs 3.9 and 3.11, in respect of an NTS Exit Point;

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

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

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

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

(a) Firm NTS Entry Capacity, as Adjusted for the time being pursuant to paragraphs

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2.10 and 2.11, as applicable

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

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

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

(a) the **"Transferred System Capacity"** is the System Capacity which is (or is to be) transferred;

(b) the **"Transfer Period"** is the Day or Days (in accordance with paragraph 5.1.3) for which the Transferred System Capacity is (or is to be) transferred;

(c) the **"Transfer System Point"** is the Aggregate System Entry Point or NTS Exit Point at which System Capacity is (or is to be) transferred.

5.2 Procedure

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

(a) the identity of the Transferor User and Transferee User;

(b) whether the System Capacity to be transferred is NTS Entry Capacity or NTS Exit (Flat) Capacity;

(c) the Transfer System Point;

(d) the amount of the Transferred System Capacity;

(e) the Transfer Period; and

(f) in the case of NTS Entry Capacity, whether the Transferred System Capacity is Firm or Interruptible.

5.2.2 A proposed System Capacity Transfer may not be notified later than 03:00 hours on the Day or first Day of the Transfer Period.

5.2.3 National Gas Transmission may reject a System Capacity Transfer:

(a) in accordance with paragraph 5.1.4;

(b) where either the Transferor User or the Transferee User does not notify the System Capacity Transfer in accordance with paragraph 5.2.1 or 5.2.2; or

(c) in accordance with Section V3.

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

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

5.3 Effect of Transfer

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

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

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

5.4 Effect of Termination

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

(a) National Gas Transmission will:

(i) so notify the Transferee User as soon as reasonably practicable and in any event not more than five (5) Business Days after giving Termination Notice to the Transferor User;

(ii) at the same time notify the Transferee User of the Capacity Charges payable to National Gas Transmission in respect of the Transferred System Capacity;

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

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

(i) in an amount not exceeding the Transferred System Capacity; and

(ii) for any Day or consecutive Days (before or after the date of such election, but not before the User Discontinuance Date) within the Transfer Period.

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

(a) the Transferee User shall notify National Gas Transmission, as soon as reasonably practicable and in any event not more than 5 Business Days after National Gas Transmission's notice under paragraph 5.4.1(a), of such election,

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specifying the System Capacity and the date or period in accordance with paragraphs 5.4.1(c)(i) and (ii);

(b) the Transferee User will be registered as holding System Capacity in the amount and for the period elected (notwithstanding any other requirement of the Code as to the prior notice required for the period of registration);

(c) the Transferee User will accordingly be liable for Capacity Charges in respect of the elected amount of System Capacity at the Transfer System Point for the elected period;

(d) for the purposes of paragraph (c), where the System Capacity comprises NTS Exit (Flat) Capacity the Capacity Charges shall be the greater of:

(i) the volume weighted average price payable by the Transferor User for the NTS Exit Capacity at the NTS Exit Point in respect of the amount and for the period elected;

(ii) the applicable reserve price.

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

(a) National Gas Transmission will so notify the Transferor User as soon as reasonably practicable and in any event not more than five (5) Business Days after giving Termination Notice to the Transferee User;

(b) with effect from the User Discontinuance Date, the Capacity Transfer will lapse and the Transferee User will cease to be treated as holding the Transferred System Capacity which will revert to (and be treated as held by) the Transferor User.

5.5 Negative Capacity

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

(a) the User is a Transferor User in respect of a System Capacity Transfer under which the Transferred System Capacity exceeds the Transferor User's Available System Capacity (on a Fully Adjusted basis) at the Transfer System Point; or

(b) the Transferor User submits:

(i) a daily capacity offer (pursuant to paragraph 2.10) for an amount of NTS Entry Capacity which exceeds its Available Firm NTS Entry Capacity;

(ii) a daily capacity offer (pursuant to paragraph 3.11) for an amount of NTS Exit (Flat) Capacity which exceeds its Available Firm NTS Exit (Flat) Capacity; or

(c) the User is a Transferee User in respect of a System Capacity Transfer, and (subject to any election under paragraph 5.4.2):

(i) the Transferee User has pursuant to a further System Capacity Transfer transferred System Capacity at the same Transfer System Point to another

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User; and

(ii) the first System Capacity Transfer lapses pursuant to paragraph 5.4.1.

5.5.2 Where and for so long as a User's Available System Capacity is negative the User will be liable to pay Overrun Charge(s) in accordance with paragraph 2.9 or (as the case may be) 3.13 on the basis of an overrun quantity on each Day calculated as the sum of:

(a) the magnitude of the User's negative Available System Capacity; and

(b) the amount (if any) determined to be the overrun quantity in accordance with paragraph 2.13.2 or (as the case may be) 3.13.1(a) if the User's Available System Capacity at the Transfer System Point were zero.

5.6 Daily NTS Entry Capacity Transfer

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

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

(a) the amount of Transferred System Capacity may not exceed the User's Registered Daily NTS Entry Capacity;

(b) references therein to Available NTS Entry Capacity shall be treated as if they were references to Available Daily NTS Entry Capacity;

(c) for the purposes of paragraph 5.2.1 the Transferee User need not notify (and shall not be entitled to notify) National Gas Transmission of a System Capacity Transfer and paragraphs 5.2.3(b), and 5.2.4 shall be construed accordingly;

(d) a proposed System Capacity Transfer may not be notified earlier than 16:00 hours on the Preceding Day or later than 03:00 during the Transfer Period;

(e) the Transferor User may not withdraw a proposed System Capacity Transfer following notification to National Gas Transmission;

(f) for the purpose of paragraph 5.3.3 the reference to Capacity Charges shall be treated as if it were a reference to Daily NTS Entry Charges; and

(g) the provisions of paragraph 5.6.3 shall apply.

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

6 CAPACITY ASSIGNMENT

6.1 Basis of assignment

6.1.1 A User (the **"Assignor User"**) may assign all or part of its:

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(a) Registered Enduring Annual NTS Exit (Flat) Capacity in respect of an NTS Exit Point; and/or

(b) Registered Annual NTS Exit (Flat) Capacity in respect of an NTS Exit Point;

(but not under the same System Capacity Assignment notification) to another User ("Assignee User") by a System Capacity Assignment.

6.1.2 For the purposes of the Code a **"System Capacity Assignment"** is an assignment of System Capacity in accordance with paragraph 6.1.1.

6.1.3 An Assignor User may not make a System Capacity Assignment where:

(a) Assigned System Capacity comprising:

(i) Registered Enduring Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Enduring Annual NTS Exit (Flat) Capacity; or

(ii) Registered Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Annual NTS Exit (Flat) Capacity;

on any Day in the Assignment Period at the Assignment System Point; and

(b) Assigned System Capacity (which has been adjusted to take account of any deduction of any prior System Capacity Assignment of the same class) exceeds its Registered Net Capacity on any Day in the Assignment Period at the Assignment System Point.

6.1.4 In respect of a System Capacity Assignment or proposed System Capacity Assignment:

(a) the **"Assigned System Capacity"** is the amount of (i) Registered Enduring Annual NTS Exit (Flat) Capacity or (ii) Registered Annual NTS Exit (Flat) Capacity which is (or is to be), in each case, assigned from the Assignor User to the Assignee User;

(b) the **"Assignment Period"** is the Day or Days commencing on the Day on which the System Capacity Assignment is to be effective and ending on the last Day on which the Assignor User is registered as holding the Assigned System Capacity;

(c) the **"Assignment System Point"** means the NTS Exit Point at which the NTS Exit (Flat) Capacity is to be assigned;

(d) the **"Registered Net Exit Capacity"** is the amount of NTS Exit Flat Capacity determined by National Gas Transmission in accordance with paragraph 6.1.5;

(e) **"remaining Registered Enduring Annual NTS Exit (Flat) Capacity"** is the Registered Enduring Annual NTS Exit (Flat) Capacity remaining after taking account of any deductions of any prior System Capacity Assignment in respect of Registered Enduring Annual NTS Exit (Flat) Capacity;

(f) **"remaining Registered Annual NTS Exit (Flat) Capacity"** is the Registered Annual NTS Exit (Flat) Capacity remaining after taking account of any deductions of any prior System Capacity Assignment in respect of Registered Annual NTS Exit (Flat) Capacity;

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(g) **"User Commitment"** shall have the meaning given to it in the Exit Capacity Release Methodology Statement.

6.1.5 National Gas Transmission shall determine the Registered Net Exit Capacity by deducting from the aggregate amount of remaining Registered Enduring Annual NTS Exit (Flat) Capacity and remaining Registered Annual NTS Exit (Flat) Capacity the sum of:

(a) the Transferred System Capacity which is effective on any Day in the Assignment Period, where the Assignor User was the Transferor User (but not where the Assignor User was the Transferee User); and

(b) the amount of any Registered Enduring Annual NTS Exit (Flat) Capacity and Registered Annual NTS Exit (Flat) Capacity which has been or may be surrendered to National Gas Transmission on any Day in the Assignment Period pursuant to an Exit Capacity Management Agreement.

6.1.6 Any deductions of any prior System Capacity Assignment shall be made having regard to paragraph 6.3.2.

6.2 Procedure

6.2.1 Where a User proposes to make a System Capacity Assignment, each of the Assignor User and the Assignee User must notify the System Capacity Assignment to National Gas Transmission specifying:

(a) the identity of the Assignor User and Assignee User;

(b) the Assignment System Point;

(c) the class of the Assigned System Capacity;

(d) the amount in respect of the class of Assigned System Capacity; and

(e) the commencement date in the Assignment Period on which the System Capacity Assignment is to be effective in respect of the class of Assigned System Capacity;

(f) where the System Capacity Assignment is for Registered Annual NTS Exit (Flat) Capacity, the Gas Year (or remaining part thereof) for which the Registered Annual NTS Exit (Flat) Capacity is held and, in such case, a separate System Capacity Assignment notice must be submitted in respect of each Gas Year.

6.2.2 A proposed System Capacity Assignment must be notified to National Gas Transmission by not later than the fifth Business Day prior to the first Day of the Assignment Period.

6.2.3 National Gas Transmission may reject a System Capacity Assignment:

(a) where either the Assignor User or the Assignee User does not notify the System Capacity Assignment to National Gas Transmission in accordance with paragraph 6.2.1 or 6.2.2;

(b) in accordance with Section V3.;

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(c) where the Assigned System Capacity comprising Registered Enduring Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Enduring Annual NTS Exit (Flat) Capacity;

(d) where the Assigned System Capacity comprising Registered Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Annual NTS Exit (Flat) Capacity;

(e) where the Assigned System Capacity (which has been adjusted to take account of any deduction of any prior System Capacity Assignment) exceeds its Registered Net Capacity on any Day in the Assignment Period at the Assignment System Point;

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

6.3 Effect of Assignment

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

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

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

(a) the Assignor User shall cease to be liable for Capacity Charges in respect of the Assigned System Capacity;

(b) the Assignee User shall be liable for Capacity Charges in respect of the Assigned System Capacity;

(c) the Capacity Charges payable by the Assignee User shall be the same Capacity Charges that would have otherwise been payable by the Assignor User for the Assigned System Capacity but for the assignment (which shall, for the avoidance of doubt be at the published Exit Transmission Services rate applicable for each Day during the Assignment Period)

6.3.4 Where a System Capacity Assignment is made which comprises Enduring Annual NTS Exit (Flat) Capacity the Assignee User shall be deemed to have been allocated the Enduring Annual NTS Exit (Flat) Capacity (comprising the Assigned System Capacity) with effect from the time from which, in accordance with paragraphs 3.2.6(c) and 3.2.10, a User was first registered as holding the Enduring Annual NTS Exit (Flat) Capacity.

6.3.5 A System Capacity Assignment shall be without prejudice to the operation of paragraphs 3.2.12 to 3.2.22 (inclusive) in respect of any reduction in the amount of Enduring Annual NTS Exit (NTS) Capacity held by the Assignor User and the Assignee

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User following a System Capacity Assignment.

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

7 SPECIFIC NON-TRANSMISSION SERVICES CHARGES

7.1 General

7.1.1 This paragraph 7 sets out the basis on which specific Non-Transmission Services Charges are payable by Users.

7.2 St Fergus Compression Charge

7.2.1 A Shipper User which delivers gas to the NTS at the System Entry Point for the North Sea Midstream Partners sub-terminal at St Fergus shall pay to National Gas Transmission the St Fergus Compression Charge as a Commodity Charge in respect of the gas delivered.

7.2.2 The amount payable each Day by a Shipper User in respect of the St Fergus Compression Charge is the User Daily Quantity Input multiplied by the Applicable Commodity Rate as determined in accordance with Section 4.2 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Gas Transmission.

7.3 NTS Meter Maintenance Charges

7.3.1 A Shipper User which is the Registered User of a NTS Supply Point at which a NGNTS Supply Meter Installation is installed shall pay to National Gas Transmission the NTS Meter Maintenance Charge.

7.3.2 The amount payable by a Shipper User in respect of the NTS Metering Charge is the amount, for each Day for which it is Registered User of the NTS Supply Point, determined in accordance with Section 4.3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Gas Transmission.

7.4 DN Pensions Deficit Charge

7.4.1 DNO Users shall pay National Gas Transmission the DN Pensions Deficit Charge.

7.4.2 The amount of such DN Pensions Deficit Charge shall be determined in accordance Section 4.4 of the NTS Transportation Charging Methodology and set out in with the Transportation Statement of National Gas Transmission.

7.5 Shared Supply Meter Point Administration Charges

7.5.1 A Shipper User which is a Registered User of a Shared Supply Meter Point shall pay to National Gas Transmission the Shared Supply Meter Point Administration Charges.

7.5.2 The amounts payable by a Shipper User in respect of the Shared Supply Meter Point Administration Charge are the amounts, upon establishing the Shared Supply Meter Point, upon a change of any of the Sharing Registered Users, and for each Day for which it is Registered User of the Shared Supply Meter Point, determined in accordance with Section 4.5 of the NTS Transportation Charging Methodology and set out in the

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Transportation Statement of National Gas Transmission.

7.6 Interconnection Point Allocation Charges

7.6.1 A Shipper User which delivers gas to or offtakes gas or from the NTS at an Interconnection Point shall pay the Interconnection Point Allocation Charges to National Gas Transmission.

7.6.2 The amounts payable by a Shipper User in respect of the Interconnection Point Allocation Charges are the amounts, upon becoming a User (as provided in EID Section A2.4.2(b)) of the Interconnection Point, and for each Day on which it delivers and/or offtakes gas (as an UDQI or UDQO) at the Interconnection Point, determined in accordance with Section 4.6 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Gas Transmission.

7.7 Invoicing and payment

7.7.1 St Fergus Compression Charges, NTS Meter Maintenance Charges, DN Pensions Deficit Charges, Shared Supply Meter Point Administration Charges, and Interconnection Point Allocation Charges shall be invoiced and payable in accordance with Section S.

8 INTERRUPTION

8.1 Introduction

8.1.1 This paragraph 8 contains provisions in relation to:

(a) the designation of Supply Point Capacity at eligible Supply Points as Interruptible, pursuant to invitation to submit, submission and acceptance of Interruption Offers;

(b) the designation of Supply Point Capacity at Temporary Interruptible Supply Points as Temporary Interruptible Supply Point Capacity, pursuant to paragraph 8.12;

(c) requirements to be satisfied by Users in respect of Interruptible Supply Points;

(d) the Interruption by a DN Operator of the offtake of gas from an LDZ at Interruptible Supply Points; and

(e) the consequences of a failure to Interrupt.

8.1.2 For the purposes of the Code:

(a) Supply Point Capacity at an LDZ Supply Point is **"Interruptible"** in relation to an Interruptible Period where it is subject to Interruption in accordance with this paragraph 8 and is **"Firm"** where it is not subject to Interruption;

(b) Supply Point Capacity at an eligible Supply Point may be designated as Interruptible:

(i) pursuant to the acceptance of an Interruption Offer under paragraph 8.4; or

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(ii) (upon the Supply Point Registration becoming effective) in accordance with paragraph 8.1.5(a);

(c) Supply Point Capacity at a Temporary Interruptible Supply Point may be designated as Interruptible pursuant to paragraph 8.13;

(d) an **"Interruptible Tranche"** of Supply Point Capacity at an LDZ Supply Point is a tranche (in kWh/Day) of DM Supply Point Capacity, designated as Interruptible and defined (i) in the case of a Temporary Interruptible Supply Point pursuant to paragraph 8.12; and (ii) in the case of any other LDZ Supply Point by the Registered User consistent with the requirements in paragraph 8.1.4, with an associated Interruption Allowance, Interruption Option Price and Interruption Exercise Price; and a **"proposed"** Interruptible Tranche is such a tranche which is the subject of an Interruption Offer;

(e) **"Interruption"** in respect of a tranche of Supply Point Capacity at an LDZ Supply Point means interruption on the DN Operator's instruction (for one or more Days or parts of a Day) of the offtake of gas from the LDZ at the LDZ Supply Point to the extent required under paragraph 8.7, and references to an Interruptible Tranche being Interrupted and to the DN Operator's right to Interrupt an Interruptible Tranche shall be construed accordingly;

(f) an **"Interruptible Period"** is a Gas Year or other period in which Supply Point Capacity at a Supply Point is designated as Interruptible;

(g) an LDZ Supply Point is an **"Interruptible"** Supply Point in an Interruptible Period where the Registered User holds Interruptible Supply Point Capacity at the LDZ Supply Point in that period;

(h) in relation to an Interruptible Tranche of Supply Point Capacity at a Supply Point and an Interruptible Period:

(i) the **"Interruption Option Price"** is the amount (if any) that the DN Operator is required (irrespective of Interruption) to pay to the User, in respect of each Day of the Interruptible Period, in respect of the designation of such Supply Point Capacity as Interruptible;

(ii) the **"Interruption Exercise Price"** is the amount (if any) that the DN Operator is required to pay to the User in respect of each Day upon which the DN Operator Interrupts such Interruptible Tranche;

(iii) the **"Overall Interruption Price"** is the amount (if any) that the DN Operator would pay in total by way of Interruption Exercise Price (on the assumption of Interruption on every Day of the Interruption Allowance) and Interruption Option Price

each expressed in pence per kWh/Day of Supply Point Capacity;

(i) the **"Interruption Allowance"** is the number of Days in an Interruptible Period on which an Interruptible Tranche of Supply Point Capacity may be Interrupted;

(j) the **"Minimum Interruptible Amount"** is the minimum amount of Supply Point Capacity which may be comprised in an Interruptible Tranche, determined (i) (in relation to Temporary Interruptible Supply Point Capacity) in

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accordance with paragraph 8.13 and (ii) (in relation to any other Supply Point Capacity and an Interruption Zone) in accordance with the Interruptible Capacity Methodology and specified in an Interruption Invitation, subject to paragraph 8.2.5;

(k) an **"eligible"** Supply Point is an LDZ Supply Point for which the Annual Quantity is greater than 5,860,000 kWh (200,000 therms).

8.1.3 References in this paragraph 8 to Supply Point Capacity are to DM Supply Point Capacity.

8.1.4 The designation of Interruptible Tranches of Supply Point Capacity in respect of any Interruptible Period at an LDZ Supply Point must satisfy the following requirements:

(a) the number of Interruptible Tranches shall not exceed nine (9);

(b) the aggregate amount of the Interruptible Tranches shall not exceed (but need not be equal to) the amount of the Registered Supply Point Capacity;

(c) the amount of each Interruptible Tranche shall not be less than the Minimum Interruptible Amount.

8.1.5 Where a User submits a Base Registration Nomination or a Supply Point Confirmation in respect of a Proposed Supply Point which comprises a Supply Meter Point that is comprised in an Existing Supply Point which is Interruptible in any Interruptible Period (an **"existing"** Interruptible Supply Point):

(a) the DN Operator will provide details of the Interruptible Tranches of the existing Interruptible Supply Point to the User within two (2) days after submission of the Base Registration Nomination or Supply Point Confirmation;

(b) the Proposed Supply Point shall be an Interruptible Supply Point in relation to such Interruptible Period, having the same Interruptible Tranches of Supply Point Capacity (with the same Interruption Allowances, Interruption Option Prices and Interruption Exercise Prices) as the existing Interruptible Supply Point, subject to paragraph 8.1.6.

8.1.6 Where in relation to an Interruptible Supply Point:

(a)

(i) (other than a Temporary Interruptible Supply Point) the amount of Supply Point Capacity held by the Registered User is subject to an increase pursuant to any provision of the Code, or in relation to a Relevant CSS Request or Supply Point Confirmation the Offered Supply Point Capacity is greater than the Prevailing Supply Point Capacity, the increased amount of Supply Point Capacity shall be Firm and there shall be no effect on the Interruptible Tranches of Supply Point Capacity in any Interruptible Period;

(ii) (which is a Temporary Interruptible Supply Point) the amount of Supply Point Capacity held by the Registered User is subject to an increase pursuant to any provision of the Code, or in relation to a Relevant CSS Request or Supply Point Confirmation the Offered Supply Point Capacity is greater than the Prevailing Supply Point Capacity, the increased

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amount of Supply Point Capacity shall be Interruptible and the Interruptible Tranche shall be increased accordingly;

(b) (including a Temporary Interruptible Supply Point) the amount of Supply Point Capacity held by the Registered User is subject to a decrease pursuant to any provision of the Code, or in relation to a Relevant CSS Request or the Supply Point Confirmation the Offered Supply Point Capacity is less than the Prevailing Supply Point Capacity, the amount of the decrease shall be applied in relation to each Interruptible Period so as to reduce or extinguish the Interruptible Tranches and/or reduce the Firm Supply Point Capacity in such manner as may be agreed between the DN Operator and the Registered User (or, in the case of a Relevant CSS Request or Supply Point Confirmation, the Proposing User) or, in the absence of such agreement, in accordance with the following provisions:

(i) the Interruptible Tranches in relation to such Interruptible Period shall be ranked in order of Overall Interruption Price, highest priced first;

(ii) the amount of the decrease in Supply Point Capacity shall be applied (so as to reduce or extinguish each such tranche) against the Interruptible Tranches in the order ranked, until the amount of the decrease has been fully applied or all Interruptible Tranches have been extinguished;

(iii) the remaining amount (if any) of the decrease in Supply Point Capacity shall be applied so as to reduce the amount of the Firm Supply Point Capacity;

(iv) if (pursuant to paragraph (ii) the residual amount of any Interruptible Tranche is less than the Minimum Interruptible Amount, such amount shall be redesignated as Firm.

8.1.7 If at any time an Interruptible Supply Point (other than a Temporary Interruptible Supply Point in respect of which the Supply Point Capacity is designated by the DN Operator as Temporary Interruptible Supply Point Capacity) ceases to be an eligible Supply Point, the DN Operator may elect, by giving not less than two (2) months' notice to the Registered User, that the Supply Point shall cease to be Interruptible, in which case all Interruptible Tranches of Supply Point Capacity (in respect of any Interruptible Period) shall be redesignated as Firm with effect from the date of such election.

8.1.8 The Interruption Option Price in respect of any Interruptible Tranche:

(a) shall be determined Daily in respect of the amount of the Interruptible Tranche on each Day of the Interruptible Period to which it relates, after taking account of any decrease in such amount pursuant to paragraph 8.1.6(b) and any redesignation of Supply Point Capacity as Firm in accordance with paragraph 8.5 or 8.6.7(b)(i);

(b) shall be invoiced and is payable (irrespective of whether the DN Operator exercises its right of Interruption) monthly in arrears, in accordance with Section S.

8.1.9 Without prejudice to the generality thereof, the indemnity provided for in Section V11.1.1 shall apply in respect of the taking of any steps or the exercise by the Transporter of any entitlement provided for in this paragraph 8.

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8.2 Interruption Invitations

8.2.1 For the purposes of this paragraph 8:

(a) an **"Interruption Offer"** is an offer by a User to designate one or more tranches of DM Supply Point Capacity at an eligible Supply Point as Interruptible in any Interruptible Period;

(b) an **"Interruption Invitation"** is an invitation by a DN Operator to Users to submit Interruption Offers in relation to Supply Points in an LDZ or part of an LDZ;

(c) an **"invitation date"** is a date on which Users may submit Interruption Offers pursuant to an Interruption Invitation;

(d) the **"Interruptible Capacity Methodology"** is the methodology established by each DN Operator and approved by the Authority setting out:

(i) the financial terms (including terms as to Interruption Option Price and Interruption Exercise Price) on which Interruption Offers may be made;

(ii) the basis on which Interruption Offers will be ranked for selection;

(iii) the basis on which Interruption Zones within an LDZ may be defined;

(iv) different numbers of Days in an Interruptible Period which may comprise an Interruption Allowance;

(v) the basis on which Minimum Interruptible Amounts will be determined;

(vi) such further matters as may be contemplated by this paragraph 8 or otherwise which the DN Operator may (with the approval of the Authority) decide to include;

(e) an **"Interruption Zone"** is the LDZ or part of an LDZ (determined in accordance with the Interruptible Capacity Methodology) in respect of which an Interruption Invitation is issued.

8.2.2 In each Gas Year (Y) a DN Operator shall invite Interruption Offers by Users in respect of each of Gas Years Y+4 to Y+8 inclusive, and may invite Interruption Offers in respect of Gas Years Y+1 to Y+3 inclusive (each a separate Interruptible Period) by an **"annual"** Interruption Invitation, in relation to which:

(a) the invitation dates shall be ten (10) consecutive Supply Point Systems Business Days in June of Gas Year Y;

(b) the first such invitation date shall be not less than twenty eight (28) Days after the Interruption Invitation is issued.

8.2.3 A DN Operator may invite Interruption Offers at any other time and in respect of any other Interruptible Period (whether comprising all of part of any Gas Year), by an **"ad-hoc"** Interruption Invitation, in relation to which the invitation date(s) shall be such date or dates as the DN Operator may decide.

8.2.4 An Interruption Invitation shall specify:

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(a) the identity of the DN Operator;

(b) the Interruptible Period(s) in respect of which the invitation is issued;

(c) the Interruption Zone(s) in respect of which the invitation is issued;

(d) the invitation date(s);

(e) the Minimum Interruptible Amount in respect of each Interruption Zone, subject to paragraph 8.2.5;

(f) the available Interruption Allowances (in accordance with the Interruptible Capacity Methodology);

(g) in respect of each of the available Interruption Allowances, the amount (if any), as estimated by the DN Operator at the time the Interruption Invitation is issued, of Supply Point Capacity (in excess of the amount which, at the time of the Interruption Invitation, is already Interruptible) in the Interruption Zone required to be Interruptible in each Interruptible Period;

(h) the maximum number (if greater than one) of alternative Interruption Offers which may be submitted in respect of any Supply Point, tranche of Supply Point Capacity and Interruptible Period;

(i) such further terms and conditions of the invitation as may be required or permitted by the Interruptible Capacity Methodology.

8.2.5 The Minimum Interruptible Amount specified in respect of an Interruption Zone in an Interruption Invitation relating to any Interruptible Period may not be greater than the Minimum Interruptible Amount in respect of that Interruption Zone (or any other Interruption Zone which falls wholly or partially in that Interruption Zone) in any earlier Interruption Invitation relating to that Interruptible Period.

8.3 Interruption Offers

8.3.1 The Registered User of an eligible Supply Point in the relevant Interruption Zone may submit Interruption Offers pursuant to an Interruption Invitation in accordance with this paragraph 8.3.

8.3.2 An Interruption Offer shall specify:

(a) the identity of the User;

(b) the Interruption Invitation in respect of which the Interruption Offer is made;

(c) the Supply Point (within the relevant Interruption Zone) in respect of which the Interruption Offer is made;

(d) the Interruptible Period(s) in respect of which the Interruption Offer is made;

(e) the following details (consistent with the requirements in paragraphs 8.1.4 and 8.3.3) of each proposed Interruptible Tranche:

(i) the amount (in kWh/Day of Supply Point Capacity) of the proposed Interruptible Tranche;

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(ii) the Interruption Allowance (being one of the available allowances in the Interruption Invitation);

(iii) the Interruption Option Price (in pence per kWh/Day of Interruptible Supply Point Capacity);

(iv) the Interruption Exercise Price (in pence per kWh/Day of Supply Point Capacity per Day of Interruption); and

(f) such further details as may be permitted or required by the Interruptible Capacity Methodology.

8.3.3 Where (pursuant to an earlier Interruption Invitation) a Supply Point is already an Interruptible Supply Point in an Interruptible Period, an Interruption Offer in relation to that Interruptible Period (or in the case of an ad-hoc Interruption Invitation, an Interruptible Period falling within that period):

(a) may specify additional proposed Interruptible Tranches, provided that the requirements in paragraph 8.1.4(a) and 8.1.4(b) shall apply in respect of the existing and proposed Interruptible Tranches in aggregate;

(b) subject to any requirements in the Interruptible Capacity Methodology, may specify an increase in the Interruption Allowance in respect of any existing Interruptible Tranche.

8.3.4 A User may submit an Interruption Offer, and may withdraw or modify an Interruption Offer already submitted in respect of the Interruption Invitation, at any time between 08:00 hours and 17:00 hours on an invitation date.

8.3.5 In relation to an Interruption Invitation, Supply Point, proposed Interruptible Tranche and Interruptible Period, a User may have, at any one time, up to but no more than the number prescribed in the Interruption Invitation of Interruption Offers capable of acceptance by a DN Operator.

8.3.6 A DN Operator may reject an Interruption Offer where:

(a) the Interruption Offer is made in respect of an Supply Point which is not an eligible Supply Point;

(b) the User submitting the Interruption Offer is not the Registered User of the Supply Point in respect of which the Interruption Offer is made;

(c) the Interruption Offer does not comply with any of the requirements in paragraphs 8.1.4, 8.3.2 and (if applicable) 8.3.3;

(d) the Interruption Offer does not comply with any other requirement specified (consistent with the Interruptible Capacity Methodology) in the Interruption Invitation.

8.3.7 The DN Operator will inform the User of the rejection of an Interruption Offer pursuant to paragraph 8.3.6 within two (2) Supply Point Systems Business Days after the invitation date on which the offer was submitted.

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8.4 Acceptance of Interruptible Offers

8.4.1 In relation to each Interruption Invitation, the DN Operator shall:

(a) select Interruption Offers (from those prevailing at the end of the last invitation date) for acceptance in accordance with the Interruptible Capacity Methodology;

(b) in the case of an ad-hoc Interruption Invitation, not more than twenty eight (28) days after the last invitation date in respect of such ad-hoc Interruption Invitation, inform each User of which of its Interruption Offers have, and which have not, been accepted; and

(c) in the case of an annual Interruption Invitation, not later than 31 July in the year of such annual Interruption Invitation, inform each User of which of its Interruption Offers have, and which have not, been accepted.

8.4.2 Where the DN Operator accepts an Interruption Offer:

(a) the proposed Interruptible Tranche subject to the Interruption Offer shall be designated as Interruptible;

(b) the DN Operator shall be liable to pay the User the Interruption Option Price in accordance with paragraph 8.1.8.

8.4.3 In relation to each Interruption Invitation, the DN Operator will publish the details set out in paragraph 8.4.4, in respect of the LDZ as a whole, and separately in respect of each Interruption Zone in respect of which Interruption Offers submitted by at least three (3) Users were accepted:

(a) in the case of an ad-hoc Interruption Invitation, not more than twenty eight (28) days after the last invitation date in respect of such ad-hoc Interruption Invitation; and

(b) in the case of an annual Interruption Invitation, not later than 31 July in the year of such annual Interruption Invitation.

8.4.4 The details referred to in paragraph 8.4.3 are:

(a) the number of Interruption Offers received;

(b) the number of Interruption Offers accepted by the DN Operator;

(c) the aggregate amount of Supply Point Capacity in respect of which Interruption Offers were received;

(d) the aggregate amount of Supply Point Capacity which was designated as Interruptible pursuant to Interruption Offers accepted by the DN Operator;

(e) the highest and lowest Overall Interruption Prices submitted by Users; and

(f) the highest and lowest Overall Interruption Prices submitted by Users under Interruption Offers which were accepted.

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8.5 Redesignation of Supply Point Capacity as Firm

8.5.1 The Registered User of an Interruptible Supply Point may at any time (other than in a period between the issue of an Interruption Invitation and the last of the invitation dates under such invitation) apply to the DN Operator to redesignate Interruptible Supply Point Capacity as Firm, by notice specifying:

(a) the identity of the Supply Point;

(b) the date (**"redesignation date"**), not less than two months after the application is made, with effect from which the redesignation is requested to take effect;

(c) the quantity of Supply Point Capacity to be redesignated as Firm.

8.5.2 The DN Operator shall accept an application to redesignate Interruptible Supply Point Capacity as Firm with effect from the redesignation date unless the DN Operator determines and notifies the User that the Firm Transportation Requirement will not (at such date or at any time thereafter) be satisfied, in which case the application shall lapse.

8.5.3 For the purposes of the Code the **"Firm Transportation Requirement"** in respect of an Interruptible Tranche of Supply Point Capacity is the requirement that (after taking into account the Transporter's ability to Interrupt at other Interruptible Supply Points) it would be feasible, without the right of Interruption of such Interruptible Tranche, to make gas available for offtake at the Supply Point at a rate not less than the Supply Point Offtake Rate and in quantities (in a twenty-four (24) hour period) in the amount of the Supply Point Capacity.

8.5.4 Where an application to redesignate Interruptible Supply Point Capacity as Firm is accepted, in relation to each relevant Interruptible Period:

(a) the Interruptible Tranches of Supply Point Capacity shall be ranked in order of Overall Interruption Price, highest-priced first;

(b) the Supply Point Capacity in each such tranche, in the order ranked, shall be redesignated as Firm, until the requested amount of Supply Point Capacity has been redesignated or (as the case may be) all of the Interruptible Supply Point Capacity has been redesignated;

(c) if (pursuant to paragraph (b) the residual amount of any Interruptible Tranche is less than the Minimum Interruptible Amount, such amount shall be redesignated as Firm.

8.5.5 For the purposes of paragraph 8.5.3:

(a) a relevant Interruptible Period is any Interruptible Period, commencing from the Interruptible Period in which the redesignation date falls, for which there is Interruptible Supply Point Capacity at the Supply Point;

(b) the redesignation shall take effect with effect from the redesignation date.

8.6 Requirements as to Interruptible Supply Points

8.6.1 By submitting an Interruption Offer in respect of an LDZ Supply Point in relation to any Interruptible Period, or submitting a Base Registration Nomination or a Supply Point

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Confirmation in respect of an Interruptible Supply Point (including, for the avoidance of doubt, an Interruptible Supply Point with Temporary Interruptible Supply Point Capacity), and by not applying to redesignate Supply Point Capacity as Firm at any time, the Registered User represents to the DN Operator that, or where the User is not the supplier that the supplier has represented to the User that, the requirement in paragraph 8.6.2 will be complied with.

8.6.2 The requirement referred to in paragraph 8.6.1 is that the contract or contracts of supply to the consumer, in force at the time of the User's action or omission under paragraph 8.6.1, oblige the consumer to give effect to Interruption (including in the case where the requirement for Interruption is notified by the DN Operator under paragraph 8.8.4) to the extent required on the basis of the Interruptible Tranches of Supply Point Capacity which will exist as a result of such action or omission.

8.6.3 Where a User is or is to become the Registered User of one or more Interruptible Supply Points the User shall:

(a) not later than the relevant date (in accordance with paragraph 8.6.6) in respect of the first Interruptible Supply Point of which it becomes Registered User, provide to the DN Operator at least one telephone number and at least one (1) email address (but not more than four (4) numbers in total) by means of which the DN Operator may contact, twenty-four (24) hours a Day, a representative of the User, and the name(s) or title(s) of not more than three (3) representatives of the User who may be contacted at such numbers;

(b) maintain the details provided under paragraph (a) up to date, and notify the DN Operator of any change in such details before such change takes effect; and

(c) secure that at all times on each Day one of such representatives is available and capable of being so contacted by telephone or by email.

8.6.4 A User shall, in relation to each Interruptible Supply Point of which it is or is to become the Registered User:

(a) not later than the relevant date (in accordance with paragraph 8.6.6), provide to the DN Operator:

(i) in accordance with paragraph (e), the names and/or job titles of representatives of the consumer (**"interruption contacts"**) (who, for the avoidance of doubt, may be the same contacts as those referred to in Section Q as **"emergency contacts"**), provided that the total number of interruption contacts provided for under this paragraph (and emergency contacts provided for under Section Q) shall not exceed five (5) in relation to any Supply Point;

(ii) at least one (1) (but not more than four (4)) telephone numbers for each interruption contact by means of which the DN Operator may contact, twenty-four (24) hours a day, at least one interruption contact; and

(iii) one (1) email address, for the purposes of receiving communications pursuant to Sections B8, G and Q, which is able to receive transmissions twenty-four (24) hours a day;

(b) take all reasonable steps to secure that the details provided under paragraph (a) are maintained up to date and to notify the DN Operator of any change in such

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details before such change takes effect;

(c) take all reasonable steps to secure that at all times on each Day one of such representatives is available and capable of being so contacted by telephone and by email;

(d) secure that the consumer acknowledges the right of the DN Operator to contact the consumer in the circumstances in paragraph 8.8.4 and undertakes to comply with any notification by the DN Operator thereunder; and

(e) for the purposes of paragraph (a):

(i) in the case of an Interruptible Supply Point in respect of any site which is manned twenty-four (24) hours a day, provide to the DN Operator the name(s) and/or job title(s) of at least one (1) but not more than four (4) interruption contacts; and

(ii) in the case of an Interruptible Supply Point in respect of any site which is not manned twenty-four (24) hours a day, provide to the DN Operator the name(s) and/or job title(s) of at least one (1) but not more than two (2) interruption contacts.

8.6.5 For the purposes of enabling the DN Operator to plan the exercise of its rights as to Interruption of Interruptible Supply Points, in relation to each Gas Year the Registered User of an Interruptible Supply Point will, if so required by the DN Operator, not later than the relevant date (in accordance with paragraph 8.6.6) and thereafter from time to time upon any significant change in such details, obtain from the consumer or supplier and provide to the DN Operator the consumer's best estimate of the following details:

(a) whether or not gas is likely in normal circumstances to be offtaken at or between particular times of Day specified by the DN Operator for the purposes of this paragraph 8.6.5;

(b) the maximum quantity of gas to be offtaken on any Saturday and on any Sunday; and

(c) holiday periods in each year during which gas will not be offtaken from the LDZ at the Supply Point.

8.6.6 For the purposes of paragraphs 8.6.3, 8.6.4 and 8.6.5, the relevant date in respect of an Interruptible Supply Point in relation to a User is:

(a) the day which is twenty eight (28) days before the start of the first Interruptible Period in respect of which the User submitted any Interruption Offer in relation to that Supply Point; or

(b) the date on which the User submits Base Registration Nomination or a Supply Point Confirmation as provided in paragraph 8.1.5.

8.6.7 If the User fails to comply with any of the requirements in paragraphs 8.6.3, 8.6.4 and 8.6.5, then (without prejudice to the User's continuing obligation to comply):

(a) the DN Operator may notify the User of such failure;

(b) if within five (5) Supply Point Systems Business Days after the DN Operator's

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notification under paragraph (a) the User has not remedied such failure to comply:

(i) the DN Operator may give notice to the User to the effect that

(1) the Supply Point Capacity comprised in all or any of the Interruptible Tranches in relation to any Interruptible Period is redesignated as Firm; or

(2) in the case of Temporary Interruptible Supply Point Capacity, the provisions of paragraph 8.12.3(d) apply and the designation of such DM Supply Point Capacity as Temporary Interruptible Supply Point Capacity is terminated with immediate effect and the Maximum Supply Point Offtake Rate in respect of the relevant Temporary Interruptible Supply Point shall, with effect from the time of such termination, be reduced to zero until such time as the Supply Point Capacity at the Temporary Interruptible Supply Point is subsequently designated as Interruptible or Firm pursuant to the paragraph 8;

(ii) in any event, the DN Operator shall not be liable to pay the Interruption Option Price in respect of any Interruptible Tranche in respect of any month until the failure to comply is remedied.

8.6.8 Where in relation to any Interruptible Supply Point (but without prejudice to Section C in relation to Renominations), the Registered User or supplier:

(a) exercises (other than pursuant to an Interruption Notice under paragraph 8.8.1) any entitlement to require the consumer to discontinue consuming gas offtaken from the LDZ on a Day; or

(b) having exercised such an entitlement, authorises the consumer to resume such consumption

the Registered User will as soon as reasonably practicable, and in accordance with paragraph 8.6.10, inform the DN Operator of the matters set out in paragraph 8.6.9, provided that the Registered User shall use reasonable endeavours to inform the DN Operator not more than one (1) hour after such discontinuance and/or not less than one (1) hour before such resumption.

8.6.9 The matters to be informed by the Registered User to the DN Operator pursuant to paragraph 8.6.8 are:

(a) the identity of the Interruptible Supply Point;

(b) the time with effect from which the consumer will be required to discontinue, or authorised to resume, consumption; and

(c) an estimate of the amount by which the quantity of gas offtaken will increase or decrease as a result of such discontinuance or resumption.

8.6.10 For the purposes of paragraph 8.6.8 the User will give the relevant information to the DN Operator by means of telephone or email, unless it has given to the DN Operator not less than one month's notice of its intention to give such information by Batch Transfer Communication, in which case such User will give information to the DN

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Operator for the purposes of paragraph 8.6.8 only by Batch Transfer Communication, and will promptly inform the DN Operator by telephone or email of the transmission of each such Batch Transfer Communication.

8.6.11 Where the DN Operator notifies a User that it is unable satisfactorily to access a Batch Transfer Communication transmitted pursuant to paragraph 8.6.10, that User will promptly send to the DN Operator by email the information contained in that Batch Transfer Communication.

8.6.12 Where the Transporter reasonably determines, in relation to an Interruptible Supply Point whose Annual Quantity does not exceed 58,600,000 kWh (2,000,000 therms), that (by reason of the location or other characteristics of the part of the System in which the Supply Point is located, or the nature of the Consumer's Plant) the operational benefits of the Transporter's ability to Interrupt the Supply Point would be materially diminished unless individual Output Nominations are made in respect of the Supply Point, the Transporter may designate the Supply Point as requiring individual Output Nominations for the purposes of Section A4.5.3.

8.6.13 Any designation under paragraph 8.6.12 shall be:

(a) in the case of an existing Supply Point Registration, by notice to the Registered User not later than the fifth (5th) Supply Point Systems Business Day in September in the Gas Year preceding the first Gas Year in which such designation is to be effective; or

(b) in the case of a Proposed Supply Point Registration, in the Detail Registration Response or Supply Point Offer.

8.7 Interruption

8.7.1 The DN Operator shall be entitled, in accordance with the further provisions of this paragraph 8, to require Interruption on a number of Days in an Interruptible Period not exceeding the Interruption Allowance, in respect of any Interruptible Tranche of Supply Point Capacity at a Supply Point.

8.7.2 Where (in accordance with this paragraph 8) the DN Operator requires Interruption at a Supply Point, the Registered User shall secure that the requirements in paragraph 8.7.3 are complied with.

8.7.3 The requirements are that:

(a) at all times at which the requirement for Interruption is in force, the rate of offtake of gas, in kWh/hour, at the Supply Point does not exceed a rate of offtake determined as follows:

$$SPOR * (SPC - IT) / SPC$$

and

(b) on each Day or part Day of Interruption the quantity of gas offttaken, in kWh, during the period in which the requirement for interruption is in force, does not exceed a quantity determined as follows:

$$(SPC - IT) * H / 24$$

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Where

SPOR is the Supply Point Offtake Rate;

SPC is the Registered Supply Point Capacity;

IT is the amount or aggregate amount (in kWh/Day) of the Interruptible Tranche or Interruptible Tranches which were subject to Interruption pursuant to the relevant requirement;

H is the period in hours on the Day during which the requirement for Interruption was in force.

8.7.4 Subject to paragraph 8.7.5, the DN Operator may require Interruption at an Interruptible Supply Point:

(a) for operational purposes in connection with the management of its System, or

(b) on not more than three (3) Days in any Gas Year, where the DN Operator has any reasonable doubt as to whether the requirements in paragraph 8.6.2 are satisfied or the provisions of this paragraph 8.7 in relation to Interruption are or are capable of being complied with in respect of the Supply Point, for the purposes of verifying such matters

and the DN Operator may, where it has issued an Interruption Notice pursuant to paragraph (a) or (b), issue a replacement Interruption Notice pursuant to the other sub-paragraph and from the time at which such replacement notice takes effect all rights, obligations or restrictions applicable to such replacement notice shall apply accordingly and shall supersede those applicable to the replaced notice.

8.7.5 The number of Days (including parts of a Day) in respect of which the DN Operator requires Interruption in respect of an Interruptible Tranche of Supply Point Capacity in any Interruptible Period shall not exceed the Interruption Allowance.

8.7.6 Where the DN Operator requires Interruption in respect of an Interruptible Tranche of Supply Point Capacity, the DN Operator shall pay to the Registered User the Interruption Exercise Price invoiced and payable in accordance with Section S in respect of such Interruptible Tranche, for each Day (including part of a Day) of such Interruption.

8.7.7 For the purposes of paragraphs 8.7.5 and 8.7.6, a Day in respect of which the DN Operator gives more than one Interruption Notice in respect of an Interruptible Tranche shall be counted only as one (1) Day of Interruption of the Interruptible Tranche.

8.7.8 The exercise by the DN Operator of any right (other than pursuant to this paragraph 8.7) to require or secure the discontinuance or reduction of offtake at any Supply Meter Point shall not count towards the use of any Interruption Allowance or otherwise count as Interruption for the purposes of this paragraph 8.7.

8.7.9 For the purposes of this paragraph 8, where an Interruption Notice is given in relation to an Interruptible Supply Point, the requirement for Interruption pursuant to that notice is **"in force"** with effect from the Interruption Start Time specified in the notice until:

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(a) the time specified in the DN Operator's notification under paragraph 8.8.5 or (if no time is specified) the time that such notification is given, or

(b) if earlier, the Interruption Start Time under another Interruption Notice relating to the same Interruptible Supply Point.

8.8 Interruption Notification Requirements

8.8.1 Where the DN Operator requires or has a revised requirement for Interruption in respect of one or more Interruptible Tranches at one or more Supply Points, the DN Operator will give to the Registered User, not less than five (5) hours before the time (**"Interruption Start Time"**) with effect from which Interruption is required, notice (**"Interruption Notice"**) specifying:

(a) the Supply Points and (for each Supply Point) the Interruptible Tranche(s), to be Interrupted;

(b) the Gas Flow Day;

(c) the Interruption Start Time; and

(d) the DN Operator's estimate (which shall not bind the DN Operator) of the time at which the requirement for Interruption will cease to apply.

8.8.2 The User may request by telephone or email an alteration to the Supply Points and Interruptible Tranches specified in the Interruption Notice; and where not less than five (5) hours before the Interruption Start Time the DN Operator and the User have agreed (but so that the DN Operator shall not be required to agree) upon such an alteration, the Interruption Notice will be revised accordingly and resubmitted by the DN Operator to the User as soon as reasonably practicable.

8.8.3 The User shall, by telephone or email (or otherwise in accordance with this paragraph 8.8):

(a) not later than thirty (30) minutes after Interruption Notice was given, acknowledge receipt of that notice;

(b) not later than five (5) hours after Interruption Notice was given, confirm to the DN Operator that Interruption (in accordance with such notice) has taken place or shall take place; and

(c) as soon as reasonably practicable, notify the DN Operator of any facts or circumstances known to the User that might prevent Interruption from taking place or cause Interruption to take place after the Interruption Start Time;

8.8.4 Where the User has not acknowledged receipt of an Interruption Notice within thirty (30) minutes after such notice was given, the DN Operator may not less than four (4) hours before the Interruption Start Time notify the requirement for Interruption at each relevant Supply Point directly to the consumer, specifying the Gas Flow Day, Interruptible Tranches subject to Interruption and Interruption Start Time.

8.8.5 Where the DN Operator has given an Interruption Notice (which has not been superseded by another such notice) in respect of any Interruptible Tranche(s) of Supply Point Capacity, as soon as reasonably practicable after the DN Operator determines that the requirement for Interruption at that Interruptible Tranche no longer applies or will at

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a certain time cease to apply (having regard to the circumstances in accordance with paragraph 8.7.4 in which such notice was given), the DN Operator will so notify the User specifying the time (where later than the time of such notification) at which the requirement for Interruption will no longer apply.

8.9 Failure to Interrupt

8.9.1 For the purposes of the Code:

(a) subject to paragraph (a), there is a **"failure to Interrupt"** in relation to an Interruptible Tranche of Supply Point Capacity where, on any occasion on which the DN Operator requires Interruption in respect of the Supply Point, either of the requirements in paragraph 8.7.3 is not complied with on any Day (the **"failure Day"**) during which the requirement for Interruption was in force;

(b) a failure to comply with a requirement for Interruption pursuant to paragraph 8.7.4(b) will be counted as a failure to Interrupt for the purposes of paragraph 8.9.2 if:

(i) the User does not demonstrate to the reasonable satisfaction of the DN Operator that all appropriate steps are being taken to ensure that such a failure does not recur at the relevant Supply Point; or

(ii) the failure is the third failure occurring at the relevant Supply Point during the same Gas Year to comply with a requirement for Interruption pursuant to paragraph 8.7.4(b)

but not otherwise; provided that any such failure shall be counted as a failure to interrupt for the purposes of paragraph 8.9.6;

(c) for the purposes of paragraph 8.9.1(b), a Supply Point the subject of Relevant CSS Request (not involving a change of User) or a Supply Point Reconfirmation shall be treated as being the same Supply Point as the Existing Supply Point.

8.9.2 Where there is a failure to Interrupt at a Supply Point:

(a) irrespective of whether the failure to Interrupt resulted from Force Majeure, and irrespective of the size and number of the Interruptible Tranches which were subject to Interruption, where the DN Operator determines that the failure to Interrupt results in a significant risk to the security of the relevant System the DN Operator may take any steps available to it to isolate or disconnect the Supply Meter Point (irrespective of whether it is a Shared Supply Meter Point) comprised in the Supply Point; and

(b) save to the extent the failure to Interrupt resulted from Force Majeure, and subject to paragraph 8.9.8, the Registered User shall pay, in respect of each failure Day, a charge determined as the aggregate, for all Interruption Notices under which the requirement for Interruption was in force on that Day, of the following:

$$X = 2 * Y * Z$$

where:

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X is the amount payable in respect of each Interruption Notice in respect of the failure Day;

Y is the greater of:

Y1 the aggregate quantity (in kWh) of gas offtaken at the Supply Point, at any time or times on the Day at which the requirement for Interruption was in force, at a rate in excess of the rate permitted in paragraph 8.7.3(a); and

Y2 the quantity (in kWh) offtaken, during the period in the Day in which the requirement for Interruption was in force, in excess of the quantity permitted in paragraph 8.7.3(b);

Z is the greater of:

Z1 the Applicable Annual Rate of the LDZ Capacity Charge in respect of the Supply Point; and

Z2 the weighted average Overall Interruption Price applicable in respect of the Interruptible Tranches which the User is treated as having failed to Interrupt, determined in accordance with paragraph (c);

(c) for the purposes of determining 'Z2':

(i) the Interruptible Tranches which were subject to Interruption shall be ranked in order of Overall Interruption Price, highest-priced first;

(ii) the quantity 'Y' shall be allocated to such Interruptible Tranches in the order ranked, until such quantity has been allocated in full;

(iii) the Interruptible Tranches which the User is treated as having failed to Interrupt shall be the tranches to which the quantity 'Y' was so allocated (and where the amount or remaining unallocated amount of the quantity 'Y' is less than the amount of the relevant Interruptible Tranche, such amount or remaining unallocated amount is the **"failed portion"** of such tranche);

(iv) the weighted average Overall Interruption Price is determined as follows:

$$\Sigma_T \ (QTF_T \ * \ OIP_T) \ / \ \Sigma_T \ QTF_T$$

where

Σ_T is summation by the Interruptible Tranches which the User was treated as failing to Interrupt

and where for each such Interruptible Tranche

QTF_T is the amount (or as the case may be the failed portion) of the Interruptible Tranche

OIP_T is the Overall Interruption Price of such Interruptible Tranche.

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8.9.3 The amounts payable under paragraphs 8.9.2(b) and 8.9.4 will be invoiced and are payable in accordance with Section S.

8.9.4 Where the DN Operator takes any such steps as are referred to in paragraph 8.9.2(a) the Registered User will be liable to reimburse to the DN Operator the costs and expenses incurred by the DN Operator in taking such steps and in any subsequent reconnection or restoration of the connection of the Supply Point.

8.9.5 The Registered User shall secure that there is made available to the DN Operator such access to the Supply Point and the Supply Meter Point comprised in the Supply Point as shall be required for the purposes of paragraph 8.9.2(a).

8.9.6 No Day on which there is a failure to Interrupt in respect of an Interruptible Tranche of Supply Point Capacity shall count:

(a) towards use of the Interruption Allowance in respect of that Interruptible Tranche under paragraph 8.7.6, or

(b) as a Day in respect of which the DN Operator is required to pay the Interruption Exercise Price under paragraph 8.7.7.

8.9.7 The following shall not be Force Majeure affecting a User for the purposes of this paragraph 8.9:

(a) the unavailability of any such representative as is referred to in paragraph 8.6.3 or 8.6.4 of the User or the consumer to be contacted by the DN Operator, other than for wholly unforeseeable and unavoidable reasons (which must also satisfy the conditions for being Force Majeure); and

(b) the fact that there is no facility for the Consumer's Plant to operate with a supply of fuel or energy alternative to or in substitution for gas.

8.9.8 Where the Registered User has requested (in compliance with the applicable requirements of paragraph G7) the Isolation of each Supply Meter Point comprised in an Interruptible Supply Point, subject to paragraph G8, the User shall not be liable under paragraph 8.9.2(b) in respect of any subsequent failure to Interrupt at such Supply Point (unless and until any such Supply Meter Point is re-established).

8.10 Shared Supply Meter Points

8.10.1 This paragraph 8.10 applies in respect of any Interruptible Supply Point(s) in which a Shared Supply Meter Point is comprised.

8.10.2 Paragraph 8.7.3 shall apply on an aggregated basis, in respect of Supply Points ("relevant" Supply Points) which comprise the Shared Supply Meter Point, and in accordance with the further provisions of this paragraph 8.10.

8.10.3 Where an Interruption Notice is given in respect of any such Interruptible Supply Point:

(a) for the purposes of paragraph 8.7.3(a), the maximum permitted rate of offtake at the Supply Point) shall be:

$$(SPC - IT) / SPC$$

(b) for the purposes of paragraph 8.7.3(b), the maximum permitted quantity (in

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aggregate at all relevant Supply Points) shall be:

$$\Sigma_F \text{ SPC} + \Sigma_I (\text{SPC} - \text{IT}) * \text{H} / 24$$

where

Σ_F is summation over all (if any) relevant Firm Supply Points

Σ_I is summation over all (if any) relevant Interruptible Supply Points

and where SPOR, SPC, IT and H have the meanings in paragraph 8.7.3.

8.10.4 The provisions of paragraph 8.9.2(b) shall apply, irrespective of the allocation (including pursuant to Sections G9.3.2 or G9.6.2) among Users of the quantity of gas offtaken on any Day at the relevant DM Supply Points, on the following basis:

(a) the quantity 'Y' shall be determined on the basis of the aggregate quantities offtaken at all relevant DM Supply Points in excess of the permitted rate or amount in accordance with paragraph 8.10.3;

(b) all Interruptible Tranches subject to Interruption at all relevant DM Supply Points in aggregate shall be ranked as provided in paragraph 8.9.2(c)(i), and the aggregate quantity 'Y' allocated to them as provided in paragraph 8.9.2(c)(ii), to determine (under paragraph 8.9.2(c)(iii)) the Interruptible Tranches which the Registered Users are treated in aggregate as having failed to Interrupt;

(c) the Registered Users of the Interruptible Supply Points shall be liable for the aggregate amount payable in respect of a Day pursuant to paragraph 8.9.2(b) (as determined in accordance with this paragraph 8.10.4):

(i) in the prevailing proportions (if any) notified under paragraph 1.7.15(b);

(ii) in the absence of any such notified proportions, in proportion to the Nominated Quantities for the Day in respect of the relevant DM Supply Points comprised in the Interruptible Supply Points.

8.11 Interruptible LDZ Capacity at LDZ CSEPs

8.11.1 Subject to the applicable CSEP Network Exit Provisions and the provisions of any Ancillary Agreement relating to the CSEP:

(a) a CSEP User or CSEP Users may designate a tranche or tranches of LDZ Capacity in relation to an LDZ CSEP as interruptible, subject to and in accordance with this paragraph 8.11;

(b) the DN Operator may designate a tranche of LDZ Capacity in relation to a New Metered CSEP as Temporary Interruptible LDZ Capacity, subject to and in accordance with paragraph 8.13.

8.11.2 In this paragraph 8.11 references to an LDZ CSEP are to an LDZ System Point as referred to in Section A3.3.1 and not to any separate System Exit Point deemed (pursuant to CSEP Network Exit Provisions) to be comprised in such a System Point as provided in Section A3.3.5.

8.11.3 For the purposes of this paragraph 8.11, paragraphs 8.1 to 8.9 shall apply, subject to the

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further provisions of this paragraph 8.11, as if references in those paragraphs:

(a) to an LDZ Supply Point were to an LDZ CSEP;

(b) to a Supply Meter Point were to an Individual System Exit Point comprised in a CSEP;

(c) to DM Supply Point Capacity were to LDZ Capacity;

(d) to the Registered User of a Supply Point were to a CSEP User in relation to a CSEP;

(e) to a User, in the context of an Interruptible Tranche, were to all of the Interruptible CSEP Users (in accordance with paragraph 8.11.5).

8.11.4 Paragraphs 8.1.5, 8.5, 8.6, 8.7.4(b), 8.8.4, 8.9.2(a) and 8.9.4 shall not apply for the purposes of this paragraph 8.11 (but without prejudice to any equivalent provisions of the CSEP Network Exit Provisions and/or any Ancillary Agreement).

8.11.5 For the purposes of this paragraph 8.11, in relation to each Interruptible Tranche of LDZ Capacity at an LDZ CSEP for an Interruptible Period:

(a) the CSEP User(s) (**"Interruptible CSEP User(s)"**) associated with such Interruptible Tranche, and

(b) the proportions (**"Interruptible CSEP Proportions"**, aggregating one (1)) in which the Interruptible CSEP User(s) have entitlements and liabilities in respect of such Interruptible Tranche

shall be determined in accordance with paragraphs 8.11.6 and 8.11.7.

8.11.6 An Interruption Offer in respect of a CSEP:

(a) shall specify, in addition to the requirements (construed in accordance with paragraph 8.11.3) in paragraph 8.3.2, in respect of each Interruptible Tranche of LDZ Capacity, the identity of each Interruptible CSEP User and the Interruptible CSEP Proportions (aggregating one (1)) for such CSEP Users;

(b) shall be submitted by or on behalf of all of the Interruptible CSEP Users.

8.11.7 The identity of the Interruptible CSEP User(s), and/or their respective Interruptible CSEP Proportions (aggregating one (1)), in respect of an Interruptible Tranche of LDZ Capacity at an LDZ CSEP, may be varied from time to time by a notice submitted to the DN Operator submitted by or on behalf of each CSEP User which (prior to such notice) is, or (pursuant to such notice) is to become, an Interruptible CSEP User.

8.11.8 There is no requirement under the Code that (and the DN Operator will not be concerned with whether) the Interruptible CSEP User(s) at an LDZ CSEP hold or continue to hold LDZ Capacity corresponding to their respective Interruptible CSEP Proportions of the Interruptible Tranches.

8.11.9 The amount in aggregate of the Interruptible Tranches at an LDZ CSEP shall not exceed the amount in aggregate of LDZ Capacity held by all of the Interruptible CSEP Users; and paragraph 8.1.6 shall apply on the basis of increases and decreases in the aggregate amounts of LDZ Capacity held by such Interruptible CSEP Users.

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8.11.10 For the purposes of paragraphs 8.7.3 and 8.9.2 (as they apply for the purposes of this paragraph 8.11):

(a) references to the Registered Supply Point Capacity shall be references to the aggregate LDZ Capacity held by all CSEP Users at a CSEP;

(b) references to the Supply Point Offtake Rate shall be to the maximum aggregate rate of offtake permitted in accordance with the CSEP Network Exit Provisions (as referred to in Section J3.9.2(a)).

8.11.11 The Interruptible CSEP Users shall be entitled to be paid the Interruption Option Price and the Interruption Exercise Price in relation to an Interruptible Tranche severally in their Interruptible CSEP Proportions.

8.11.12 Where on any Day there is a failure to Interrupt at an Interruptible CSEP, irrespective of the identity of the Interruptible CSEP Users in respect of each Interruptible Tranche and of such Users' UDQOs (pursuant to allocation under Section E3.2) for such Day:

(a) the Interruptible Tranche(s) which the Interruptible CSEP Users are treated as having failed to Interrupt (**"failed tranches"**) shall be determined in accordance with paragraph 8.9.2(c)(iii) (construed in accordance with the foregoing provisions of this paragraph 8.11);

(b) following the determination of such failed tranches, the formula in paragraph 8.9.2(b) shall be applied separately in respect of each such failed tranche (or failed portion), and Z2 shall be the overall interruption price of each such failed tranche;

(c) in respect of each failed tranche, the Interruptible CSEP Users shall be liable for the amounts so determined severally in their Interruptible CSEP Proportions in respect of that Interruptible Tranche.

8.12 Temporary Interruptible Supply Point Capacity for New Supply Points

8.12.1 The DN Operator may, if requested by the Proposing User, designate a New Supply Point as a Temporary Interruptible Supply Point subject to 8.12.2. Following the designation of the Temporary Interruptible Supply Point, the Supply Point Capacity at the Temporary Interruptible Supply Point will be designated as Temporary Interruptible Supply Point Capacity, subject always to paragraph 8.12.3. For the avoidance of doubt, any such request or designation shall not constitute an Interruptible Offer or Interruption Invitation.

8.12.2 A **"Temporary Interruptible Supply Point"** is a New Supply Point (other than an Existing Supply Point, a NTS System Entry Point or a NTS Exit Point) designated by the DN Operator and which meets the following requirements:

(a) the Annual Quantity is greater than 5,860,000 kWh (200,000 therms); and

(b) the New Supply Point is governed by a Siteworks Contract accepted by the Siteworks Applicant that specifically identifies the Siteworks required.

8.12.3 Following the designation of the Supply Point Capacity as **"Temporary Interruptible Supply Point Capacity"** by the DN Operator the following conditions shall apply at the Temporary Interruptible Supply Point:

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(a) the Supply Point is Class 1; and

(b) the Daily Read Requirement applies; and

(c) Section M6.6.1;

(d) following Supply Point Registration of the Supply Meter Points comprised within the Temporary Interruptible Supply Point, the DM Supply Point Capacity at the Temporary Interruptible Supply Point will be Interruptible and subject to Interruption in accordance with this paragraph 8;

(e) the Interruptible Tranche at the Temporary Interruptible Supply Point shall be such tranche (in kWh/Day) of DM Supply Point Capacity as the DN Operator shall stipulate and in the absence of any express stipulation shall be the whole of such DM Supply Point Capacity;

(f) in relation to the Interruptible Tranche at the Temporary Interruptible Supply Point:

(i) the Interruption Option Price shall be zero;

(ii) the Interruption Exercise Price shall be zero;

(iii) the Overall Interruption Price shall be zero;

(iv) the Interruption Allowance shall be such number of Days as the DN Operator shall stipulate;

(v) the Minimum Interruptible Amount shall be such amount (in kWh/Day) as the DN Operator shall stipulate and in the absence of any express stipulation shall be the total amount of Temporary Interruptible Supply Point Capacity from time to time in respect of that Temporary Interruptible Supply Point;

(g) the DM Supply Point Capacity at the Temporary Interruptible Supply Point shall continue to be Interruptible for such period as the DN Operator shall stipulate; provided always that the DN Operator shall be entitled (at its sole discretion) to terminate the designation of such DM Supply Point Capacity as Temporary Interruptible Supply Point Capacity with effect from any time prior to the stated expiry date, in which case such DM Supply Point Capacity shall thereupon be automatically designated as Firm; and

(h) the provisions of this paragraph 8 shall apply in relation to the Interruption of DM Supply Point Capacity at the Temporary Interruptible Supply Point, including (but without limitation) paragraph 8.9.

8.12.4 If at any time (being a time after both (a) the designation of the DM Supply Point Capacity at the Temporary Interruptible Supply Point as Temporary Interruptible Supply Point Capacity and (b) following Supply Point Registration of the Supply Meter Points comprised within the Temporary Interruptible Supply Point) the DN Operator issues an Interruption Invitation (whether an annual Interruption Invitation or an ad hoc Interruption Invitation) and the Temporary Interruptible Supply Point is in the Interruption Zone in respect of which that Interruption Invitation is issued:

(a) the Proposing User shall be entitled to submit an Interruption Offer pursuant to

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that Interruption Invitation; and

(b) if the DN Operator accepts any such Interruption Offer, the DM Supply Point Capacity at the Temporary Interruptible Supply Point shall automatically cease to be Temporary Interruptible Supply Point Capacity at the commencement of the earliest Interruptible Period to which the relevant Interruption Offer relates.

8.13 Temporary Interruptible LDZ Capacity for LDZ CSEPs

8.13.1 The DN Operator may, if requested by a Proposing CSEP User or Proposing CSEP Users, designate a New Metered CSEP as a Temporary Interruptible Metered CSEP, subject to 8.13.4. Following the designation of the Temporary Interruptible Metered CSEP, the LDZ Capacity at a Temporary Interruptible Metered CSEP will be designated as Temporary Interruptible LDZ Capacity, subject always to paragraph 8.13.5. For the avoidance of doubt, any such request or designation shall not constitute an Interruptible Offer or Interruption Invitation.

8.13.2 A **"New Metered CSEP"** is a proposed new Metered CSEP which, at the time of any request pursuant to paragraph 8.13.1 in respect of such new Metered CSEP, is not yet connected to the Total System (and includes a reference to such Metered CSEP after it has been so connected to the Total System);

8.13.3 A **"Proposing CSEP User"** is a User who wishes to apply for LDZ Capacity at a new Metered CSEP;

8.13.4 A **"Temporary Interruptible Metered CSEP"** is a New Metered CSEP which meeting the following requirements:

(a) the Annual Quantity is greater than 5,860,000 kWh (200,000 therms); and

(b) the New Metered CSEP is governed by a Siteworks Contract accepted by the Siteworks Applicant that specifically identifies the Siteworks required.

8.13.5 Following the designation of the LDZ Capacity as Temporary Interruptible LDZ Capacity by the DN Operator the following conditions shall apply at the Temporary Interruptible Metered CSEP:

(a) the Proposing CSEP User or Proposing CSEP Users shall comply with the applicable CSEP Network Exit Provisions and the provisions of any Ancillary Agreement (including, but without limitation as to the installation, operation and maintenance of metering equipment to measure the flow, volume, calorific value, pressure and temperature of gas offtaken from the Total System);

(b) the LDZ Capacity at all Individual System Exit Points comprised within the Temporary Interruptible Metered CSEP will be interruptible and subject to Interruption in accordance with this paragraph 8 (including, but without limitation paragraph 8.11);

(c) the Interruptible Tranche at the Temporary Interruptible Metered CSEP shall be such tranche (in kWh/Day) of LDZ Capacity applicable to that CSEP as the DN Operator shall stipulate and, in the absence of any express stipulation, shall be the whole of such LDZ Capacity;

(d) in relation to the Interruptible Tranche at the Temporary Interruptible Metered CSEP:

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(i) the Interruption Option Price shall be zero;

(ii) the Interruption Exercise Price shall be zero;

(iii) the Overall Interruption Price shall be zero;

(iv) the Interruption Allowance shall be such number of Days as the DN Operator shall stipulate;

(v) the Minimum Interruptible Amount shall be such amount (in kWh/Day) as the DN Operator shall stipulate and in the absence of any express stipulation shall be the total LDZ Capacity from time to time in respect of the Temporary Interruptible Metered CSEP;

(e) the LDZ Capacity at the Temporary Interruptible Metered CSEP shall continue to be Interruptible for such period as the DN Operator shall stipulate; provided always that the DN Operator shall be entitled (at its sole discretion) to terminate the designation of such LDZ Capacity as Temporary Interruptible LDZ Capacity at any time prior to the stated expiry date, in which case such LDZ Capacity shall thereupon automatically be designated as Firm; and

(f) the provisions of this paragraph 8 (including paragraph 8.11 but except paragraphs 8.1.5, 8.5, 8.6, 8.7.4(b), 8.8.4, 8.9.2(a) and 8.9) shall apply in relation to the Temporary Interruptible Metered CSEP and the Interruption of LDZ Capacity at the Temporary Interruptible Metered CSEP.

8.13.6 If at any time (being a time after the designation of the LDZ Capacity at the Temporary Interruptible Metered CSEP as Temporary Interruptible LDZ Capacity) the DN Operator issues an Interruption Invitation (whether an annual Interruption Invitation or an ad hoc Interruption Invitation) and the Temporary Interruptible Metered CSEP is in the Interruption Zone in respect of which that Interruption Invitation is issued:

(a) the relevant CSEP User or CSEP Users shall be entitled to submit an Interruption Offer pursuant to that Interruption Invitation; and

(b) if the DN Operator accepts any such Interruption Offer, the LDZ Capacity at the Temporary Interruptible Metered CSEP shall automatically cease to be Temporary Interruptible LDZ Capacity at the commencement of the earliest Interruptible Period to which the relevant Interruption Offer relates.

8.14 Interruptible CSEP Supply Point Capacity

8.14.1 In this paragraph 8, references to Supply Points (and classes thereof) include CSEP Supply Points (and the corresponding classes thereof).

8.14.2 For the purposes of this paragraph 8, in relation to a CSEP Supply Point:

(a) a reference to consumer, supplier, isolation or disconnection is to the consumer or supplier at or isolation or disconnection of the IGTS Supply Point;

(b) a reference to consumption is to the consumption of gas offtaken from the IGT System at the IGTS Supply Point; and a reference to Consumer's Plant is to the plant and/or equipment in which gas so offtaken is consumed;

(c) a reference to the offtake, or rate of offtake of gas from the Total System is to

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the offtake or rate of offtake from the IGT System at the IGTS Supply Point;

(d) references to the feasibility of making gas available for offtake at a CSEP Supply Point shall be construed as though the CSEP Supply Point were a single Individual System Exit Point (but taking account of all other offtake of gas at the Unmetered Connected System Exit Point);

(e) a reference to an LDZ shall include any IGT Systems directly-connected or indirectly-connected to the LDZ;

(f) a reference to a contract of supply is to a contract of supply of gas to the consumer at the IGTS Supply Point.

8.14.3 For the purposes of this paragraph 8, in relation to a CSEP Supply Point references to a Relevant CSS Request are to the equivalent things provided (pursuant to IGTAD Section E3.1) in the IGT Code; and references to a Proposed Supply Point shall be construed accordingly.

8.14.4 For the purposes of the Code, references to an Interruptible IGTS Supply Point are to an IGTS Supply Point for which the corresponding CSEP Supply Point is interruptible.

8.14.5 Paragraph 8.11 shall not apply to Unmetered Connected System Exit Points.

9 CONDITIONAL NTS CAPACITY CHARGE DISCOUNT

9.1 General

9.1.1 Where a User delivers gas to and offtakes gas from the NTS at (respectively) an Aggregate System Entry Point and NTS System Exit Point for which (in accordance with Section 5 of the NTS Transportation Charging Methodology) the CNCCD Eligibility Criteria are met, the User may elect that the CNCC Discount shall apply in respect of NTS Capacity Charges in respect of such NTS System Points, subject to and in accordance with this paragraph 9 (a **"CNCCD Election"**).

9.1.2 For the purposes of this paragraph 9:

(a) the **"Straight Line Distance"** is the distance between an Aggregate System Entry Point and System Exit Point, determined as the least of the distances, on a straight-line basis, to the nearest 0.1 km, between:

(i) any of the Individual System Entry Points comprised in the Aggregate System Entry Point (on the basis of 'point of delivery' as provided in TPD Section I3.6.1); and

(ii) any of the Individual System Exit Points comprised in the System Exit Point (on the basis of 'point of offtake' as provided in TPD Section J3.7.1), or any point on the curtilage of the premises supplied by the System Exit Point,

using six-figure grid references determined (for such points) by National Gas Transmission which may be revised in accordance with paragraph 9.2.1(b)(ii);

(b) where a User has made a CNCCD Election, the **"Nominated Entry Point"** and **"Nominated Exit Point"** are the Aggregate System Entry Point and NTS System Exit Point (respectively) for which the User has made such election.

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9.2 Procedure

9.2.1 For the purposes of this paragraph 9, and (in relation to a Supply Point) subject to the provisions of TPD Section G:

(a) a User may give notice to the CDSP of a proposed CNCCD Election, nominating:

(i) an Eligible Entry Point; and

(ii) an Eligible Exit Point (subject to paragraphs 9.2.3 and 9.2.4), being:

(1) a NTS Supply Point of which the User is (or will be) Registered User; or

(2) a NTS Connected System Exit Point of which the User is a CSEP User; or

(3) an Interconnection Point in respect of which the User is a User as provided in EID Section A2.4.2(b);

(b) where a User gives notice of a proposed CNCCD Election:

(i) the CDSP shall (within two (2) Supply Point Systems Business Days, except where a referral to National Gas Transmission is required as provided in paragraph (v)) respond to the User by notice:

(1) specifying the Straight Line Distance between the nominated Eligible Entry Point and Eligible Exit Point, and the six-figure grid references (as referred to in paragraph 9.1.2(a)) from which such distance is determined;

(2) stating, on that basis of that Straight Line Distance, whether the CNCCD Eligibility Criteria are met;

(3) if so, on that basis of that Straight Line Distance, specifying the amount of the CNCC Discount and the Discounted Applicable Daily Rates (for each point) in accordance with Section 5.4 of the NTS Transportation Charging Methodology;

(4) if the CNCCD Eligibility Criteria are not met or the proposed election is otherwise invalid, rejecting the proposed election;

(ii) if the User disputes the distance as determined by the CDSP, the User may resubmit its notice including an alternative six-figure grid reference for the Eligible Exit Point, together with supporting evidence, and the CDSP shall respond indicating whether National Gas Transmission accepts such alternative and providing the details (revised accordingly) in paragraph 9.2.1(b) above;

(iii) following the CDSP's response under paragraph (i) or (ii), and if the CNCCD Eligibility Criteria are met, the User may, by no later than six (6) months after the date of such response, confirm the CNCCD Election by notice to the CDSP specifying the date from which the CNCCD Election is effective which shall be not less than five (5) and not more

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than thirty (30) Supply Point Systems Business Days after the date of such confirmation;

(iv) where, with effect from the start of a new Gas Year starts within the six (6) month period referred to in paragraph (iii) and before the User has confirmed the CNCCD Election, the Discounted Applicable Daily Rates change, the CDSP's response under paragraph (i) shall be deemed amended to provide for such changed rates (and the CDSP will not notify such change to the User prior to the User's confirmation under paragraph (iii));

(v) the CDSP will refer to National Gas Transmission any dispute under paragraph (ii) and any other case in which the CDSP does not have information necessary for its response under paragraph (i);

(c) a User may terminate a CNCCD Election by notice to the CDSP specifying the effective date of termination, which shall not be less than five (5) and not more than thirty (30) Supply Point System Business Days; provided that a User shall be deemed to have terminated a CNCCD Election where the Nominated Exit Point is a Supply Point and the User ceases to be the Registered User of the Supply Point;

(d) notices between a User and the CDSP under this paragraph 9.2.1 shall be given:

(i) where the Eligible Exit Point is a NTS Supply Point, pursuant to Supply Point Nominations, Supply Point Offers, Supply Point Confirmations and Supply Point Amendments subject to and in accordance with TPD Section G; and

(ii) where the Eligible Exit Point is a Connected System Exit Point or an Interconnection Point, by Conventional Notice.

9.2.2 A CNCCD Election shall remain in force until it is terminated under paragraph 9.2.1(c).

9.2.3 Where a CNCCD Election in respect of a given Nominated Exit Point is terminated in accordance with paragraph 9.2.1(c) with effect within a Gas Year (Y), the User may not make a further CNCCD Election which is effective within Gas Year Y in respect of that Nominated Exit Point.

9.2.4 A User may not nominate an Eligible Exit Point as Nominated Exit Point under more than one CNCCD Election; but a User may nominate an Eligible Entry Point as Nominated Entry Point under more than one CNCCD Election (each for a different Nominated Exit Point).

9.3 Determination of charges payable

9.3.1 Where a User has made a CNCCD Election, for each Day for which such election is in force, the User shall pay (subject to paragraph 9.3.9):

(a) NTS Entry Capacity Charges at the Discounted Applicable Daily Rate in respect of the Eligible Entry Amount of Firm NTS Entry Capacity at the Nominated Entry Point;

(b) NTS Exit Capacity Charges at the Discounted Applicable Daily Rate in respect of the Eligible Exit Amount of Firm NTS Exit (Flat) Capacity at the Nominated

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Exit Point.

9.3.2 The User shall pay Capacity Charges, at the Applicable Daily Rate without CNCC Discount in respect of:

(a) the User's Registered Firm NTS Entry Capacity each Day in excess (on the basis in paragraph 9.3.9 where applicable) of the Eligible Entry Amount (in aggregate for all of its CNCCD Elections for the Nominated Entry Point);

(b) the User's Firm NTS Exit Capacity each Day in excess (on the basis in paragraph 9.3.9 where applicable) of the Eligible Exit Amount;

(c) the User's Registered Interruptible NTS Entry Capacity and Interruptible NTS Exit Capacity.

9.3.3 In relation to a CNCCD Election, the **"Eligible Entry Amount"** for a Day is determined as the lesser of:

(a) the Base Eligible Entry Amount; and

(b) the amount calculated as:

$$\max \{0, (EEP * (ARC - ERH))\}$$

where

EEP is the Election Entry Proportion

ARC is the aggregate amount of the User's Registered Firm NTS Entry Capacity at the Nominated Entry Point for the Day

ERH is the User's Existing Registered Holding at the Nominated Entry Point.

9.3.4 In relation to a CNCCD Election, the **"Eligible Exit Amount"** for a Day is determined as the lesser of:

(a) the Base Eligible Exit Amount; and

(b) the aggregate amount of the User's Registered Firm NTS Exit (Flat) Capacity at the Nominated Exit Point for the Day.

9.3.5 The **"Base Eligible Entry Amount"** (BEA_{En}) for the Nominated Entry Point for a CNCCD Election and a Day is calculated as follows:

$$BEA_{En} = \max \{0, (ADQ - (EEP * ERH))\}$$

where for that Day

ADQ is the Applicable Daily Quantity

EEP is the Election Entry Proportion

ERH is the User's Existing Registered Holding at the Nominated Entry Point

9.3.6 The **"Base Eligible Exit Amount"** for the Nominated Exit Point for a Day is the

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Applicable Daily Quantity.

9.3.7 The **"Applicable Daily Quantity"** (ADQ) for a CNCCD Election and a Day is calculated as:

$$ADQ = \min (Cap_{En}, Cap_{Ex}, DQ_{En}, DQ_{Ex})$$

where for that Day

(a) Cap_{En} is the Election Entry Proportion of the User's Fully-Adjusted Available Firm NTS Entry Capacity at the Nominated Entry Point;

(b) Cap_{Ex} is the User's Fully-Adjusted Available Firm NTS Exit (Flat) Capacity at the Nominated Exit Point;

(c) DQ_{En} is the Election Entry Proportion of the sum of the User's UDQIs for each System Entry Point within the Nominated Entry Point (aggregate UDQI, or "AUDQI");

(d) DQ_{Ex} is the User's UDQO for the Nominated Exit Point.

9.3.8 The **"Election Entry Proportion"** for a CNCCD Election and a Day is:

(a) subject to paragraph (b), one (1);

(b) where the User has made more than one CNCCD Election in relation to the same Eligible Entry Point, for the purposes of each such election, the proportion determined as:

$$RQ_{Ex} / \Sigma RQ_{Ex}$$

where

RQ_{Ex} is

(i) for the purposes of paragraphs 9.3.3(b), 9.3.5 and 9.3.7(a), the User's Fully Adjusted Available Firm NTS Exit Capacity at the Nominated Exit Point;

(ii) for the purposes of paragraph 9.3.7(c), the User's UDQO at the Nominated Exit Point;

Σ is the sum over all of the User's CNCCD Elections for the Nominated Entry Point.

9.3.9 Where for a Day the User holds:

(a) Registered NTS Entry Capacity at the Nominated Entry Point, or

(b) Registered NTS Exit (Flat) Capacity at the Nominated Exit Point

pursuant to more than one allocation of such NTS Capacity (but excluding Existing Registered Holding), and for which the Applicable Daily Rates of the NTS Entry Capacity Charge or (as the case may be) NTS Exit Capacity Charges are different:

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(i) the Eligible Entry Amount or (as the case may be) Eligible Exit Amount for the purposes of a CNCCD Election shall be deemed to comprise separate tranches of NTS Capacity pursuant to each such allocation, in the proportions of the User's Registered NTS Capacity pursuant to each such allocation;

(ii) for the purposes of paragraph 9.3.1, the Discounted Applicable Daily Rate shall be determined and shall apply separately in respect of each such

9.3.10 Capacity Charges levied at the Discounted Reserve Price will be invoiced and payable in accordance with UNC TPD Section S.

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

1 Introduction

1.1 This Annex B-1 contains provisions, applying in respect of different classes of NTS Exit Capacity (other than Enduring Annual NTS Exit Capacity), in respect of:

(a) annual capacity notifications;

(b) invitations to Users to make capacity bids or capacity offers;

(c) information to be specified by a User when submitting capacity bids, capacity offers, or capacity applications; and

(d) allocation by National Gas Transmission of NTS Exit (Flat) Capacity following the submission of capacity bids, capacity offers or capacity application by Users.

1.2 This Annex B-1 also contains provisions in respect of the information to be published by National Gas Transmission following an allocation of NTS Exit (Flat) Capacity pursuant to a capacity application or invitation in accordance with Section B3.

1.3 The provisions of this Annex B-1 apply, subject to and in accordance with the relevant provisions of Section B3, in relation to each case in which (and each occasion on which) National Gas Transmission:

(a) notifies Users they are entitled to make capacity applications;

(b) invites Users, or Users are entitled (without specific invitation), to make capacity bids or capacity offers;

1.4 References in this Annex B-1 to the allocation of NTS Exit (Flat) Capacity include (where applicable) the acceptance of the surrender of NTS Exit (Flat) Capacity following submission of capacity offers.

1.5 For the purposes of this Annex B-1 and Section B3:

(a) a **"capacity bid"** or **"bid"** is a bid for NTS Exit (Flat) Capacity;

(b) a **"capacity application"** is an application (and not a bid) for NTS Exit (Flat) Capacity made in response to an annual capacity notification;

(c) a **"capacity offer"** or **"offer"** is an offer to surrender NTS Exit (Flat) Capacity;

(d) references to a **"capacity invitation"** is where (pursuant to Section B3.5, 3.6 and 3.11) Users are entitled to submit bids or offers without the issue of such a specific invitation;

(e) an **"annual capacity notification"** is the notification made each Gas Year pursuant to Section B3.4 by National Gas Transmission informing Users they may make capacity applications for Annual NTS (Flat) Exit Capacity;

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(f) a **"daily"** invitation, bid or offer is an invitation, bid or offer in respect of Daily NTS Exit (Flat) Capacity;

(g) an **"invitation date"** is a day (determined by National Gas Transmission subject to and in accordance with Section B3.5, 3.6 and 3.11 and this Annex B-1) on which Users may make capacity bids or capacity offers pursuant to a capacity invitation;

(h) a **"capacity period"** is the period (a Gas Year or Gas Years or a Day) in respect of which a capacity invitation or annual capacity notification is made.

1.6 References to:

(a) a capacity invitation are to a capacity invitation pursuant to a particular provision of Section B3, for capacity bids or capacity offers in respect of a particular class of Daily NTS Exit (Flat) Capacity in relation to a particular capacity period and a particular capacity allocation or selection period);

(b) an annual capacity notification is to a notification for capacity applications pursuant to Section B3.4 in relation to a particular capacity period;

and for a particular NTS Exit Point.

1.7 A User agrees, by submitting:

(a) a capacity bid, to pay (by way of NTS Exit (Flat) Capacity Charges) the bid price for the capacity period in respect of the NTS Exit (Flat) Capacity allocated in respect of such bid in accordance with this Annex B-1;

(b) a capacity offer, to surrender in exchange for payment of the offer price the NTS Exit (Flat) Capacity selected in respect of such offer in accordance with this Annex B-1;

(c) a capacity application to pay the price set out in National Gas Transmission's Transportation Statement prevailing in the Gas Year preceding the capacity period in respect of which the Annual NTS Exit (Flat) Capacity is to be held.

2 Invitations and notifications

2.1 In accordance with Section B3:

(a) National Gas Transmission will each Gas Year issue an annual capacity notification to Users not later than twenty eight (28) days before the commencement of the Annual Application Window;

(b) in relation to any daily capacity invitation in respect of NTS Exit (Flat) Capacity, Users are entitled to submit bids or offers without the issue of a specific invitation by National Gas Transmission (but the relevant provision of Section B3 determines whether or not there is any exit capacity allocation period or capacity selection period);

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

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

(b) for each Gas Year, the Remaining Available NTS Exit (Flat) Capacity

for each NTS Exit Point to which the capacity notification relates.

2.3 In relation to any daily capacity invitation, National Gas Transmission will carry out the allocation process provided for in paragraph 4 on one or more occasions, on the Day and/or the Preceding Day, subject to and as provided in the relevant provision of Section B3, on each such occasion:

(a) in relation to capacity bids within a period not exceeding thirty (30) minutes, such period being an **"exit capacity allocation period"**; and

(b) in relation to capacity offers within a period not exceeding sixty (60) minutes, such period being a **"capacity selection period"**.

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

3 Capacity bids, capacity offers and capacity applications

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

(a) the identity of the User;

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

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

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

(e) in the case of:

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

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

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

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

(h) in the case of a capacity bid, the amount (**"bid price"**) in pence/kWh/Day, which shall not be less than the applicable reserve price nor more than the maximum eligible price for that User, which the User is willing to pay by way of NTS Exit (Flat) Capacity Charges in respect of the NTS Exit (Flat) Capacity applied for;

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

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

3.2 A User may submit:

(a) a capacity application in relation to an annual capacity notification during the Annual Application Window;

(b) a capacity bid or capacity offer in relation to a daily capacity invitation (in relation to Day D):

(i) for NTS Exit (Flat) Capacity at any time from 05:00 hours on Day D-7 until:

(1) 02:00 hours on Day D for capacity bids;

(2) 01:00 hours on Day D for capacity offers;

(ii) for Off-peak Daily NTS Exit (Flat) Capacity at any time from 05:00 hours on Day D-7 until 14:00 hours on D-1

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

3.3 In relation to:

(a) an annual capacity notification, the capacity period and NTS Exit Point, a User may have, at any one time, no more than one (1) capacity application capable of acceptance by National Gas Transmission;

(b) a capacity invitation, the capacity period and NTS Exit Point, a User may have, at any one time, up to but no more than ten (10) capacity bids or capacity offers capable of acceptance by National Gas Transmission.

3.4 A User may withdraw or modify:

(a) a capacity application, at any time before the expiry of the Annual Application Window;

(b) a daily capacity bid or capacity offer for Firm Daily NTS Exit (Flat) Capacity, at any time (at which such bid or offer has not been accepted) other than during an exit capacity allocation period or (as the case may be) capacity selection period; and where a User seeks to withdraw or modify a bid or offer during such a period, National Gas Transmission will notify the User that a capacity allocation period or capacity selection period is current and National Gas Transmission may, subject to paragraph 3.5, accept such capacity bid or capacity offer;

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(c) a daily capacity bid for Off-peak Daily NTS Exit (Flat) Capacity at any time up to but not after 14:00 hours on the Day preceding the relevant date.

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

3.6 National Gas Transmission may reject any capacity bid, capacity offer or capacity application:

(a) in the case of a capacity bid where the bid price is less than the relevant reserve price;

(b) where any of the applicable requirements of paragraphs 3.1, 3.2 and 3.3 is not complied with;

(c) where any of the applicable requirements of Section B3 is not complied with;

(d) in accordance with Section V3; or

(e) in the case of a daily capacity offer, in accordance with paragraph 3.10.

3.7 For the purposes of this Annex B-1, in relation to a daily capacity bid or daily capacity offer in relation to Daily NTS Exit (Flat) Capacity:

(a) where such daily capacity bid or offer is specified to be:

(i) a **"fixed"** bid or offer, the amount of Daily NTS Exit (Flat) Capacity bid for or offered does not depend on the time (within the Day) with effect from which capacity is to be allocated in respect of the bid or offer;

(ii) a **"reducing"** bid or offer, the amount of Daily NTS Exit (Flat) Capacity bid for or offered, in relation to any allocation period or selection period, shall be determined as:

$$DNEC * AH / EH$$

(b) such daily capacity bid or offer is **"available"** in relation to a capacity allocation or selection period where:

(i) such bid or offer was submitted and not withdrawn prior to the start of such capacity allocation or selection period;

(ii) if the allocation effective time is later than 05:00 hours on the Gas Flow Day, the implied capacity rate is less than or equal to the available capacity rate; and

(iii) such bid or offer was not allocated or selected in any earlier capacity allocation or selection period;

(c) the **"earliest effective time"** is the later of:

(i) 05:00 hours on the Day; and

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(ii) the first hour bar which falls more than sixty (60) minutes after the capacity bid or offer was submitted;

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

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

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

RA / AH

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

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

DNEC / AH

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

DNEC / EH

(e) for the purposes of this paragraph 3.9:

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

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

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

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

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

3.8 Where the offer price in respect of a daily capacity offer is greater than 0.52pence/kWh/day National Gas Transmission shall (in accordance with Special Condition 5.5 of its Transporter's Licence) reject the offer where it is made in response to a requirement (in accordance with Section B3.3.5 and 3.3.6) that National Gas Transmission take an Exit Constraint Management Action.

4 Allocation

4.1 For the purposes of this paragraph 4:

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

(b) in relation to a capacity invitation or annual capacity notification, the **"relevant"** amount of NTS Exit (Flat) Capacity is the amount of NTS Exit (Flat) Capacity subject to such capacity invitation or annual capacity notification (that is, available for allocation or required for selection), determined in accordance with the applicable provision of Section B3;

(c) references to the allocation of NTS Exit (Flat) Capacity are references:

(i) in relation to capacity bids or capacity applications, to the allocation of amounts of NTS Exit (Flat) Capacity to Users pursuant to requests for capacity comprised in such capacity bids or capacity applications;

(ii) in relation to capacity offers, to the selection of amounts of NTS Exit (Flat) Capacity for surrender by Users pursuant to the offers of surrender comprised in such capacity offers;

(d) **"eligible"** capacity bids, capacity offers or capacity applications are bids, offers or applications which were not rejected pursuant to paragraph 3.6 and (in the case of daily bids or offers) are available pursuant to paragraph 3.7(b).

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

(a) all eligible capacity bids or capacity offers submitted will be ranked in order of bid price (the highest priced ranking first) or as the case may be offer price (the lowest priced ranking first);

(b) NTS Exit (Flat) Capacity will be allocated:

(i) to capacity bids in descending order, allocating NTS Exit (Flat) Capacity to the capacity bid with the highest bid price first; or

(ii) to capacity offers in ascending order, allocating NTS Exit (Flat) Capacity to the capacity offer with the lowest offer price first;

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

(c) subject to paragraphs (d), (e) and (f), where the amount of relevant NTS Exit (Flat) Capacity applied for or offered under a capacity bid or offer exceeds the amount (the **"remaining unallocated amount"**) of the amount of NTS Exit (Flat) Capacity remaining unallocated after allocation to higher priced bids or lower priced offers, the User will be allocated an amount equal to the remaining unallocated amount;

(d) subject to paragraphs (e) and (f), where each of two or more bids or offers (**"equal priced"** bids or offers) specifies the same bid price or offer price, and the amount of NTS Exit (Flat) Capacity bid or offered in aggregate under such bids or offers exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the amounts applied for or offered

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in each such bid or offer;

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

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

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

(a) subject to paragraph (b), where the aggregate amount of NTS Exit (Flat) Capacity applied for exceeds the Remaining Available NTS Exit (Flat) Capacity, the Remaining Available NTS Exit (Flat) Capacity plus such additional Annual NTS Exit (Flat) Capacity released by National Gas Transmission in accordance with Section B3.4.2(c), shall be allocated to capacity pro rata the amounts applied for;

(b) where the amount to be allocated in respect of a capacity application pursuant to paragraph (a) would be less than:

(i) the minimum amount specified in the capacity application; or

(ii) the minimum eligible amount

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

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

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

(a) in the case of an annual capacity notification, not later than ten (10) Business Days after the end of the Annual Application Window;

(b) in the case of a daily capacity invitation, not later than one (1) hour after the capacity allocation or selection period in which such bids and offers were accepted.

5 Post allocation information

5.1 Following each:

(a) capacity invitation, National Gas Transmission will publish information, by the

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time specified (in respect of such invitation) in Table B-1 below, as follows:

(i) the class of NTS Exit Capacity and capacity period(s) to which the invitation related;

(ii) the invitation date (in the case of an annual invitation);

(iii) the start time or times of the capacity allocation or selection period(s), in the case of a daily invitation; and

(iv) in respect of each NTS Exit Point, each capacity period subject to such invitation, each invitation date and each capacity allocation or selection period (in the case of a daily invitation), the information specified (in respect of such capacity invitation) in Table B-1 below;

(b) annual capacity notification, National Gas Transmission will publish information, by the time specified (in respect of such notification) in Table B-1 below, as follows:

(i) the capacity period(s) to which the annual capacity notification related;

(ii) in respect of each NTS Exit Point, each capacity period and each capacity allocation, the information specified (in respect of such annual capacity notification) in Table B-1 below;

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

(a) total bid/offer volume: the aggregate amount of NTS Exit (Flat) Capacity subject to bids, offers or applications received pursuant to the invitation or annual capacity notification;

(b) total successful bid/offer volume: the aggregate amount of NTS Exit (Flat) Capacity allocated to bids, offers or applications which were accepted pursuant to the invitation or annual capacity notification;

(c) highest successful bid/offer: the highest bid price or offer price of any accepted bid or offer, and the amount of NTS Exit (Flat) Capacity for which such bid or offer was accepted;

(d) lowest successful bid/offer: the lowest bid price or offer price of any accepted bid or offer, and the amount of NTS Exit (Flat) Capacity for which such bid or offer was accepted;

(e) total number of Users: the number of Users who submitted capacity bids, capacity offers or capacity applications;

(f) total number of successful Users: the number of Users whose submitted capacity bids, capacity offers or capacity applications which were accepted;

(g) unsold capacity: the amount of Remaining Available NTS Exit (Flat) Capacity (of the relevant class) following the allocation of NTS Exit (Flat) Capacity pursuant to the invitation or notification;

(h) weighted average bid/offer price: the weighted average price of accepted bids or

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offers accepted, calculated in accordance with the formula in paragraph 5.3;

(i) incremental quantity allocated: the amount of NTS Exit (Flat) Capacity allocated above the Baseline NTS Exit (Flat) Capacity; and

(j) reductions: the aggregate amount of Enduring Annual NTS Exit (Flat) Capacity in respect of which Users gave notices of reduction in accordance with Section B3.2.13 and the aggregate amount of Enduring Annual NTS Exit (Flat) Capacity which Users ceased to be registered as holding in accordance with Section B3.2.18.

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

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

where:

i represents each capacity bid or capacity offer accepted;

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

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

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

P is the bid price or offer price.

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

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

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ANNEX B-2

OFFTAKE REDUCTION

1 Offtake Reduction Invitations

1.1 Where, in relation to an NTS Exit Constraint, National Gas Transmission wishes to reduce the quantities of gas offtaken by Users at an NTS Exit Point in any period during a Day, National Gas Transmission may invite offers ("**offtake reduction offers"**) from Users to reduce the offtake of gas at such NTS Exit Point, by issuing notice ("**offtake reduction invitation"**) of such invitation in accordance with paragraph 1.2.

1.2 An offtake reduction invitation shall specify:

(a) the Day to which the invitation applies;

(b) the NTS Exit Point to which the invitation applies;

(c) the quantity ("**required reduction quantity"**, in kWh) for which offtake reduction offers are invited;

(d) the period ("**offtake reduction period"**) within which Users will be required to reduce the offtake of gas, defined by the times (each an exact hour) at which such period starts (which will not be earlier than two hours after the issue of the offtake reduction invitation) and ends;

(e) the time ("**offer submission deadline"**), being not less than fifteen (15) minutes after the issue of the offtake reduction invitation or sixty (60) minutes before the start of the offtake reduction period, by which offtake reduction offers may be submitted.

1.3 An offtake reduction invitation may be issued earlier than the start of the Day to which it relates.

2 Offtake reduction offers

2.1 Where National Gas Transmission has issued an offtake reduction invitation for any Day in relation to a NTS Exit Point, Users may submit offtake reduction offers in accordance with paragraph 2.2.

2.2 An offtake reduction offer:

(a) shall be submitted no later than the offer submission deadline;

(b) shall specify:

(i) the identity of the User;

(ii) the offtake reduction invitation and the NTS Exit Point in respect of which the offer is made;

(iii) the quantity of gas ("**offered reduction quantity"**), not being less than the minimum eligible amount, subject to the offer;

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(iv) the minimum quantity for which the User is willing to have the offer accepted;

(v) the amount (**"offer price"**) in pence/kWh which the User wishes to be paid in respect of the offered reduction in offtake.

2.3 In relation to any offtake reduction invitation, a User may submit up to but no more than ten (10) offtake reduction offers.

2.4 An offtake reduction offer may be withdrawn or modified up to, but not after, the offer submission deadline.

2.5 National Gas Transmission may reject any offtake reduction offer where any of the requirements of paragraph 2.2 and 2.3 is not met, in accordance with the System Management Principles or where in National Gas Transmission's opinion the NTS Exit Constraint will not be relieved (in whole or in part) by acceptance of the offtake reduction offer.

3 Selection

3.1 In relation to any offtake reduction invitation, National Gas Transmission will select offtake reduction offers for acceptance (and allocate the required reduction quantity to such offers) as follows:

(a) all offtake reduction offers submitted will be ranked in order of offer price (the lowest priced ranking first);

(b) offtake reduction offers will be selected for acceptance in ascending order, selecting the offer with the lowest offer price first, until such time as the offered reduction quantities for which offers have been selected in aggregate is equal to the required reduction quantity or there are no further offers to satisfy;

(c) subject to paragraphs (d), (e) and (f), where the offered reduction quantity under an offtake reduction offer exceeds the amount (the **"remaining unallocated amount"**) of the required reduction quantity remaining unallocated after the selection of lower priced offers, the offer will be selected as to a quantity equal to the remaining unallocated amount;

(d) subject to paragraphs (e) and (f), where each of two or more offers **("equal priced"** offers) specifies the same offer price, and the offered reduction quantities in aggregate under such offers exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the offered reduction quantities in each such offer; and

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

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

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3.2 Offtake reduction offers selected in accordance with paragraph 3.1 will be accepted by National Gas Transmission.

3.3 Offtake reduction offers shall lapse to the extent not accepted pursuant to paragraph 3.2.

3.4 National Gas Transmission will, not less than sixty (60) minutes before the start of the offtake reduction period, inform each User which of its offtake reduction offers were accepted, and for what quantities.

4 Submission of Revised OPNs

4.1 Where an offtake reduction offer in relation to an NTS Exit Point in respect of a Day is accepted the User shall, not less than thirty (30) minutes before the start of the offtake reduction period, submit revised OPN(s) in respect of the NTS Exit Point such that the requirement in paragraph 4.2 is satisfied.

4.2 The requirement in paragraph 4.1 is that the Offtake Reduction Period Quantity under the OPN(s) prevailing at the time of issue of the offtake reduction invitation exceeds the Offtake Reduction Period Quantity under the revised OPN(s) submitted in respect of the offtake reduction period by not less than the quantity for which the offtake reduction offer was accepted.

4.3 For the purposes of paragraph 4.2 the **"Offtake Reduction Period Quantity"** means the quantity of gas notified in the User's OPN(s) as being offtaken by the User from the NTS Exit Point during the offtake reduction period.

4.4 If a User fails to submit revised OPNs in compliance with paragraph 4.1 the offer price under the offtake reduction offer shall be deemed to be zero (and accordingly National Gas Transmission shall not be required to make payment to the User in respect of the accepted offer).

5 Information

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

(a) the NTS Exit Point and the Day to which the invitation related;

(b) the aggregate quantity for which offtake reduction offers were accepted; and

(c) the highest offer price for which any offtake reduction offer was accepted.

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ANNEX B-3

DM SUPPLY POINT CAPACITY AND OFFTAKE RATE

1 Introduction

1.1 Except for paragraph 10, this Annex B-3 applies only in respect of LDZ DM Supply Points and nothing in this Annex B-3 shall apply in respect of NTS Supply Points.

1.2 The Supply Point Capacity which a User is registered as holding at a DM Supply Point shall be subject to minimum and maximum requirements in accordance with this Annex B-3.

1.3 In this Annex B-3 **"Registration Nomination"** and **"Registration Response"** means respectively:

(a) in relation to a CSS Supply Point, a Detailed Registration Nomination and a Detail Registration Response

(b) in relation to a Non-CSS Supply Point, a Supply Point Nomination and a Supply Point Offer.

2 Minimum capacity requirements

2.1 Subject to paragraph 2.4 a Registered DM Supply Point Capacity at a DM Supply Point:

(a) shall not at any time be less than the highest Supply Meter Point Daily Quantity for any prior Gas Day in the current Gas Year (the **"Current Year Minimum Supply Point Capacity"**); and

(b) except within the Capacity Reduction Period or in accordance with Section G5.4.5(b) or 6.8.3, shall not upon the Supply Point Registration Date be less than, or thereafter be reduced below, the Prevailing Supply Point Capacity.

2.2 For the purposes of the Code **"Capacity Reduction Period"** means the months of October, November, December and January in any Gas Year.

2.3 At any time in the Gas Year:

(a) the **"Preceding Year Maximum Capacity"** shall mean the amount which is the highest User SPDQ for any Day in the Preceding Year, but not exceeding the Maximum Supply Point Capacity, provided always that in respect of a DM Supply Point which is not a Seasonal Large Supply Point, the User SPDQ for each Day in the months of June to September inclusive shall be disregarded;

(b) until the Gas Year which commences next after the first month of June which falls after the First Supply Point Registration Date there shall be no Preceding Year Maximum Capacity for a Supply Point which comprises New Supply Meter Point, and any Supply Meter Point which has become comprised in a DM Supply Point or a Supply Meter Point which has become a Class 1 or 2 Supply Meter Point; and

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(c) subject to paragraph 3.1, the **"Prevailing"** Supply Point Capacity in respect of a DM Supply Point or Proposed DM Supply Point is the Supply Point Capacity for the time being held by the Registered User or (as the case may be) the Existing Registered User.

2.4 Where:

(a) one Sharing Registered User at a Shared Supply Meter Point applies to increase its Registered Supply Point Capacity at the Supply Point which comprises such Supply Meter Point; and

(b) another Sharing Registered User applies to reduce its Registered Supply Point Capacity at the Supply Point with effect from the same date as, and by an amount which does not exceed the amount of the increase applied for under paragraph (a)

then paragraph 2.1 shall not apply in respect of the application for the reduction in Supply Point Capacity under paragraph (b).

3 Review of Prevailing Supply Point Capacity

3.1 At any time after submitting a Registration Nomination in respect of a Proposed Supply Point:

(a) the Proposing User may before submitting a Base Registration Nomination or Supply Point Confirmation notify the CDSP that the User considers that the circumstances in paragraph 3.2 apply;

(b) where a User so notifies the CDSP:

(i) the User shall at the same time provide to the CDSP details of the User's reasons for its view and of the Supply Point Capacity which the User considers should be the Prevailing Supply Point Capacity, and evidence thereof, which the CDSP shall provide to the Transporter;

(ii) the Transporter will consider the details and evidence provided by the User, and where it is reasonably satisfied that the circumstances in paragraph 3.2 do apply, will (after consultation with the User) notify the CDSP, who shall notify the User of a reduced Supply Point Capacity; and

(iii) if the User submits a further Detail Registration Nomination or a Supply Point Nomination in respect of the Proposed Supply Point, the reduced Supply Point Capacity under paragraph (ii) will be the Prevailing Supply Point Capacity for the purposes of the application of Section G5.4.4 in respect of any further Detail Registration Nomination or Section G6.8.3 in respect of any Supply Point Confirmation submitted by the Proposing User; and

(c) where in the meantime the User has become the Registered User of the Proposed Supply Point, the User may by submitting a Supply Point Amendment (or for a Non-CSS Supply Point a Supply Point Reconfirmation) reduce (consistently with such reduced Prevailing Supply Point Capacity) the Supply Point Capacity which it holds at the DM Supply Point, and (where the Supply Point Amendment (or Supply Point Reconfirmation) is effective) any

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Transportation Charges already invoiced and/or paid will be redetermined (but subject to paragraph 3.4) on the basis that the reduced Supply Point Capacity was held with effect from the Supply Point Registration Date and appropriate invoicing adjustments made in accordance with Section S.

3.2 The circumstances referred to in paragraph 3.1 are that:

(a) in applying for, or for an increase in, Supply Point Capacity, or in failing (in the Capacity Reduction Period) to apply for a reduction in Supply Point Capacity, an Existing Registered User acted either:

(i) in bad faith, in anticipation of or in consequence of the Proposing User's (or any other User's) Proposed Supply Point Registration; or

(ii) in good faith but in a manner which cannot reasonably be considered to have been commercially prudent for the Existing Registered User in the circumstances applicable to the Existing Registered User at the time; and

(b) as a result, the Prevailing Supply Point Capacity is substantially higher than necessary.

3.3 For the purposes of paragraph 3.2:

(a) the circumstances therein described do not include a change, since the application by the Existing Registered User for Supply Point Capacity or (as the case may be) an increase therein or the Capacity Reduction Period, in the nature or extent of the consumer's requirements for the supply of gas;

(b) where the consumer's consumption of gas is weather-dependent, it shall not be considered commercially imprudent for the Existing Registered User to have held Supply Point Capacity equal to 1-in-20 peak day demand.

3.4 For the purposes of paragraph 3.1(c), no adjustment will be made in respect of any change in the Applicable Commodity Rate (where a function of Supply Point Capacity) in relation to any relevant Transportation Charge already invoiced or paid.

4 Supply Point Offtake Rate

4.1 The **"Supply Point Offtake Rate"** in respect of a DM Supply Meter Point is the maximum instantaneous rate (in kWh/hour) at which a User is permitted to offtake gas from the Total System at that Supply Meter Point.

4.2 A User shall apply for a Supply Point Offtake Rate or revised Supply Point Offtake Rate:

(a) when submitting a Registration Nomination in respect of a Proposed Supply Point which is a DM Supply Point;

(b) when submitting a Capacity Revision Application (whether to increase or in the Capacity Reduction Period to reduce its Supply Point Capacity) in respect of a Registered DM Supply Point;

(c) when changing the Class of a Supply Meter Point from Class 3 or 4 to Class 1 or 2 by way of a Supply Point Amendment; and

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(d) by way of a Supply Point Amendment whenever the User becomes aware that the maximum offtake rate at a Registered DM Supply Point may be or has been subject to any increase or decrease;

4.3 Wherever a User applies for a Supply Point Offtake Rate or a revised Supply Point Offtake Rate:

(a) the User shall estimate the maximum offtake rate, in good faith and after all appropriate enquiries of the consumer and on the basis of reasonable skill and care; and

(b) the Supply Point Offtake Rate for which the User applies shall be not less than, nor substantially more than, such estimate.

4.4 A User shall take all reasonable steps to secure that it becomes aware of any increase or decrease (whether by reason of a change in the size or nature of, or the nature of the use of, the Consumer's Plant or otherwise) in the maximum offtake rate before and (in any event) as soon as reasonably practicable after such increase or decrease occurs (without prejudice to paragraph 6.4(c) or Section J3.8).

4.5 The Supply Point Offtake Rate prevailing at any time in respect of any DM Supply Point will be the Supply Point Offtake Rate established at the time of the Supply Point Registration of the DM Supply Point, subject to any increase or decrease in such Supply Point Offtake Rate which has (at the relevant time) been approved pursuant to paragraph 6.4.

4.6 In this paragraph 4.6, the **"maximum offtake rate"** is the maximum instantaneous rate (in kWh/hour) at which gas is or is likely to be offtaken from the Total System at a Registered DM Supply Point.

4.7 In relation to a DM Supply Point which comprises a Shared Supply Meter Point, the maximum offtake rate is to be determined as at the time of the expected greatest instantaneous rate of offtake in aggregate at all of the DM Supply Points which comprise such Shared Supply Meter Point.

5 Absolute requirement

5.1 A User's Supply Point Capacity shall be:

(a) in respect of a DM Supply Point no greater than 24 times, or less than 4 times, the Supply Point Offtake Rate;

(b) in respect of a DM Supply Point which comprises a NExA Supply Meter Point no greater than any maximum daily rate of offtake specified in the NExA;

(c) provided that in the case of an NTS Supply Point the User's Supply Point Capacity shall be equal to 24 times the Supply Point Offtake Rate ("**The Absolute Requirement**").

5.2 The CDSP will reject any Supply Point Nomination in respect of a Proposed Supply Point which is a DM Supply Point where the Nominated Supply Point Capacity and the Supply Point Offtake Rate are not in compliance with paragraph 5.1.

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5.3 The CDSP will reject any Capacity Revision Application by the Registered User of a DM Supply Point where the Supply Point Offtake Rate and the increased or reduced Supply Point Capacity applied for are not in compliance with paragraph 5.1.

5.4 In relation to a DM Supply Point which comprises a Shared Supply Meter Point, the requirements in paragraph 5.1 shall apply by reference to the aggregate Supply Point Capacity and aggregate of the Supply Point Offtake Rates held by the Sharing Registered Users in respect of the DM Supply Points which comprise such Shared Supply Meter Point.

5.5 In the case of a NExA Supply Meter Point in the event the CDSP is made aware that a User's Supply Point Capacity and/or Supply Point Offtake Rate is greater than permitted in the NExA, the CDSP shall:

(a) promptly notify the User of the prevailing Supply Point Capacity and/or Supply Point Offtake Rate and the maximin permitted rate of offtake specified in the NExA;

(b) the User shall submit a Supply Point Amendment to modify the Supply Point Capacity and/or Supply Point Offtake Rate to reflect the maximum permitted rate of offtake (or lesser rate) specified in the NExA with effect from the date of the notice under paragraph (a) within ten (10) Supply Point Systems Business Days of such notice, or where such period ends outside of a Capacity Reduction Period, with effect from the first Supply Point Systems Business Day in the following Capacity Reduction Period;

(c) where the User fails to submit a Supply Point Amendment in accordance with paragraph (b), as soon as reasonably practicable modify the Supply Point Registration with effect from the relevant date in paragraph (b) such that the Supply Point Capacity and/or Supply Point Offtake Rate reflect the maximum permitted rate of offtake specified in the NExA.

6 Transporter Determination of Feasibility

6.1 For the purposes of this Annex B-3, in respect of a DM Supply Point:

(a) the **"Maximum Supply Point Capacity"** is:

(i) except where paragraph (a)(ii) applies, the quantity which (where it is necessary to do so under this Annex B-3) the Transporter determines to be the maximum quantity which it is feasible to make available for offtake in a 24 hour period at the DM Supply Point;

(ii) which comprises a NExA Supply Meter Point,

(1) any maximum daily rate of offtake specified in the NExA; or

(2) where not specified in the NExA, 24 times any maximum hourly rate of offtake specified in the NExA;

(b) the **"Maximum Supply Point Offtake Rate"** is:

(i) except where paragraph (b)(ii) applies, the instantaneous rate of offtake (in kWh/hour) which (where it is necessary to do so under this Annex B-3) the Transporter determines to be the maximum instantaneous rate

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at which it is feasible to make available for offtake at the DM Supply Point; and

(ii) Which comprises a NExA Supply Meter Point, any maximum rate of offtake specified in the NExA;

in each case consistently with the requirements of paragraph 5.

6.2 The **"Provisional Maximum Supply Point Capacity"** is respect of a DM Supply Point (other than a Proposed Supply Point which comprises a New Supply Meter Point and a NTS Supply Point) is whichever is the lesser of:

(a) 2 times the Prevailing Supply Point Capacity;

(b) 16 times the Supply Point Offtake Rate or (in the case of a Proposed Supply Point) the Nominated Supply Point Offtake Rate; and

(c) where the DM Supply Point comprises a NExA Supply Meter Point, any maximum daily rate of offtake specified in the NExA.

6.3 Where a Proposing User submits a Registration Nomination (i) for an Existing Supply Point, and the Nominated Supply Point Capacity exceeds the Provisional Maximum Supply Point Capacity, or the Nominated Supply Point Offtake Rate exceeds the Supply Point Offtake Rate for the Existing Supply Point, or (ii) for a proposed Supply Point comprising a New Supply Meter Point:

(a) a Registration Response will not be made until the CDSP has notified the Transporter and the Transporter has assessed whether it is feasible to make available gas for offtake at the Nominated Supply Point Offtake Rate or (in a 24 hour period) in the amount of the Nominated Supply Point Capacity and the Transporter has notified the CDSP of its assessment;

(b) where the Transporter determines that the Nominated Supply Point Capacity exceeds the Maximum Supply Point Capacity, the Transporter shall instruct the CDSP to specify the Maximum Supply Point Capacity in its Registration Response; and

(c) where the Transporter determines that the Nominated Supply Point Offtake Rate exceeds the Maximum Supply Point Offtake Rate, the Transporter shall instruct the CDSP to specify the Maximum Supply Point Offtake Rate in its Registration Response.

6.4 Where the Registered User of a DM Supply Point (i) submits a Capacity Revision Application (for an increase) in which the increased Supply Point Capacity exceeds the Provisional Maximum Supply Point Capacity applied for, or the Supply Point Offtake Rate exceeds the prevailing Supply Point Offtake Rate applied for, or (ii) applies for an increased Supply Point Offtake Rate pursuant to paragraph 4.2(c):

(a) the application will not be approved until the CDSP has notified the Transporter and the Transporter has assessed whether it is feasible to make available gas for offtake at the proposed Supply Point Offtake Rate or (in a 24 hour period) in the amount of the proposed Supply Point Capacity and the Transporter has notified the CDSP of its assessment;

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(b) where the Transporter determines that the increased Supply Point Capacity applied for exceeds the Maximum Supply Point Capacity, the application will be approved (if otherwise approved in accordance with this Annex B-3) for the Maximum Supply Point Capacity;

(c) where the Transporter determines that the proposed Supply Point Offtake Rate exceeds the Maximum Supply Point Offtake Rate, the application will be approved (if otherwise approved in accordance with this Annex B-3) for the Maximum Supply Point Offtake Rate.

6.5 Where, following the occurrence of a Supply Point Ratchet in relation to a DM Supply Point, the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity would exceed the Provisional Maximum Supply Point Capacity the CDSP will inform the Transporter:

(a) with effect from the Day following the Day on which the Supply Point Ratchet occurred, and until the Transporter has assessed whether it is feasible to make available gas for offtake (in a 24 hour period) in the amount of such sum, the Ratchetted Supply Point Capacity shall be equal to the Provisional Maximum Supply Point Capacity;

(b) with effect from the time at which the Transporter has assessed such feasibility and notified the CDSP, the Ratchetted Supply Point Capacity shall be equal to the lesser of:

(i) the Maximum Supply Point Capacity; and

(ii) the sum of the User's Registered Supply Point Capacity (immediately before the Supply Point Ratchet) and the Capacity Ratchet Amount; and

(iii) where a NExA exists, any maximum daily rate of offtake specified in the NExA.

and

(c) the CDSP will inform the Registered User of the Ratchetted Supply Point Capacity determined under paragraph (b) as soon as reasonably practicable after such feasibility was assessed by the Transporter and notified to the CDSP.

6.6 For the purposes of paragraphs 6.3, 6.4 and 6.5:

(a) a Transporter may notify the CDSP, in relation to a particular LDZ, that although the conditions specified in those paragraphs may apply, the Transporter does not need to be notified and to assess the feasibility of making gas available for offtake (as provided for in those paragraphs) unless further conditions (specified by the Transporter in such notification) apply in respect of a given Detail Registration Nomination or Capacity Revision Application;

(b) the Transporter may from time to time amend or withdraw such notification;

(c) where such notification is in force the further conditions specified in the notification shall be deemed to apply in addition to those in paragraphs 6.3, 6.4 and 6.5 (and accordingly a referral under those paragraphs to the Transporter is required only where those further conditions apply).

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6.7 In relation to a DM Supply Point which comprises a Shared Supply Meter Point, this paragraph 6 and Section B8.5.3 shall apply by reference to the aggregate of the Supply Point Capacities and Supply Point Offtake Rates, and the rates and quantities at and in which it is feasible to make gas available for offtake in aggregate, at or in respect of the DM Supply Points which comprise such Shared Supply Meter Point; and accordingly any determination pursuant to this paragraph 6 or Section B8.5.3 will be made by reference to the expected increment in the aggregate offtake of gas from the Total System at the relevant Shared Supply Meter Point.

7 Capacity Revision Application

7.1 Subject to the provisions of this Annex B-3, the Registered User of a DM Supply Point may apply to reduce or increase its Registered DM Supply Point Capacity by making a Capacity Revision Application to the CDSP.

7.2 An application (**"Capacity Revision Application"**) to revise (by increasing or decreasing) Registered DM Supply Point Capacity shall specify:

(a) the Supply Point Registration Number;

(b) the Supply Meter Point Reference Number of the Supply Meter Point, comprised in the Supply Point;

(c) the revised Supply Point Capacity and (in accordance with paragraph 4.2) Supply Point Offtake Rate;

(d) the date in accordance with paragraph 7.3 with effect from which the revision is to take effect; and

(e) the identity of the relevant Registered User making the Capacity Revision Application.

7.3 The date under paragraph 7.2(d) shall be:

(a) except in paragraph (b), 5 Supply Point Systems Business Days; or

(b) where it will (in accordance with paragraph 6) be necessary for the Transporter to assess the feasibility of making gas available for offtake, 21 Supply Point Systems Business Days,

after the date upon which the application to the CDSP is submitted.

7.4 A User may withdraw a Capacity Revision Application by notice to the CDSP not less than 2 Supply Point Systems Business Days before the date specified pursuant to paragraph 7.2(d).

7.5 The CDSP will reject a Capacity Revision Application or an application (in accordance with paragraph 4.2) for a revised Supply Point Offtake Rate:

(a) in the case of a Capacity Revision Application, where the requirements of paragraph 7.2 are not complied with,

(b) where any other requirement of this Annex B-3 is not complied with, or in accordance with any provision of this Annex B-3 which provides for such rejection;

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(c) in respect of a Seasonal Large Supply Point, if it is not in compliance with Section B4.9; or

(d) in the case of an application for an increase in Supply Point Capacity where instructed to do so by the Transporter in accordance with Section V3

and where the CDSP does not reject the application under paragraphs (a), (b) or (c) it shall notify the Transporter of the User's application.

7.6 Subject to paragraph 7.5, the CDSP will approve a Capacity Revision Application or (pursuant to paragraph 4.2) an application for a revised Supply Point Offtake Rate, and will inform the Registered User where such application is approved by the Transporter and notified to the CDSP.

7.7 Where a Capacity Revision Application is approved the Registered User may revise the Supply Point Capacity and the Supply Point Offtake Rate by submitting a Supply Point Amendment.

8 Feasibility Assessment

8.1 Where for the purposes of paragraphs 6.3, 6.4 and 6.5 the Transporter is required to assess the feasibility of making gas available at an Existing or Proposed Supply Point the Transporter may request the Registered or Proposing User to provide any of the following information:

(a) the proposed Annual Load Profile and Daily Load Profile;

(b) the date from which the load profile is required;

and following such request the Registered User shall promptly provide the same to the Transporter.

8.2 Where it is necessary for the Transporter to assess the feasibility of making gas available for offtake in accordance with paragraph 7.3(b), the Transporter will no later than the 18th Supply Point Systems Business Day following the date of receipt of the Capacity Revision Application by the CDSP notify the CDSP whether to approve or reject the application.

8.3 Where requested by the Transporter, for the purpose of enabling the Transporter to assess the feasibility of making gas available, the Registered User or Proposing User will promptly procure permission for the Transporter to visit the premises at which the DM Supply Point is situated and access thereto.

8.4 Requests for information by the Transporter in accordance with paragraph 8.1 and provision of information by the Registered User in accordance with paragraph 7.2(e) shall be communicated by email.

8.5 For the purposes of paragraphs 7 and 8:

(a) **"Annual Load Profile"** is the quantity (in MWh) of gas which it is anticipated will be offtaken at the DM Supply Point for each month of the Gas Year so as to show the within year variation of demand on a monthly basis.

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(b) **"Daily Load Profile"** is the rate (in kWh/hour) at which it is anticipated that gas will be offtaken at the DM Supply Point for each hour within the Day so as to show the within day variation of demand on an hourly basis.

9 Capacity reduction

9.1 In the event of:

(a) a User applying for and the Transporter approving a Capacity Revision Application resulting in a decrease in the Registered DM Supply Point Capacity (**"the Initial Capacity Reduction"**); and

(b) within the same Gas Year as such Capacity Revision Application the same User applies for and the CSDP approves any further Capacity Revision Applications which increase the Registered DM Supply Point Capacity

then the User will pay the Capacity Reconciliation Charge on receipt of an Ad-hoc Invoice in accordance with Section S.

9.2 Subject to paragraphs 9.3 and 9.4, the Capacity Reconciliation Charge (or "CRC") will be calculated as follows:

$$CRC = (C_{(new)} - C_{(prev)}) * D* F$$

Where:

$C_{(new)}$ is the aggregate of the LDZ Capacity Charges and the Capacity Variable Component of the Customer Charge, as calculated based on the increased Registered DM Supply Point Capacity level booked in respect of a Gas Flow Day provided that such amount shall not exceed the aggregate of the LDZ Capacity Charges and the Capacity Variable Component of the Customer Charge in respect of the Gas Flow Day preceding the Initial Capacity Reduction; and

$C_{(prev)}$ is the aggregate of the LDZ Capacity Charges and the Capacity Variable Component of the Customer Charge, as calculated based on the prevailing level of capacity the Gas Flow Day before the new increase in the Registered DM Supply Point Capacity takes effect; and

D subject to paragraph 9.4 is the number of Days between the Gas Flow Day on which the Registered DM Supply Point Capacity is increased and the Gas Flow Day on which the Initial Capacity Reduction occurred; and

F is an **"incentive Factor"** and shall be equal to 1 (one).

9.3 No CRC shall be payable by the User in respect of any capacity which is in excess of the Registered DM Supply Point Capacity on the Gas Flow Day preceding the Initial Capacity Reduction.

9.4 Where, within a Gas Year:

(a) a User has applied for and the Transporter has approved multiple Capacity Revision Applications reducing the Registered DM Supply Point Capacity, in the event of the Transporter approving a Capacity Revision Application increasing the Registered DM Supply Point Capacity the CRC shall be

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calculated on a daily basis in respect of each Gas Flow Day following the Initial Capacity Reduction until the Capacity Revision Application increasing the Registered DM Supply Point Capacity. Such daily CRC sums shall be aggregated. No CRC shall be payable in respect of any Gas Flow Day on which the Registered DM Supply Point Capacity exceeds the increased Registered DM Supply Point Capacity.

(b) a User applies for and the Transporter approves more than one Capacity Revision Application increasing the Registered DM Supply Point Capacity then on each increase the CRC shall be recalculated on a daily basis in respect of each Gas Flow Day following the Gas Flow Day on which the Initial Capacity Reduction occurred until the most recent Capacity Revision Application increasing the Registered DM Supply Point Capacity. Such daily CRC sums shall be aggregated and any payments already made by the User in respect of CRC for any Gas Days falling within such period shall be deducted from the revised amount due to the Transporter.

9.5 For the purpose of the calculation of CRC on a particular Gas Flow Day pursuant to paragraph 9.4, D shall be 1 and $C_{(prev)}$ is the aggregate of the LDZ Capacity Charge and the Capacity Variable Component of the Customer Charge, as calculated based on the Registered DM Supply Point Capacity on such Gas Flow Day.

10 Maximum NDM offtake rate

10.1 This paragraph 10 applies in respect of the rate of offtake of gas at NDM Supply Points.

10.2 Where the Registered User becomes aware that (as a result in any change in the extent or nature of the consumer's requirements for consumption of gas) there will be or there has been a threshold rate increase in respect of an NDM Supply Point whose Annual Quantity exceeds 732,000 kWh (25,000 therms) paragraph 10.5 shall apply.

10.3 For the purposes of this paragraph 10, a **"threshold rate increase"** is an increase in the maximum rate at which gas is from time to time offtaken from the Total System at the NDM Supply Point of more than:

(a) where the Annual Quantity does not exceed 2,196,000 kWh (75,000 therms), 100 kW;

(b) where the Annual Quantity exceeds 2,196,000 kWh (75,000 therms), 300 kW.

10.4 The Registered User shall take all reasonable steps to secure that it is made aware of any threshold rate increase before such increase occurs.

10.5 In the circumstances in paragraph 10.2, the Registered User shall:

(a) notify the CDSP (who shall notify the Transporter) not less than 21 Supply Point Systems Business Days before the first time at which the threshold rate increase will occur, or if later as soon as possible after becoming aware of such increase, providing reasonable details of the amount of or reason for the increase;

(b) take reasonable steps to secure that no threshold rate increase, or no further offtake at the rate of the threshold rate increase, occurs until such time as the Transporter has notifed the CDSP that it should either:

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(i) provide to the User the notice referred to in paragraph (c); or

(ii) notify the User that it is feasible to make gas available for offtake at the Supply Point at the increased rate notified under paragraph (a); and

(c) where the CDSP notifies to the User a rate which the Transporter determines as being the maximum instantaneous rate at which it is feasible to make gas available for offtake at the Supply Point, secure that the rate of offtake of gas does not exceed such rate.

10.6 The Transporter will not be obliged under any provision of the Code to make gas available for offtake at an NDM Supply Point at any rate in excess of a rate in respect of which the requirements of this paragraph 10 have been complied with.

11 Supply Point Offtake Rate Review Process

11.1 In accordance with this paragraph 11, Transporters and Users undertake, in relation to DM Supply Points, to annually review the Supply Point Offtake Rate at a DM Supply Point (the **"SPOR Review Process"**).

11.2 The relevant Transporter, in respect of a DM Supply Point which is also a LDZ Supply Point, shall provide to the Registered User of the DM Supply Point, prior to the last Supply Point Systems Business Day in April of each Gas Year, an annual report, detailing the information specified in paragraph 11.3 (the **"Transporter SPOR Report"**).

11.3 The Transporter SPOR Report shall be compiled in April of each Gas Year and shall specify (where the data is available and where the Transporter considers appropriate) for each DM Supply Point:

(a) the existing Supply Point Offtake Rate for the time being held by the Registered User (the **"Existing Supply Point Offtake Rate"**);

(b) the single highest hourly offtake rate (in kWh/hour) recorded at the DM Supply Point during a period covering the months from October to March (inclusive) during the current Gas Year;

(c) the Meter Point Reference Number;

(d) the Supply Point Reference Number;

(e) the address details; and

(f) any further information relating to the DM Supply Point that the Transporter considers would assist the Registered User during the SPOR Review Process.

11.4 On receipt of the Transporter SPOR Report, the Registered User will enter into discussions with the relevant consumer or consumer's representative at each DM Supply Point and will endeavour to discuss the information detailed within the Transporter SPOR with a view to propose an appropriate Supply Offtake Rate (**"Proposed Supply Offtake Rate"**) which is reflective of consumer requirements at the DM Supply Point.

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11.5 For each DM Supply Point specified on the Transporter SPOR Report the Registered User shall provide to the relevant Transporter, prior to the last Supply Point Systems Business Day in July of each Gas Year, a report specifying:

(a) the Proposed Supply Point Offtake Rate; and

(b) where the Proposed revised Supply Point Offtake Rate is:

(i) less than or greater than the single highest hourly offtake rate provided to the Registered User in accordance with paragraph 11.3(b); or

(ii) is the same as the Existing Supply Point Offtake Rate provided to the Registered User in accordance with paragraph 11.3(a);

the reason or reasons (communicated to the User by the consumer) for this difference (the **"Registered User SPOR Report"**).

11.6 Where the Proposed Supply Point Offtake Rate specified under paragraph 11.5(a) is different to the Existing Supply Point Offtake Rate, the Registered User shall amend the Existing Supply Point Offtake Rate by applying for a revised Supply Point Offtake Rate in accordance with paragraph 4.2(b), prior to the last Supply Point Systems Business Day in August in the Gas Year, save for where a reduction in the Supply Point Capacity is also required at the DM Supply Point, then the Registered User shall apply for a revised Supply Point Offtake Rate in accordance with paragraph 4.2(b) during the period from 1 October to 31 January (inclusive) of the following Gas Year)

11.7 The CDSP will reject any Proposed Supply Point Offtake Rate by the Registered User of a DM Supply Point where the Supply Point Offtake Rate applied for under paragraph 4.2(b) and the increased or reduced Supply Point Capacity are not in compliance with paragraph 5. For these purposes the Supply Point Offtake Rate shall remain unchanged, however shall be subject to the SPOR Review Process in the following Gas Year.

12 CSEP Supply Meter Points

12.1 In this paragraph 12 references to Supply Points (and classes thereof) include CSEP Supply Points (and the corresponding classes thereof).

12.2 For the purposes of this paragraph 12, in relation to a CSEP Supply Point:

(a) reference to consumer, or premises, or any device or equipment, is to the consumer, premises, or device or equipment at the IGTS Supply Point;

(b) a reference to the offtake, or rate of offtake of gas (including the rate or maximum rate at which gas is or is likely to be offtaken) from the Total System is to the offtake or rate of offtake from the IGT System at the IGTS Supply Point;

(c) references to the feasibility of making gas available for offtake at a CSEP Supply Point shall be construed as though the CSEP Supply Point were a single Individual System Exit Point (but taking account of all other offtake of gas at the Unmetered Connected System Exit Point).

12.3 For the purposes of this paragraph 12, in relation to a CSEP Supply Point:

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(a) references to a Base Registration Nomination, Detail Registration Nomination and Detail Registration Response or related matters are to the equivalent things provided (pursuant to IGTAD Section E3.1) in the IGT Code;

(b) it is acknowledged that (in relation to a Base Registration Nomination, Detail Registration Nomination and Detail Registration Response or related matter) the User will (as IGTS User) communicate with the Independent Gas Transporter, and the Independent Gas Transporter will communicate with the Transporter; and (pursuant to the requirements of IGTAD Section E) the provisions (in relation to Supply Point Capacity and Supply Point Offtake Rate at a DM CSEP Supply Point) of Section G5 and this Annex B-3 will be given effect;

(c) in the case of a Capacity Revision Application and for the purposes of paragraphs 10 and 11, the User will communicate directly with the Transporter.

13 Siteworks Specified Capacity, etc

13.1 The Siteworks Terms and Procedures allow for the Siteworks Contract to specify (at the request of the Siteworks Applicant):

(a) a Supply Point or (without prejudice to the requirements of Section G in respect of Supply Point Registration) a Proposed Supply Point, in which the Supply Meter Point or New Supply Meter Point subject to the request for Siteworks is or is to be comprised; and

(b) in relation to such Supply Point:

(i) in the case of an LDZ DM Supply Point, an amount of Supply Point Capacity and/or a Supply Point Offtake Rate (but without prejudice to the requirement subsequently to apply therefor);

(ii) in the case of an NDM Supply Point, a threshold rate increase (in accordance with paragraph 10.3(b));

(iii) a request that the Firm Transportation Requirement be satisfied in respect of an amount of Interruptible Supply Point Capacity

following such Siteworks.

13.2 For the purposes of this Annex B-3, in respect of any Siteworks a Supply Point, Supply Point Capacity, Supply Point Offtake Rate, threshold rate increase or Firm Transportation Requirement (as the case may be) is **"Siteworks Specified"** where it is specified in a Siteworks Contract as described in paragraph 13.1

13.3 Where in respect of an LDZ Supply Point:

(a) a User submits not later than the Target Completion Date or such later date as the Transporter shall have agreed (for the purposes of this paragraph) with the Siteworks Applicant, the relevant details to be included in a Registration Nomination in respect of a Siteworks Specified Proposed Supply Point which comprises a New Supply Meter Point;

(b) the Nominated Supply Point Capacity or Nominated Supply Point Offtake Rate does not exceed the Siteworks Specified Supply Point Capacity or Supply Point Offtake Rate

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the Offered Supply Point Capacity or Supply Point Offtake Rate (in respect of the DM Supply Point) specified in the Registration Response will be equal to the Nominated Supply Point Capacity or (as the case may be) Supply Point Offtake Rate.

13.4 In the case of an LDZ Supply Point where a User applies, not later than the Target Completion Date or such later date as the Transporter shall have agreed (for the purposes of this paragraph 13.4) with the Siteworks Applicant, for increased Supply Point Capacity or an increased Supply Point Offtake Rate (in accordance with this Annex B-3) at a Siteworks Specified Supply Point, which does not exceed the Siteworks Specified Supply Point Capacity or (as the case may be) Supply Point Offtake Rate, the Transporter will (subject to the provisions of the Code) accept such application.

13.5 Where a User notifies (in accordance with paragraph 10.5(a)), not later than the Target Completion Date or such other date as the Transporter shall have agreed (for the purposes of this paragraph 13.5) with the Siteworks Applicant, a threshold rate increase of not more than the Siteworks Specified threshold rate increase, the Transporter will give to the User the notification described in accordance with paragraph 10.5(b)(ii).

13.6 Where a User requests (in accordance with Section B8.5), not later than the Target Completion Date or such other date as the Transporter shall have agreed (for the purposes of this paragraph 13.6) with the Siteworks Applicant, that Siteworks Specified Interruptible Supply Point Capacity be redesignated Firm in accordance with the Siteworks Specified Firm Transportation Requirement, the Transporter will accept such request.

13.7 A Siteworks Applicant may (subject to the Siteworks Terms and Procedures) request any Siteworks without at the same time requesting Siteworks for any reinforcement of a System that may be required to make it feasible to make gas available for offtake at any relevant Supply Meter Point; and accordingly, except to the extent expressly provided in this paragraph 13, the fact that the Transporter has entered into a Siteworks Contract or undertaken any Siteworks (for a New Supply Meter Point or otherwise) shall not commit the Transporter to accept a Supply Point Registration for any particular Nominated Supply Point Capacity or Supply Point Offtake Rate, nor any application for Supply Point Capacity or Supply Point Offtake Rate, or an increase therein, made by any User at any DM Supply Point nor a notification by any User of any particular threshold rate increase at any NDM Supply Point.

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