

This Presentation has been produced as a guide to Modification Proposal 0195AV. Every effort has been made to ensure that the information contained within it is correct. However if there is a conflict with National Grid's Gas Transporter Licence in respect of the NTS ('the Licence') or the Uniform Network Code ('UNC'), then the Licence or the UNC shall prevail.

Exit Reform Workshop

January 27th 2009

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Workshop Objectives

- ◆ **A refresher of Modification Proposal 0195AV**

- ◆ **Sessions One and Two focus on the key events for 2009 and Session Three covers the principles coming into force later on:**

- ◆ **Session 1: 09.30 – 10.15**

- Introduction to Exit Reform
- Long Term Capacity Applications

- ◆ **Session 2: 10.30 – 11.30**

- Long Term Capacity Applications (continued)
- Reductions, Assignments and Transfers of Capacity
- Key 2009 Activities

- ◆ **Session 3: 11.45 – 12.30**

- Medium Term Capacity Applications and Short Term Auctions
- Operational Information
- Information Publication
- Roundup: Next Steps

In this presentation....

Section J

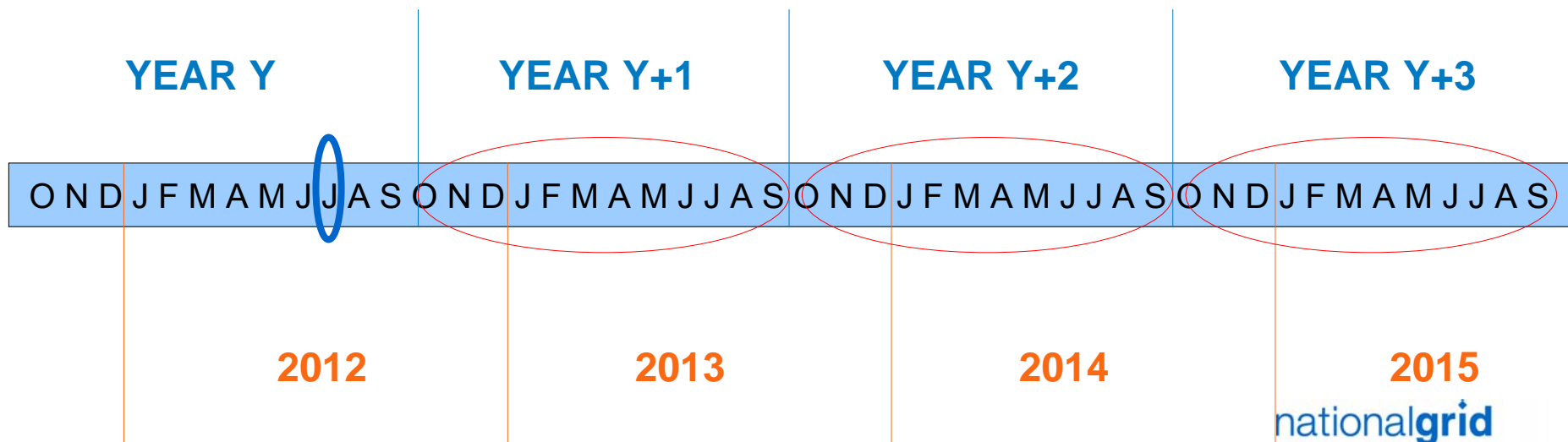
1- 31 July

- ◆ A blue box in the top right corner states the times at which the rules being explained apply e.g. when talking about the Annual Application Window, 1 – 31 July will be in the top right corner
- ◆ An orange box at the top of the slide states the primary section of legal text where the rules being explained are contained e.g. when talking about Assured Offtake Pressures, Section J will be in the top right corner
- ◆ Many sections of the legal text refer the reader to the Exit Capacity Release Methodology Statement (ExCR) for further clarification. This document will be discussed at Transmission Workstream on 5 February and sent out for industry consultation ~23 Feb. It can be accessed via the Charging section of the NTS website once the consultation is open
- ◆ The term 'Users' applies to Shippers and DN Operators
- ◆ Year 'Y' means a date between 1 October – 30 September in the year we are in, for example...

Year Y

◆ So an auction held in July Year Y releasing capacity for Y+1, Y+2 and Y+3 in this example would be:

- ◆ Auction held July 2012 (Y)
- ◆ Capacity Release
 - 1 October 2012– 30 September 2013 (Y+1)
 - 1 October 2013 – 30 September 2014 (Y+2)
 - 1 October 2014 – 30 September 2015 (Y+3)





Session One:

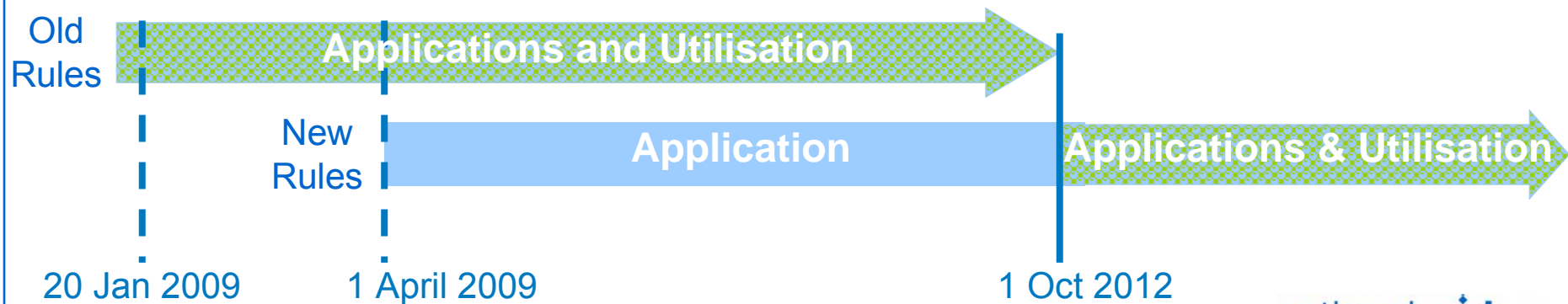
- Introducing 0195AV
- Long Term Capacity (Enduring Annual)

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Application of Regime

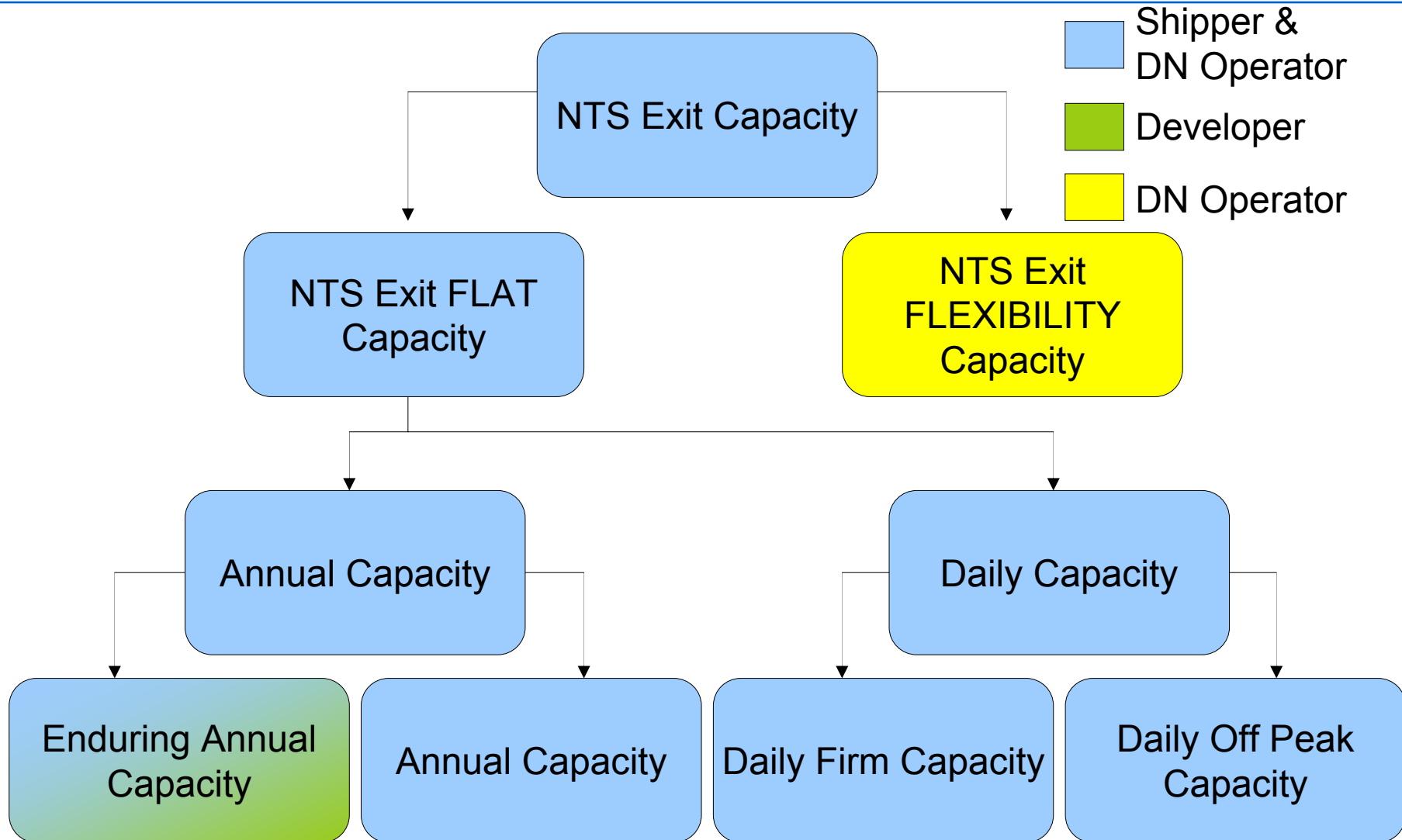
- ◆ Ofgem direction to implement 0195AV received 20 January 2009
- ◆ Implementation date of 1 April 2009
- ◆ Some exit reform processes and procedures are applicable on implementation date – others come into force in stages up until enduring period starts
- ◆ ‘New’ rules will apply to capacity being utilised from gas flow day 1 October 2012 onwards
- ◆ Current rules continue for capacity to be used before 1 October 2012

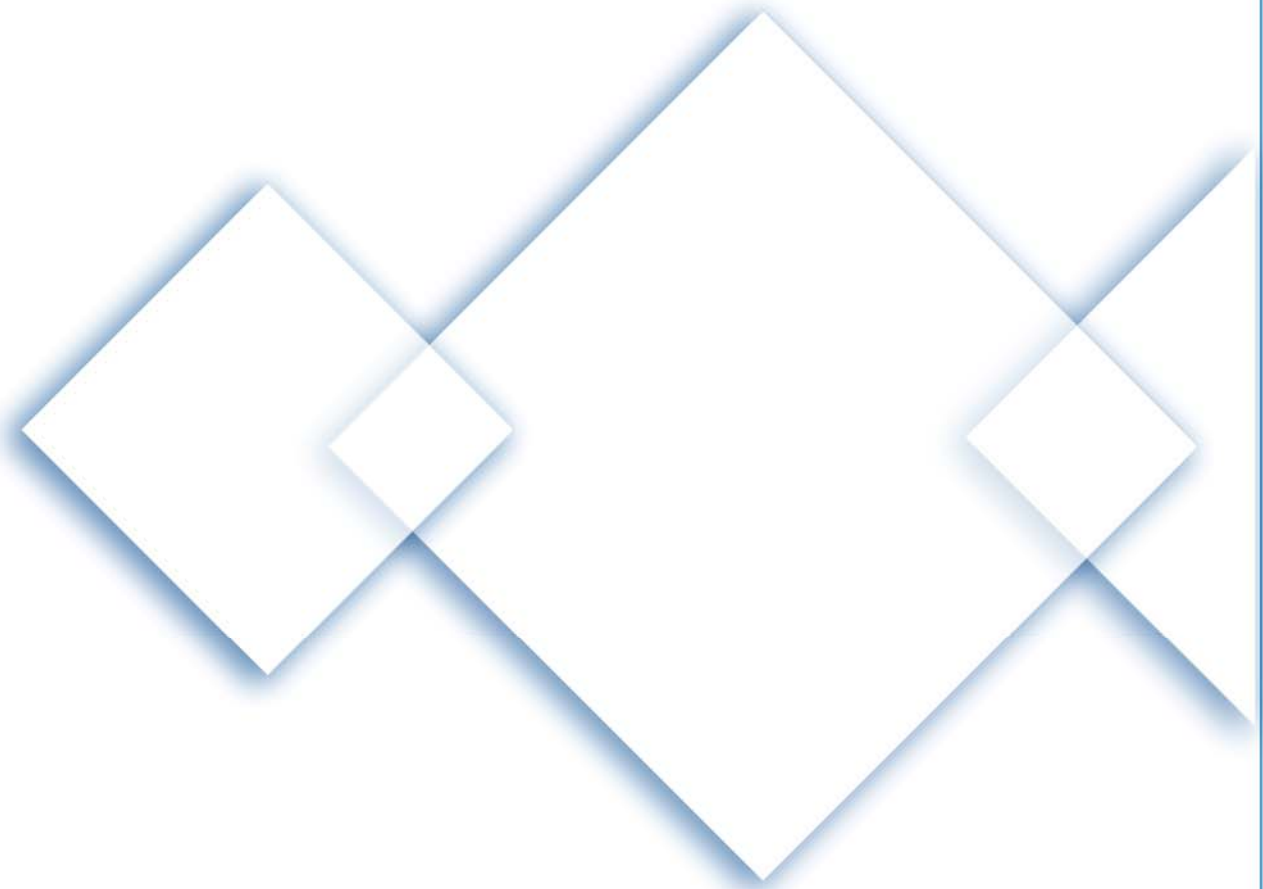


High Level Principles: Current UNC vs 0195AV

<u>Current UNC</u>	<u>0195 AV</u>
DNOs apply for Flat Capacity via OCS Statement. No charge.	DNOs apply for Flat Capacity in Annual Application Window or ad hoc. DNOs charged.
DNOs apply for Flex and Pressures via OCS in July.	DNOs apply for Flex and Pressures via OCS and OPS in July.
NTS cannot request a permanent reduction in DN pressure.	NTS can request a permanent reduction in DN pressure in April each year.
<ul style="list-style-type: none"> -Shippers book 12 monthly rolling blocks of Capacity at CSEPs on Gemini. -Interconnectors' Capacity booked by NTS when Downstream Capacity Holding confirmed. -Daily metered sites – enduring Capacity via Supply Point Administration Service. 	Shippers book their own capacity at NTS Exit Points (in effect, DNOs book for DN Shipper requirements at NTS/LDZ offtake).
Shipper accesses Flex through submission of Offtake Profile Notices.	Shipper accesses Flex through submission of Offtake Profile Notices.
Can nominate site as Interruptible. No Capacity booking required.	Site cannot be nominated as interruptible. Off peak (Int.) Capacity must be booked.
User Commitment determined outside of UNC (ARCAs).	4 years' User Commitment for Enduring Flat Capacity .
ARCAs available to all Users.	ARCAs for developers only.

UNC Classes of Capacity





Initialisation of the Regime

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- ◆ **Enduring Annual (Flat) Capacity allocated to Users at all NTS Exit Points**
- ◆ **For Direct Connect NTS Exit Points**
 - ◆ Based on peak 2007/08 Capacity Holdings
 - ◆ Firm booking + interruptible
- ◆ **For NTS/LDZ Offtakes**
 - ◆ Based on OCS statement for year 2011/12 agreed in 2008
- ◆ **If total initialised value for site > baseline**
 - ◆ Scaled back to baseline (Special Condition C8E, Annex A, Table 2)

- ◆ **All Users notified of initialised values on 1 May 2009**
- ◆ **NTS notifies Users of allocation**
 - ◆ Or an agent can allocate at shared sites
- ◆ **No User Commitment associated with initialised rights**
- ◆ **Users can reduce their initialised value in July 2009 reduction window**
- ◆ **Sweep ups at later dates of new sites connecting / ARCAs signed between 1 October 2008 and 30 September 2012**
- ◆ **MSPOR values will also be communicated by 1 May 2009**
 - ◆ MSPOR value explained in more detail later

- ◆ **An Overrun User (195AV B3.13.8) or User Agent (current Code V6.1.2) may be appointed as Exit Capacity Booking Agent at a Shared Supply Meter Point or an NTS CSEP**
- ◆ **Must give notice to NTS no later than 7 April 2009 that all Users at the site and the Exit Capacity Booking Agent agree to the appointment**
- ◆ **NTS will inform the Exit Capacity Booking Agent of the aggregate amount of initial Enduring Annual Capacity allocated to that NTS Exit Point by 16 April 2009**
- ◆ **Exit Capacity Booking Agent must then tell NTS the amount allocated to each individual User at the Exit Point (which must equal total aggregate amount) by 23 April 2009**

Initialisation Timeline

TD 8

1 April – implementation of new regime

7 April – latest date for notifying NTS of Exit Capacity Booking Agent at NTS Exit Point

23 April – Exit Capacity Booking Agent notifies NTS of individual User allocations, which equal aggregate amount previously notified

1 April

1 May

16 April – NTS notifies Exit Capacity Booking Agent of aggregate value of Capacity allocated to site

1 May – NTS notifies each User of initial amount of Enduring Annual (Flat) Capacity allocated to them at each NTS Exit Point

Contact Details

- ◆ NTS will shortly be contacting each User to ensure we have the correct contact details for every User at each NTS Exit Point
- ◆ Please let us know straight away if any of the details are incorrect in order that the initial capacity allocations get sent to the correct place / person
- ◆ If you don't hear anything by 1 April and believe you should have done, then also please contact us
- ◆ Similarly if, when you have received your initial capacity allocation, you believe it is wrong then please contact us immediately

capacityauctions@uk.ngrid.com



Long Term Capacity (Enduring Annual) *Annual Application Window*

Shippers and DN Operators

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Exit Capacity Release Methodology Statement

- ◆ **NTS is obliged by its Licence to produce an Exit Capacity Release Methodology Statement (ExCR)**
- ◆ **References to ExCR included throughout the 0195AV text**
 - ◆ Particularly in relation to Capacity Applications, Capacity Reductions, Allocation Principles, User Commitment etc
- ◆ **These slides are based on the legal text and are limited on detail from the ExCR as it is yet to be finalised however:**
 - ◆ The ExCR will be consulted on according to the following timetable:
 - Walk through at Transmission workstream (5 February)
 - Issued for Consultation (~23 February)
 - Consultation closes (~23 March)
 - Submitted to Ofgem (7 days later – Licence requires it to be submitted by 1 April)
 - ◆ Material will be available via the NTS website

Annual Application Window

TPD B3.2
Annex B-1

1- 31 July

- ◆ **Application window open every business day in July**
 - ◆ For Capacity to be utilised from 1 October Y+4, Y+5 and/or Y+6
- ◆ **‘Enduring’ Capacity (i.e. evergreen)**
- ◆ **4 years’ User Commitment (defined in ExCR)**
- ◆ **NTS to allocate no later than 30 September**
- ◆ **User does not submit a price – everything is allocated**
- ◆ **Also includes ‘deemed’ application when a User has overrun (in reality, will not be in play until July 2013 window)**
 - More details later

Application Window Invitation Letter

Annex B-1

~1 June

- ◆ **Issued at least 28 calendar days before Annual Application Window**
- ◆ **Will include information on:**
 - ◆ Period to which invitation applies
 - ◆ The NTS Exit Point at which you can apply for Capacity (those that are included in the licence)
 - ◆ Remaining Available NTS Exit (Flat) Capacity for each site
 - ◆ Playing / Gaining Permits (detailed in ExCR)
 - Gaining permits not applicable in 2009 window
 - ◆ Will refer to indicative prices (which are required to be published 60 days ahead of Application Window)
 - These prices are indicative only. The price actually paid for capacity will be that published in the Transportation Statement e.g....

Prices

TPD B3.12

Indicative prices will have been published here.... May 2009

But the price actually paid will be that included in the Transportation Statement published the summer preceding utilisation i.e. August 2012



Capacity Application received here ... July 2009

...for Capacity to be utilised here in October 2012

July 2009 Capacity Applications

- ◆ In order for a User to apply for Capacity, the relevant NTS Exit Point must be specified in the NTS Licence
- ◆ For a New Site or an Existing Site requesting Incremental Capacity, a revenue driver should be calculated
- ◆ Therefore it is useful if anyone thinking about applying for NTS Exit Capacity contacts National Grid NTS by 1 March / as soon as possible
 - ◆ Refer to Joint Office communication sent 21 January
- ◆ For anyone intending to bid in the July 2009 Application Window, we would ask that you let us know as soon as possible, particularly for a New NTS Exit Point or for signalling Incremental Capacity

Recap of Session One

- ◆ **Mod 0195AV processes commence from 1 April 2009 but only affect Capacity being utilised from 1 October 2012**
- ◆ **Initial Capacity rights will be communicated on 1 May**
 - ◆ Sweep Ups for New Sites connecting, and ARCAs signed, between 1 October 2008 and 30 September 2012
 - ◆ Users can allocate an agent who will be given an aggregate allocation for the site and will then notify NTS of individual allocations
- ◆ **Shippers & DNOs can apply for Enduring Annual Capacity in the July Window:**
 - ◆ 4 years' User Commitment
 - ◆ NTS Exit Point must be included in invitation letter in order for an application to be accepted

LOOK OUT for NTS communications regarding contact details for Users at each site by 1 April, and initial allocations by 1 May

CONTACT US by 1 March if you are thinking of applying for capacity at a New Site or for Incremental Capacity at an existing site in the July 2009 Annual Application Window

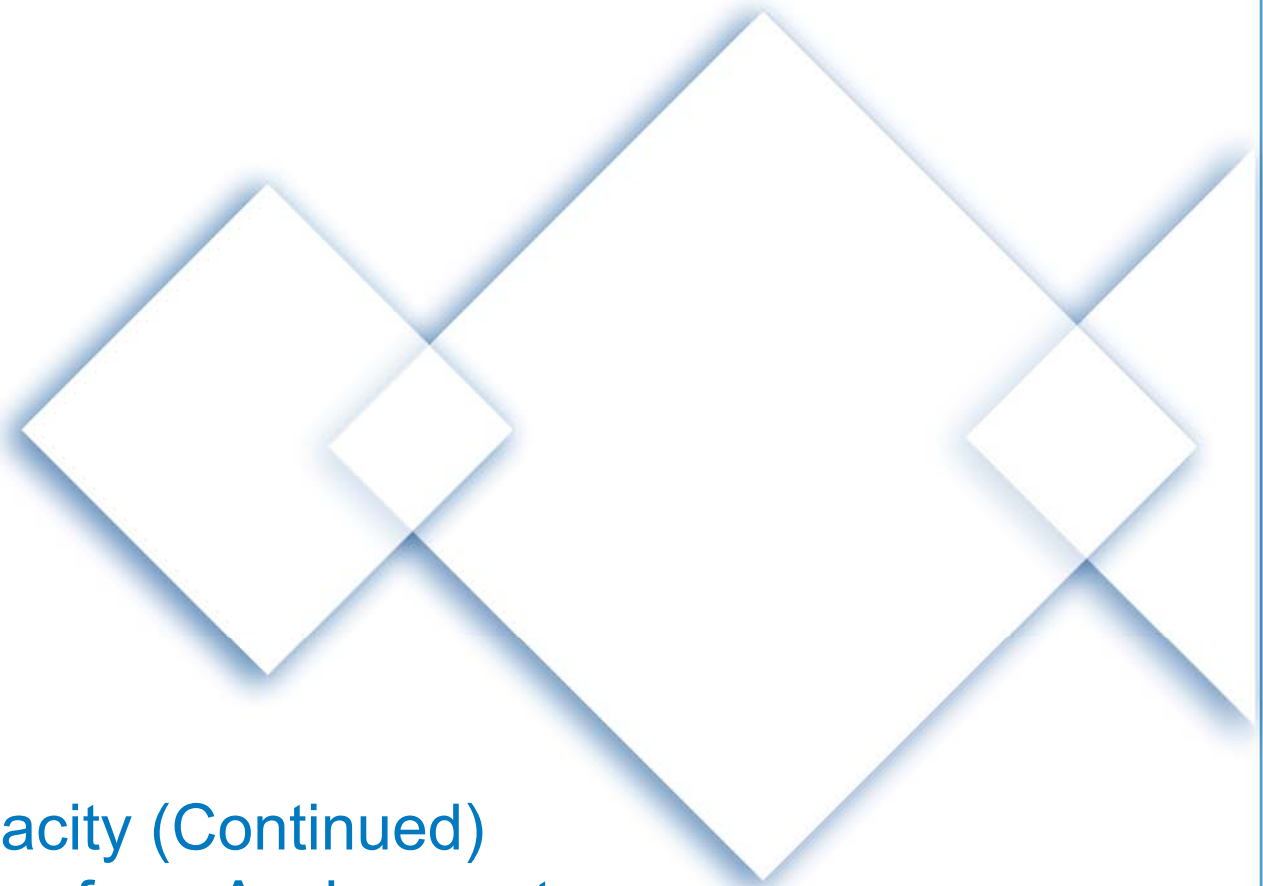


Any Questions?

Then, Time For A Break.....

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Session Two:

- Long Term Capacity (Continued)
 - Reductions, Transfers, Assignments
 - Key 2009 Dates
-

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Long Term Capacity (Enduring Annual) *Ad Hoc Applications*

Shippers and DN Operators

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Ad-hoc Applications

TPD B3.2
Annex B-1



1 October – 30
June

- ◆ Can apply from 1 October – 30 June (subject to Mod 0241, see next slide)
- ◆ Must be a New Site, or an Existing Site that passes threshold (10 GWh/Day or 125% baseline)
- ◆ Can apply for up to 4 separate tranches
- ◆ First gas flow must not be earlier than 6 months from date of application or later than 1 October Gas Year Y+4 from application
- ◆ NTS must make an offer in 15 days / 90 days if think that Works will be required / more than 90 days if both parties agree
 - ◆ Offer specifies Demonstration Date and Capacity Delivery Date
 - ◆ Reasonable endeavours to meet the Capacity Delivery Date requested
 - ◆ User has 30 days to accept

UNC Modification 0241

- ◆ **NTS has raised UNC Modification 0241**
- ◆ **According to the UNC, ad hoc applications should be accepted between October and June each year**
- ◆ **In effect, would mean accepting ad hoc applications between April and June 2009, however:**
 - Initialisation not complete
 - ExCR not approved
 - Capacity cannot be utilised until 1 October 2012 whether applied for in April-June 2009 or July 2009 (start of Enduring Exit Period)
- ◆ **Therefore proposing that July 2009 Application Window be the first opportunity for applying for Capacity and ad hoc applications not accepted until 1 October 2009**

UNC Modification 0241: 2009 Timeline

-  = Ad hoc Application Period
-  = Annual Application Window

Start date of Enduring Exit Period

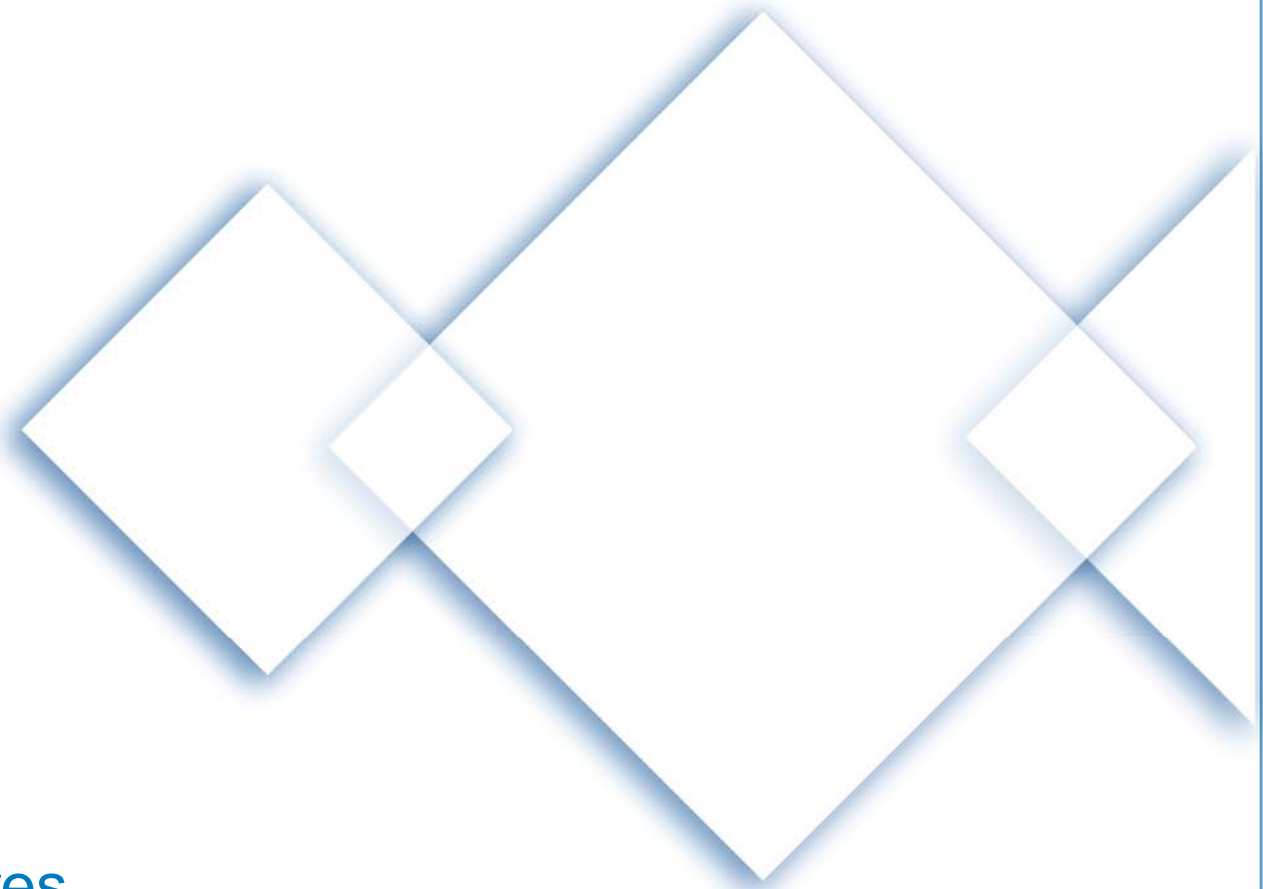


UNC Modification 0241 proposes that this ad hoc application period does not apply

Implementation Date of 0195AV

UNC Modification 0241 Timeline

- ◆ **Modification submitted to Mod Panel on 22 January and sent out for consultation on 23 January**
- ◆ **Will return to Mod Panel on 19 February for a vote on whether the Panel members approve its implementation or not**
- ◆ **Will then be submitted to Ofgem for approval**
- ◆ **If Proposal is approved, ad hoc applications will not be accepted between 1 April and 30 June 2009.**
- ◆ **First opportunity to submit Capacity applications will be the Annual Application Window in July 2009**
- ◆ **Ad hoc applications will then be submitted from 1 October 2009 to 30 June 2010 and for the same period every year onwards**



Flex and Pressures
Annual Application Window (OCS & OPS)

DN Operators

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- ◆ **DNOs apply for Flex through OCS in July**
- ◆ **NTS can request permanent pressure changes in April each year**
 - ◆ DNOs must respond by 30 June
- ◆ **DNO applications to NTS for pressures through OPS in July**
 - ◆ NTS provide indicative pressures by 15 September
 - ◆ DNOs can then ask for re-consideration/explanation within 5 days
 - ◆ Final pressures issued by 30 September
- ◆ **If NTS turns down DNOs on permanent pressure increases and / or Flex:**
 - ◆ DNO may reasonably adjust their flat application
 - ◆ Within 5 business days of 15 September
 - ◆ Only applies for Y4, Y5 and Y6



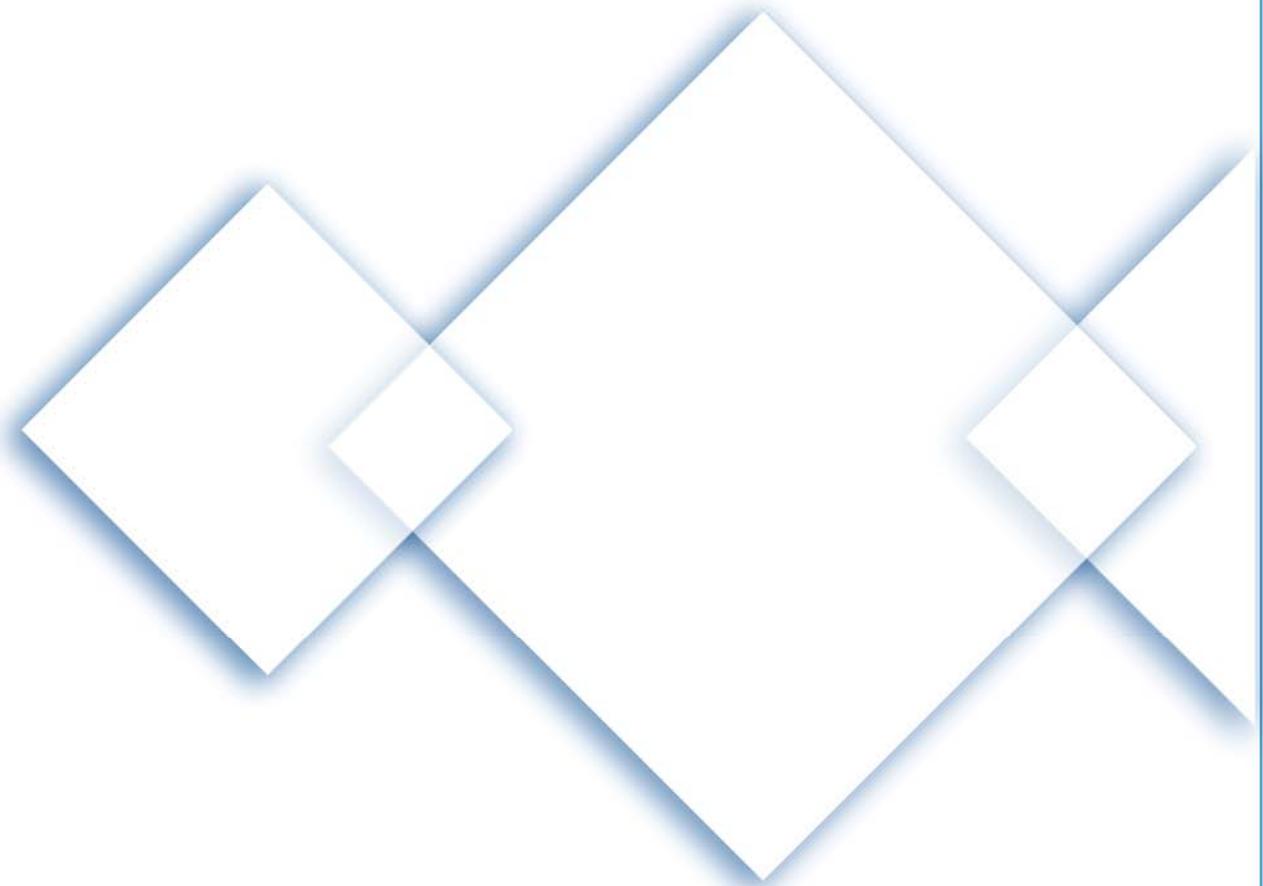
Long Term Capacity (Enduring Annual) *ARCAs*

Developers

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- ◆ **Developers can request Enduring Flat Capacity via an Advanced Reservation of Capacity Agreement “ARCA”**
- ◆ **New Site**
- ◆ **Or an Existing Site that passes threshold (>125% of the prevailing baseline or 10GWh/day)**
- ◆ **Earliest date requested should be for capacity in 6 months time, latest date should be October Y+4**
- ◆ **Developer must nominate a Shipper to register the Capacity**
- ◆ **Remains a bi-lateral negotiation but principles will be based on UNC ad hoc application rules**
- ◆ **See ad hoc application slide (Slide 25) for details**



Long Term Capacity (Enduring Annual)

Obligations on Shippers, DNOs and Developers

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◆ **Demonstration Date and Information applies to ad hoc Capacity applications and ARCAs**

- ◆ User must provide NTS with certain information (agreed at time of application) by a pre-agreed date e.g. S36 consents
- ◆ NTS will publish guidance on what could constitute demonstration information
- ◆ If a User/developer does not provide the appropriate demonstration information (e.g. relevant consents are secured) NTS can re-set the demonstration date and the delivery date
- ◆ If the demonstration date is reset 3 times, NTS can either:
 - Agree with User/developer a further demonstration date
 - Cancel the User's/developer's Capacity holding and recover all costs and expenses incurred in performing design works

- ◆ **Charges incurred will be those included in the Transportation Statement applicable to the year the Capacity is being utilised, for Capacity registered**
 - ◆ following an Annual Application window application;
 - ◆ an ad hoc application;
 - ◆ through an ARCA and subsequently registered by a Shipper
- ◆ **NB no charges are payable in respect of Flexibility Capacity**
- ◆ **Credit – looks forward at the User's next 12 months' worth of Capacity holdings and feeds this in to the User's credit position**
- ◆ **Capacity Application will be rejected if credit sanction is in place**
- ◆ **Credit arrangements will be reviewed once outcome of the credit review on entry is known (review group 221)**



Reductions, Assignments, Transfers

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- ◆ **Becomes effective in 2009**
- ◆ **Every business day from 1 July to 15 July**
- ◆ **Users can apply to reduce their Enduring Annual (Flat) Capacity**
- ◆ **Subject to User Commitment validation/checks or NTS being able to utilise the Capacity to meet a request at the same Exit Point**
- ◆ **User specifies Reduction Date**
 - ◆ **Can be no earlier than 1 October Y+1**
- ◆ **Default is 1 October Y+2, NTS may agree, at its discretion, to reduce earlier than Y+2**

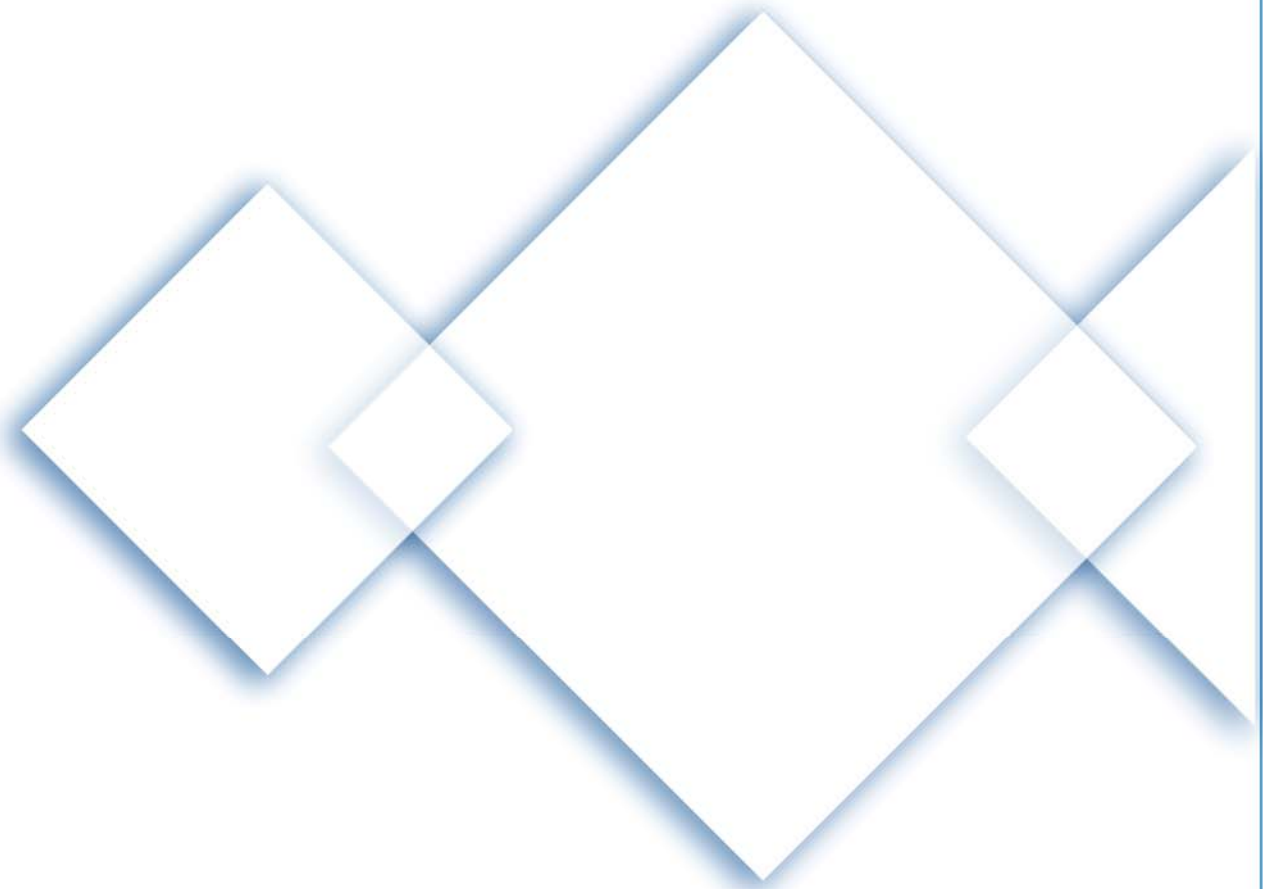
- ◆ **NTS may invite Users to submit a notice of reduction at other times in order to support a Capacity request at the same NTS Exit Point**
- ◆ **NTS will issue an invitation which will specify**
 - ◆ The period during which a User may give a notice of reduction
 - ◆ The earliest date on which NTS may give notice to the reduction
 - ◆ The date on which NTS will notify the User as to whether it will give effect to the notice of reduction

- ◆ **Becomes effective 1 August 2011**
- ◆ **User can assign all its Capacity at an NTS Exit Point to another User at the same point**
- ◆ **Notify NTS no later than 5 days prior to assignment**
- ◆ **Users match assignment**
- ◆ **If NTS do not approve within 4 days deemed to be approved**
- ◆ **Users' holdings adjusted**
- ◆ **User being assigned the rights becomes liable for all payments and obligations**

- ◆ **Becomes effective 1 August 2011**
- ◆ **Users can transfer Capacity between themselves at an Exit Point**
- ◆ **Firm only**
- ◆ **Can transfer up to 04.00 D**
- ◆ **NTS can reject if transfer takes a User into a negative position. If NTS don't reject in 60 minutes then deemed to be accepted**
- ◆ **Users' holdings adjusted**
- ◆ **Liability remains with the original User who bought the capacity from NTS**

Recap of Session Two Principles

- ◆ **Shippers and DN Operators can apply for Enduring Annual Capacity through an ad hoc application (October-June) if certain thresholds are met**
- ◆ **Developers can sign an ARCA to obtain Enduring Annual Capacity**
 - ◆ Must nominate a Shipper to register the Capacity
 - ◆ Based on ad hoc application principles
- ◆ **Demonstration Date and Information required for ad hoc applications and ARCAs**
- ◆ **Users can reduce their Enduring Capacity holdings in the Annual Reduction Window**
- ◆ **NTS may ask for reduction offers at other times of the year to satisfy Capacity Applications at the same NTS Exit Point**
- ◆ **Users can also assign all of their Capacity holdings or transfer all or part of their Capacity holdings**

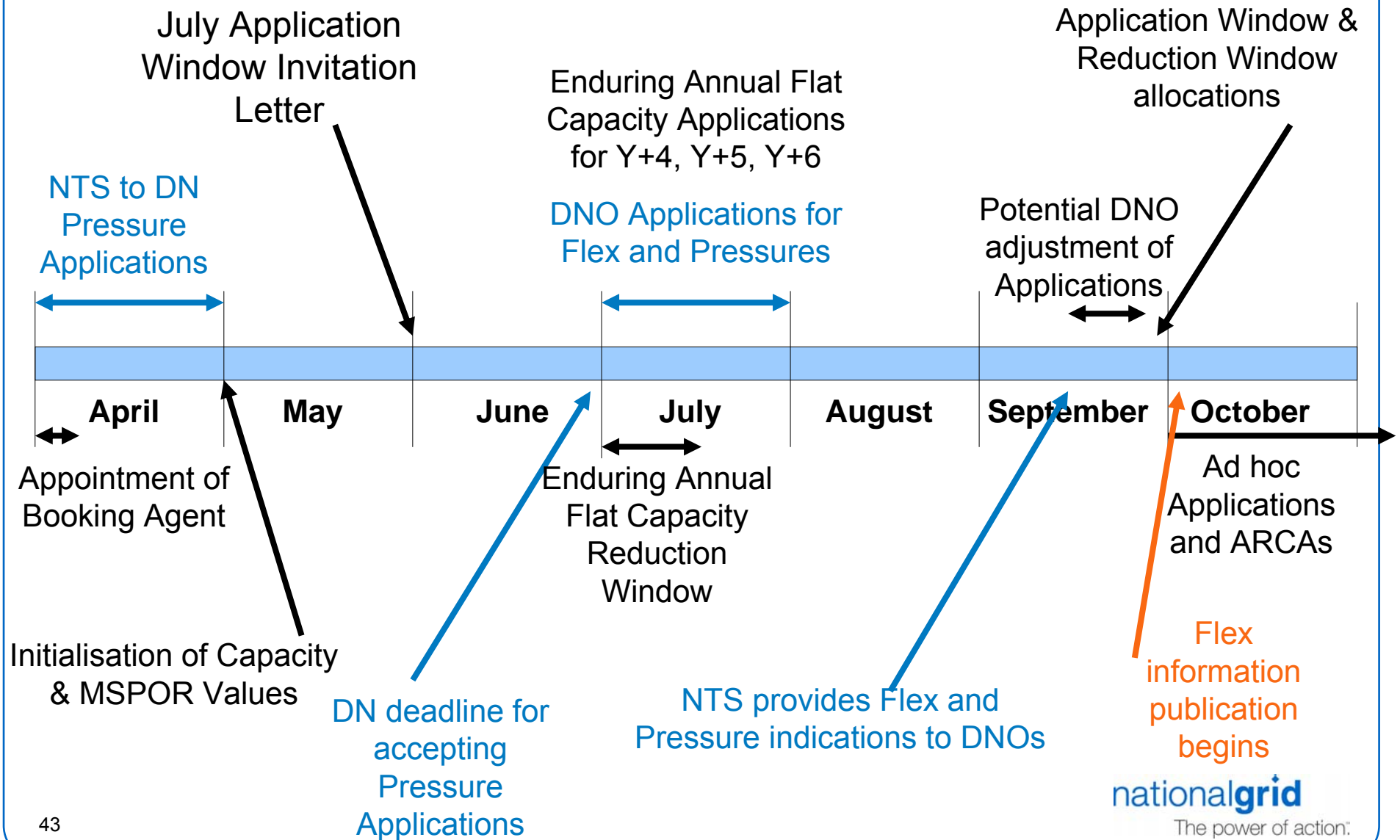


Key 2009 dates

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2009 UNC Timeline (subject to Mod 0241)



Checklist for 2009

◆ Focussing on 2009, these are the key activities:

- ◆ Let us know as soon as possible / by 1 March if you are intending applying for capacity at a New Site or Incremental Capacity at an existing site in the July 2009 Window
- ◆ Look out for a communication from NTS before 1 April regarding User contact details and let us know asap if they are incorrect – contact us if you don't hear anything and you think you should have done
- ◆ Check your initial allocations and MSPOR number on 1 May and contact us straight away if you think they are incorrect
- ◆ Get Overrun User or User Agent agreement in place if want to appoint Exit Capacity Booking Agent
- ◆ Exit Capacity Booking Agent agreement must be in place by 7 April



Any Questions?

Time For Another Break....

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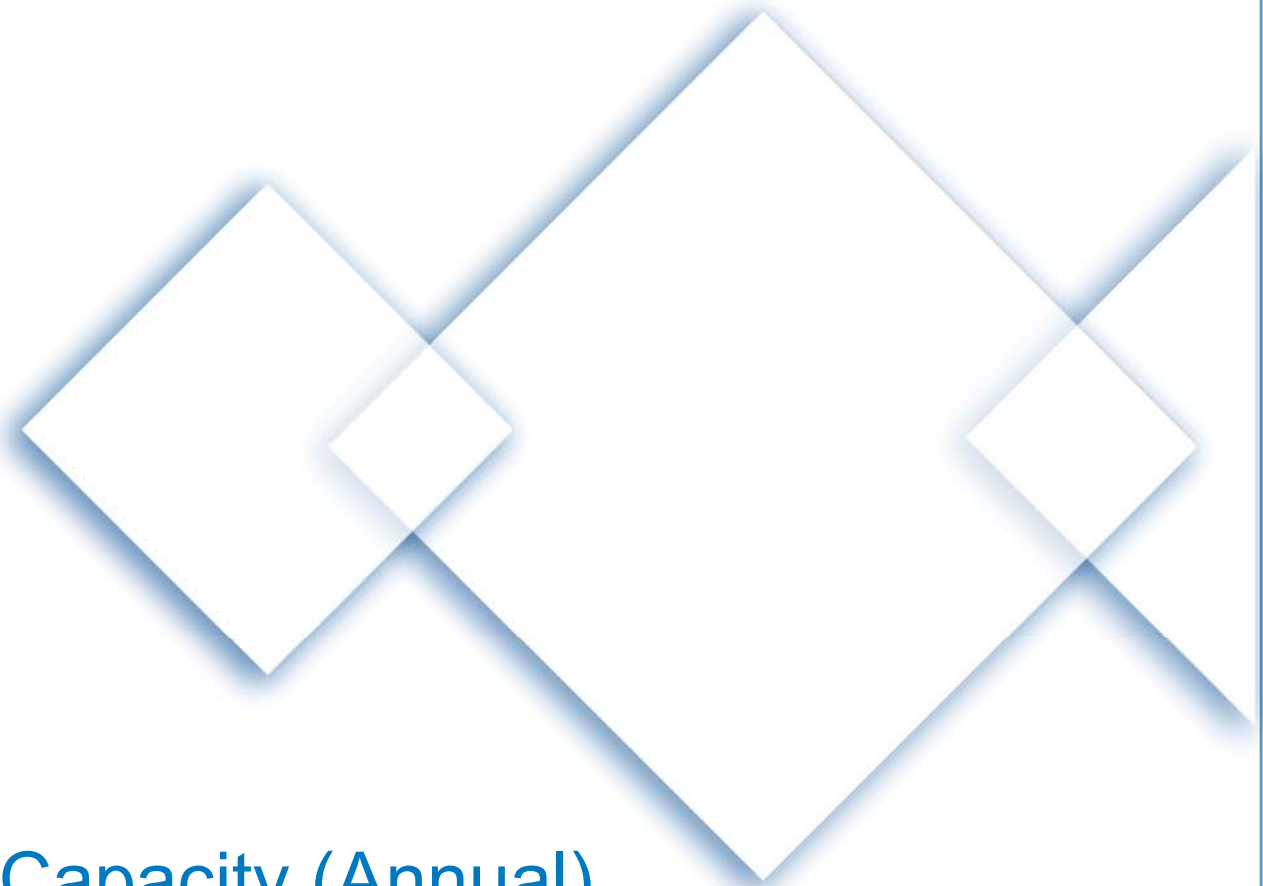


Session Three:

- Medium Term Capacity (Annual)
- Short Term Capacity (Daily)
- NTS Operation
- Information Publication
- Roundup: Next Steps

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Medium Term Capacity (Annual) **2010 onwards**

Shippers and DN Operators

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Annual Application Window

TPD B3.4
Annex B-1

1- 31 July

- ◆ **Application Window open every business day in July**
- ◆ **Apply for years Y+1, Y+2 and Y+3**
- ◆ **First applicable in July 2010 for Y+3 (i.e. Year 2012/2013)**
- ◆ **Annual Capacity rights (not enduring)**
- ◆ **NTS to release unsold obligated Capacity**
- ◆ **No price, allocated up to obligated level then pro-rate based on volume**
- ◆ **NTS has 5 days to allocate**
- ◆ **NB Developers cannot apply for Annual Capacity**



Short Term Capacity (Daily) **2012 onwards**

Shippers and DN Operators

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Daily Firm Capacity

TPD B3.5
Annex B-1

D – 1
D

- ◆ Auctions held 15.00 D-1 and 08.00, 14.00, 18.00, 22.00 and 01.00 D
 - ◆ NTS can hold additional discretionary auctions with 1 hour's notice
- ◆ From 30 September 2012 onwards
 - ◆ Amount released is consistent with obligations
- ◆ Reserve Price
- ◆ Users place bids
 - ◆ Maximum 7 days in advance
 - ◆ Fixed or reducing
 - ◆ Place a price at or above reserve
 - ◆ Maximum 10 bids per Exit Point
- ◆ NTS allocates on price within 60 minutes

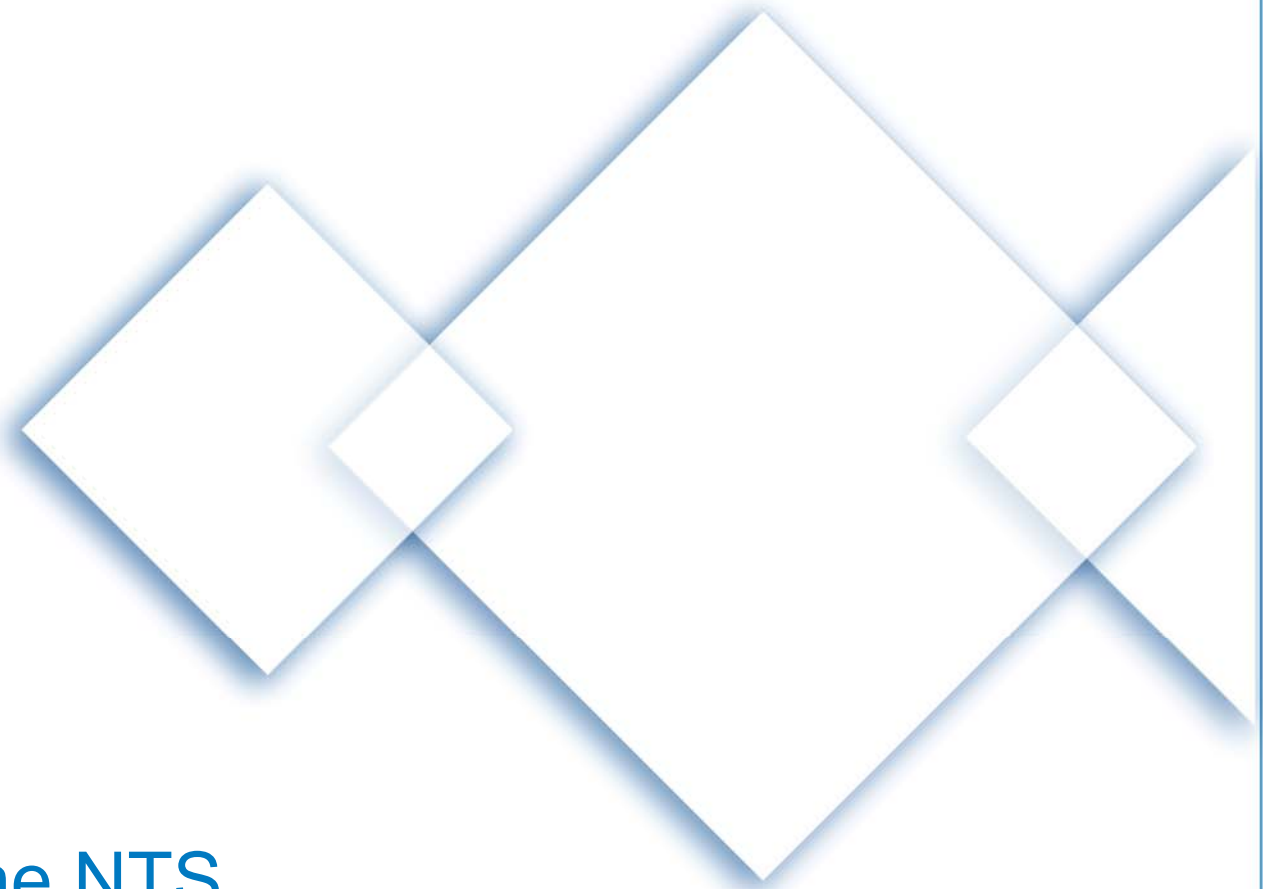
Daily Off Peak ('Interruptible') Capacity

TPD B3.6
Annex B-1

D – 1
D

- ◆ **User can place bids max 7 days in advance until 14.00 D-1**
- ◆ **Allocation period begins at 15.00 D-1**
- ◆ **From 30 September 2012 onwards**
- ◆ **UIOLI + Discretionary release + ((MSPOR * 24) – Aggregate Firm Holdings)**
 - ◆ Use It Or Lose It (UIOLI) = 30 day average unutilised firm bookings
 - ◆ Maximum Supply Point Offtake Rate (MSPOR) = rate which NTS determines to be the maximum instantaneous rate which it is feasible (technically) to make gas available for offtake at that Exit Point
 - ◆ MSPOR value for each site will be notified to Users on 1 May 2009
 - ◆ MSPOR related release only triggered if 13.30 D-1 Demand forecast < 80% of 1 in 20 peak day demand
- ◆ **Users place bids in a pay as bid auction at or above reserve price**
- ◆ **NTS can scaleback interruptible**

- ◆ **Both Firm and Off Peak daily auctions are pay as bid**
- ◆ **Credit – looks forward at the User’s next 12 months’ worth of Capacity holdings and feeds this in to the User’s credit position**
- ◆ **Capacity Bids will be rejected if credit sanction is in place**
- ◆ **Credit provisions will be reviewed in line with review group 221 on entry**



Operation of the NTS

2012 onwards

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- ◆ **If there is an aggregate Overrun at an NTS Exit Point (flows exceed holdings), individual Users who have overrun are:**
 - ◆ Charged the overrun rate, which is the greater of
 - 8* the highest price paid in any of the release mechanisms at that Exit Point
 - 8* the highest reserve price at that Exit Point
 - 1.1* the highest price paid for Exit Capacity through an Exit Capacity Management Action
- ◆ **NB a single Overrun User may be appointed at an NTS Exit Point**
- ◆ **Where a User incurs an overrun charge in any 12 month period (ending 31 March), the User shall be deemed to have applied for an equal amount of Enduring Annual (Flat) Capacity in the next Annual Application Window**
 - ◆ In reality this will not apply until the July 2013 Annual Application Window

Deemed Applications

Overrun calculation looks for overruns in October – March

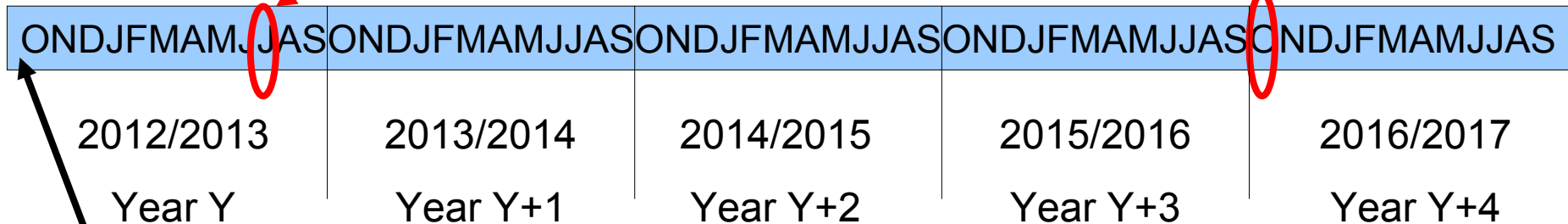
1 October 2012 to 31 March 2013 in this example

If a User has overrun in this period, they are deemed to have made an application in the next July window

In this example, July 2013

‘Deemed’ application will register capacity from Y+4

October 2016 in this example



Enduring Regime Starts

- ◆ **A User can be appointed as an Overrun User if:**
 - ◆ All Users at the NTS Exit Point have jointly given a notice of such appointment to NTS
 - ◆ The Overrun User at the same time gives their agreement to the appointment
 - ◆ A date from which the agreement will become effective is stated
 - ◆ There are no credit restrictions in place on that User
- ◆ **If a new User starts operating at the site, they must give agreement to the appointment of the Overrun User, otherwise the arrangement falls away**
- ◆ **A revocation of the agreement can be given with at least 5 Business Days' notice**
- ◆ **NB a User can be appointed as Overrun User from 1 April 2009 onwards**

- ◆ In addition to the permanent changes addressed in Slide 30
- ◆ NTS can request temporary changes
 - ◆ From 1 day up to a maximum of 30 consecutive days
 - ◆ DNOs must respond within 10 days and must accept unless safe operation jeopardised

Constraint Management Tools

TPD B3.8-B3.9
B3.10 –B3.11
Annex B-2

◆ Interruptible Scaleback

◆ Firm Buyback

- NTS notifies Users at which Exit Points offers required
- Users submit an offer – evergreen or reducing (Pay as bid)
- NTS will initiate a Capacity selection period no later than 02:00 D
- Subject to investment buyback limit of 0.52p/kWh

◆ Exit Capacity Management Agreements

◆ Within Day Flow Reduction

- NTS notify Users of Exit Point, quantity required, time reduction required
- Users submit offers (Pay as bid)
- Offers referenced in OPN

- ◆ **NTS should buyback if unable to meet Users' requests for firm Capacity they wish to utilise**
- ◆ **NTS is not liable if:**
 - ◆ Users exceed Maximum Permitted Rate at that Exit Point
 - ◆ There is an Overrun at that Exit Point
 - ◆ It is a planned maintenance day
- ◆ **Users should not exceed Maximum Permitted Rate**
 - ◆ If jeopardising the NTS (Local Gas Supply Emergency) NTS will notify shipper to reduce their rate of offtake
- ◆ **Current UNC 'liabilities for not making gas available for offtake' will only apply to Gas Quality issues in the enduring period**



Information Publication 2009 onwards

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Information Publication

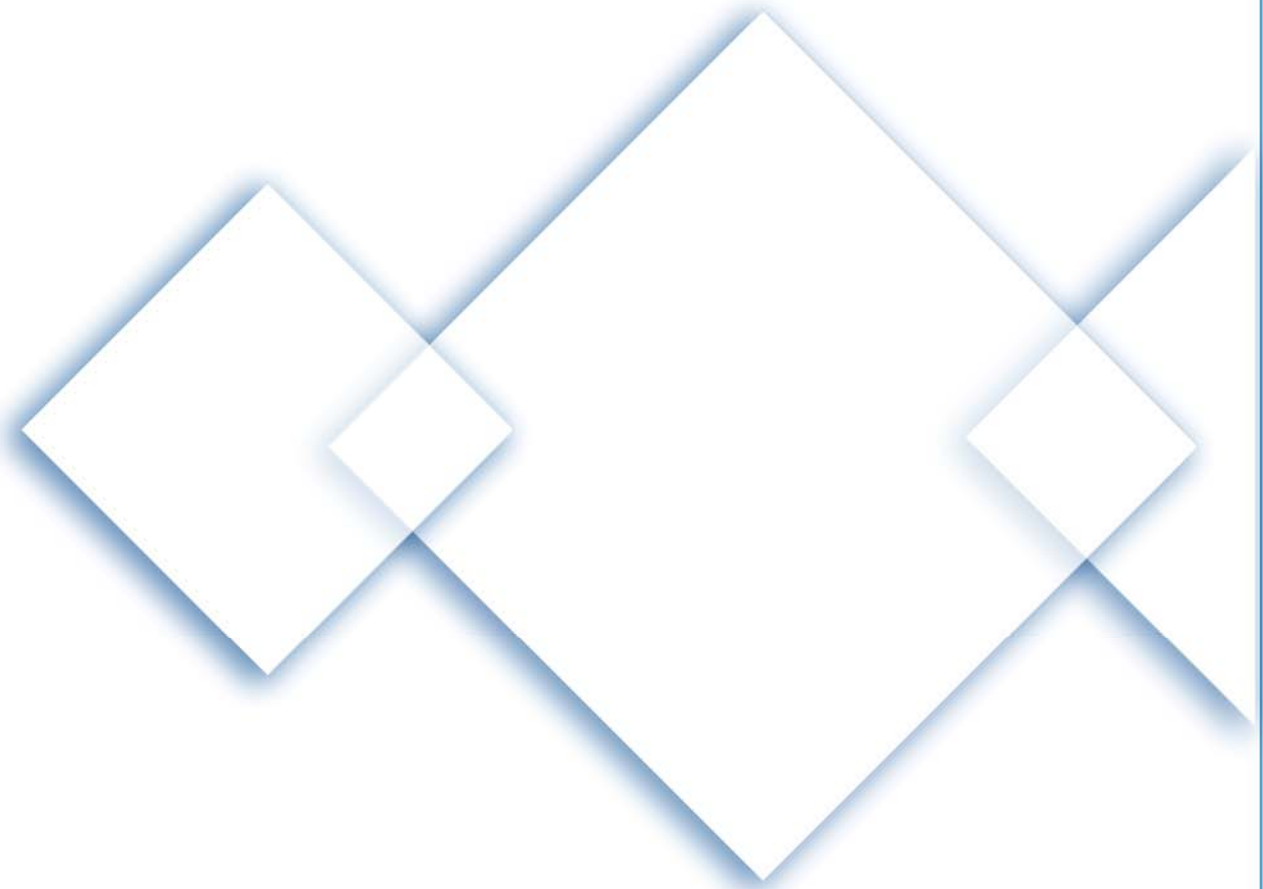
Annex B-1
TPD B3.13.11
TPD B3.13.13

Timelines as
prescribed in
UNC

- ◆ **Each auction / process has its own set of information to be provided**
- ◆ **13.30 D-1 NTS publish the forecast system demand as a percentage of the peak 1 in 20 demand**
- ◆ **No later than 1/10/09 NTS will for each Day publish by Exit Zone**
 - ◆ Quantity of gas offtaken by all Users between 06.00 and 22.00
 - ◆ Quantity of gas offtaken by all Users for the whole day
 - ◆ Flexibility utilised
 - ◆ Published by 12.00 on D+1 and D+6 and if more accurate information becomes available thereafter
- ◆ **No later than 1/10/10 NTS will for each Day publish by Linepack Area for each hour**
 - ◆ Opening Linepack position
 - ◆ Closing Linepack position
 - ◆ Published by 12.00 on D+1 and D+6 and if more accurate information becomes available thereafter

Summary

- ◆ **Medium Term (Annual Capacity) available for Y+1, 2 and 3 in July Window**
- ◆ **Daily Flat and Off Peak Capacity allocated at times set out in Code**
- ◆ **If there is an aggregate overrun at an NTS Exit Point, each individual User that has overrun will be liable to pay an overrun rate (subject to Overrun User agreement being in place) and will also be deemed to have applied for Enduring Annual Capacity in the next July Window**
- ◆ **NTS has a number of constraint management tools available to it – dealing with constraints in the enduring world will be more commercial**
- ◆ **Each application or auction has its own set of information publication rules, as set out in Table 1 of Annex B-1**
- ◆ **Flex utilisation data publication will begin in October 2009, Linepack information will begin in October 2010**



What's Next?

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Methodology Statements

- ◆ **NTS is required to produce and submit to Ofgem**

- ◆ Exit Capacity Substitution Methodology Statement

- By 1 April 2009
- Licence Condition C8E 4b

- ◆ Exit Capacity Revision Methodology Statement

- By 1 April 2009
- Licence Condition C8E 4c

- ◆ **Derogation has been sought on both obligations in a letter sent to Ofgem in December 2008**

ExCR

- ◆ **This document will be consulted on according to the following timetable:**

- ◆ Walk through at Transmission workstream (5 February)
- ◆ Issued for consultation (~23 February)
- ◆ Consultation closes (~23 March)
- ◆ Submitted to Ofgem (7 days later – Licence requires it to be submitted by 1 April)

- ◆ **Material will be available via the NTS website**

www.nationalgrid.com/uk/Gas/Charges/statements

Next Workshop

- ◆ **NTS will hold a further workshop in a couple of months to go through the 2009 processes and procedures in detail**
 - ◆ E.g. which forms and links you need in order to apply in the July 2009 Annual Application Window
 - ◆ NB None of the 2009 processes will be run on Gemini
- ◆ **Details of this workshop will be communicated via the Joint Office**
- ◆ **Please contact us if you have any questions or queries in the meantime**

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NTS Exit Reform Website www.nationalgrid.com/uk/Gas/OperationalInfo/endureexitcap/

195AV Modification and legal text www.gasgovernance.com

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