

**The Company Secretary
National Grid plc
1-3 Strand
London
WC2N 5EH**

UNIFORM NETWORK CODE

SECTION 36C OF THE GAS ACT 1986 (POWER TO DIRECT A MODIFICATION OF THE UNC)

Notice of direction issued by the Gas and Electricity Markets Authority pursuant to s.36C of the Gas Act 1986

Notice of reasons for the decision to make a direction under section 38A of the Gas Act 1986

1. WHEREAS:

1. The company to whom this Notice is addressed ('the licensee') is the operator of the gas National Transmission System.

2. The Gas and Electricity Markets Authority ('the Authority') has the power pursuant to s.36C(1) of the Gas Act 1986 ('the Act') to direct the licensee to make a modification to the Uniform Network Code ('the UNC').

3. The Authority has proposed and consulted on measures to enhance security of gas supply as part of its Gas Security of Supply Significant Code Review ('the Gas SCR'). These measures include modifications to the UNC arrangements in respect of a Gas Supply Emergency which, in the view of the Authority, are market-based modifications and will both decrease the likelihood of a Gas Supply Emergency occurring and decrease the duration or severity of a Gas Supply Emergency which occurs.

4. Further details of the Authority's reasons for the Gas SCR reforms are stated in the following documents:

- (a) Gas Security of Supply Significant Code Review - Launch Statement
- (b) Gas Security of Supply Significant Code Review - Initial Consultation
- (c) Gas Security of Supply Significant Code Review - Draft Policy Decision, 8 November 2011
- (d) Gas Security of Supply Significant Code Review - Draft Impact Assessment, 8 November 2011
- (e) Gas Security of Supply Significant Code Review - Proposed Final Decision, 31 July 2012
- (f) Gas Security of Supply Significant Code Review - Impact Assessment for the Proposed Final Decision, 31 July 2012
- (g) Gas Security of Supply Significant Code Review - Updated Proposed Final Decision, 23 July 2013
- (h) Gas Security of Supply Significant Code Review Updated Proposed Final Decision - Responses document, 23 July 2013
- (i) Gas Security of Supply Significant Code Review - Demand-Side Response Tender Consultation, 23 July 2013

- (j) Gas Security of Supply Significant Code Review - Final Policy Decision, 12 February 2014
- (k) Gas Security of Supply Significant Code Review - Consultation on Business Rules and Legal Text, 12 February 2014
- (l) Gas Security of Supply Significant Code Review - Impact Assessment for Final Policy Decision, 12 February 2014
- (m) Gas Security of Supply Significant Code Review – Statutory Consultation, 16 June 2014
- (n) Gas Security of Supply Significant Code Review – Conclusions, 23 September 2014

5. The Authority decided on 18 September 2014 to proceed with implementation of the Gas SCR proposals. The Authority set out its reasons for this decision in:

- a) Gas Security of Supply Significant Code Review – Conclusions, 23 September 2014

6. These documents (and the documents referred to in paragraph 4 of this direction) are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London, SW1P 3GE (020 7901 7003) or from the Ofgem website at www.ofgem.gov.uk

7. Accordingly, the Authority has decided to issue this direction to the licensee to make the required modifications to the Uniform Network Code.

NOW THEREFORE:-

10. The Authority, having regard to the purposes of Standard Special Condition A11 of licences granted under section 7 of the Act, hereby directs that the licensee makes the modifications to the UNC set out in attached Schedule 1.

11. The modifications shall take effect on and from 1 October 2015.



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Rachel Fletcher
Senior Partner, Markets

Dated 23 September 2014

Schedule 1: Modifications to the Uniform Network Code

The text below which is highlighted by track changes constitutes the modifications to the Uniform Network Code (insertions are shown by coloured underlined text and deletions are shown with a line through the original text) directed by the Gas and Electricity Markets Authority pursuant to s.36C(1) of the Gas Act 1986.

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION F – SYSTEM CLEARING, BALANCING CHARGES AND NEUTRALITY¹

1.2 System prices

1.2.1 Subject to paragraphs 1.2.2, ~~and~~ 1.2.5 and Section Q, for each Day:

- (a) the "**System Marginal Buy Price**" is the greater of:
 - (i) the System Average Price plus the Default System Marginal Price; and
 - (ii) the price in pence/kWh which (subject to Section D4.1.4, 4.1.5(a)) is equal to the highest Balancing Action Offer Price in relation to a Market Balancing Action taken for that Day;
- (b) the "**System Marginal Sell Price**" is the lesser of:
 - (i) the System Average Price less the Default System Marginal Price; and
 - (ii) the price in pence/kWh which (subject to Section D4.1.4, 4.1.5(b) and 4.1.7) is equal to the lowest Balancing Action Offer Price in relation to a Market Balancing Action taken for that Day;
- (c) ~~aaaa~~ the "**System Average Price**" for a Day is (subject to Section D4.1.4 and 4.1.6) the price in pence/kWh calculated as the sum of all Balancing Transaction Charges divided by the sum of the Market Transaction Quantities and Non-Trading System Transaction Quantities for all Balancing Transactions respectively effected in respect of that Day.

SECTION Q – EMERGENCIES²

1 GENERAL

1.1 Introduction

1.1.1 In this Section Q:

- (a) "**Regulations**" means the Gas Safety (Management) Regulations 1996, and references to particular Regulations shall be construed accordingly;
- (b) "**supply emergency**" has the meaning ascribed thereto in the Regulations;
- (c) "**NEC**" means the person from time to time who is the network emergency coordinator in accordance with the Regulations;

¹ Implementation of modification 0428 effective 06:00hrs on 01/04/2014, will amend this document in whole or in part.

² Implementation of modification 0428 effective 06:00hrs on 01/04/2014, will amend this document in whole or in part.

(d) references to National Grid NTS do not include National Grid NTS in its capacity as NEC where it has been so appointed;

(e) "**NEC Safety Case**" means the safety case (in accordance with Regulation 2(5)) of the NEC.

1.1.2 Users and the Transporter acknowledge that the conveyance of gas by pipelines involves risk of supply emergency, in the context of which (and of the duties of the Transporter in relation to supply emergencies pursuant to the Regulations and any other Legal Requirement) the provisions of this Section Q are appropriate and reasonable.

1.1.3 This Section Q provides for the following matters:

(a) requirements to be complied with by Users in respect of Gas Supply Emergencies to enable the Transporter to discharge its duties (pursuant to the Regulations and any other Legal Requirement) in respect of Gas Supply Emergencies;

(b) the consequences for the Transporter and Users of a Gas Supply Emergency in respect of the application of the Code.

1.1.4 Without prejudice to the duty of cooperation under Regulation 6(1) (*Co-operation*), a User shall not be required in a Gas Supply Emergency to comply with any requirement under this Section Q where it would be manifestly unreasonable to expect the User to do so; but where a User is of the opinion that it is (by reason of this paragraph 1.1.4) excused from complying with any requirement under this Section Q it shall forthwith notify the Transporter of that fact and if so requested cooperate with the Transporter to the maximum extent reasonable in the circumstances to establish what alternative requirement (whether or not contemplated by this Section Q) it would be able to comply with; provided that paragraph 4.2 shall (insofar as capable of applying) apply in respect of compliance with any such alternative requirement.

1.1.5 A User shall not be excused by virtue of paragraph 1.1.4 from any payment obligation under paragraph 4.

1.2 Gas Supply Emergency

1.2.1 For the purposes of the Code, a "**Gas Supply Emergency**" is a gas supply emergency (as referred to in the NEC Safety Case), namely the occurrence of an event or existence of circumstances which has resulted in, or gives rise to a significant risk of, a loss of pressure in the Total System or a part of the Total System which itself has resulted in or might result in a supply emergency; and any reference in any other Section of the Code to an "**Emergency**" is a reference to a Gas Supply Emergency.

1.2.2 In particular, but without limitation, a Gas Supply Emergency may exist where the Transporter's ability to maintain safe pressures within a System is affected or threatened by any actual or potential interruption or disruption to or insufficiency of deliveries of gas to the System, or by any actual or potential failure of or damage to any part of the System.

1.2.3 For the purposes of the Code:

(a) a "**Network Gas Supply Emergency**" is a network gas supply emergency (as referred to in the NEC Safety Case), namely a Gas Supply Emergency which involves or may involve a loss of pressure in the NTS, and a reference to a Network Gas Supply Emergency includes a Gas Deficit Emergency and a Critical Transportation Constraint Emergency unless the

context expressly requires otherwise;

(b) a **“Gas Deficit Emergency”** is a Network Gas Supply Emergency which arises as a result of:

- (i) deliveries of gas to the Total System being insufficient for the purpose of meeting demand for gas on the Total System; or
- (ii) a Transportation Constraint affecting the deliveries of gas to the Total System; or
- (iii) a Transportation Constraint on a System which does not prejudice the ability of Users to offtake gas from the Total System; or
- (iv) a potential or actual breach of a Safety Monitor.

(c) a **“Critical Transportation Constraint Emergency”** is a Network Gas Supply Emergency which is not a Gas Deficit Emergency ; and

(d) any other Gas Supply Emergency is, a **"Local Gas Supply Emergency"** (that is, local gas supply emergency as referred to in the NEC Safety Case).

- 1.2.4 In accordance with the NEC Safety Case, the existence, duration and cessation of a Network Gas Supply Emergency is to be determined by the NEC.
- 1.2.5 The Transporter confirms that in its opinion any Gas Supply Emergency will constitute a pipeline system emergency (as referred to in Standard Licence Condition 5(1)(b) of the Shipper's Licence).
- 1.2.6 The existence of a Local Gas Supply Emergency in relation to a relevant System(s) shall be determined by the Transporter in its sole judgement and irrespective of the cause of and of whether the Transporter or any other person may have caused or contributed to the Local Gas Supply Emergency.
- 1.2.7 A Local Gas Supply Emergency will continue until such time as the Transporter determines that the circumstances which resulted in or might result in a supply emergency no longer apply, that no further Emergency Steps are required, and that normal operation of the relevant part of the Total System and implementation of the Code may be resumed.

1.3 Emergency Procedures

- 1.3.1 **"Emergency Procedures"** means in relation to a Network Gas Supply Emergency, the document issued by National Grid NTS entitled 'Network Gas Supply Emergency Procedure', and in relation to a Local Gas Supply Emergency the document issued by the Transporters entitled 'Local Gas Supply Emergency Procedure', containing details (inter alia) of the Stages of a Network Gas Supply Emergency and planned Emergency Steps contained therein, as from time to time revised by National Grid NTS or the Transporters in consultation with the Health and Safety Executive, Users and others.
- 1.3.2 National Grid NTS or (as the case may be) the Transporters will provide without charge to each User a reasonable number of copies of the relevant Emergency Procedures not later than the User Accession Date, or upon request, and thereafter, of any revision thereto upon making such revision.

1.4 Emergency Stages

- 1.4.1 **"Stage"** means a stage (from 1 to 4) of the Network Gas Supply Emergency Procedure as described in the NEC Safety Case, and a Network Gas Supply

Emergency is of a particular Stage where the NEC has determined that the relevant stage of such procedures applies in relation to such Gas Supply Emergency. For the avoidance of doubt, nothing shall prevent the NEC declaring Stages sequentially or, declaring a number of Stages together.

- 1.4.2 Reference to a Network Gas Supply Emergency of any type includes all Stages of such a Network Gas Supply Emergency unless the context expressly requires otherwise.
- 1.4.3 For the purposes of this Section Q, a Stage of a Network Gas Supply Emergency might contain one or more Emergency Steps therein.

1.5 Emergency Steps

- 1.5.1 For the purposes of the Code, "**Emergency Steps**" are steps to be taken by the Transporter or a User:
 - (a) to avert and/or to reduce the probability of or the probable scale of a Gas Supply Emergency, and/or to prepare for the occurrence of a Gas Supply Emergency; or
 - (b) to overcome or contain a Gas Supply Emergency and/or to avert or reduce the hazard presented by it, and/or restore gas supply and normal operation of the relevant part of the Total System and facilitate appropriate reinstatement of the provisions of the Code following the taking of any such steps.

Emergency Steps may require (in the case of a Network Gas Supply Emergency) increases and/or reductions in deliveries of gas to the Total System, and (in the case of any Gas Supply Emergency) reductions in the offtake of gas from the Total System.

- 1.5.2 Users and the Transporter acknowledge that in a Gas Supply Emergency their business interests will be subordinate to the need to take Emergency Steps in accordance with this Section Q.
- 1.5.3 Nothing in this Section Q or the Emergency Procedures shall limit the ability of the Transporter to take any action or step necessitated in its judgement in the interests of safety by a Gas Supply Emergency.
- 1.5.4 No Emergency Step taken or other thing done or not done, by the Transporter, any other Transporter or any User, pursuant to (and in compliance with any requirements under) this Section Q or Condition 5(2) of the Shipper's Licence shall be a breach of any provision of the Code; and in particular the Transporter will not be in breach of its obligation to accept gas tendered for delivery to the Total System at a System Entry Point or to make gas available for offtake from the Total System at a System Exit Point to the extent that (as a result of any such step taken or thing done or not done) gas tendered for delivery is not accepted or gas is not made available for offtake and in accordance with the Applicable Offtake Requirements.
- 1.5.5 It is acknowledged that, in a Gas Supply Emergency, if so authorised by the NEC pursuant to Regulation 8(2) (*Content and other characteristics of gas*), the Transporter may permit gas which does not comply with the applicable Gas Entry Conditions to be delivered to the Total System at a System Entry Point.
- 1.5.6 For the purposes of this Section Q, Emergency Steps are contained within one or more Stages of a Network Gas Supply Emergency.

1.6 Large Firm Supply Points

- 1.6.1 For the purposes of this Section Q, a "**Large Firm Supply Point**" is a Firm Supply Point whose Annual Quantity is greater than 732,000 kWh (25,000 *therms*).
- 1.6.2 Where the Emergency Steps to be taken in any Gas Supply Emergency include a reduction in demand at Firm Supply Points, consumers at Large Firm Supply Points will (in accordance with the Emergency Procedures) be required to reduce demand before other categories of consumer.

1.7 Priority Consumers

- 1.7.1 For the purposes of this Section Q:
- (a) a "**Priority Consumer**" is a consumer whose name appears on the list established (and from time to time amended) by the Transporter in accordance with Standard Special Condition A8(17) of the Transporter's Licence; and the relevant Supply Point is a "**Priority Supply Point**";
- (b) "**Priority Criteria**" means the criteria designated by the Secretary of State pursuant to that condition and, if the Secretary of State has not designated criteria, or to the extent that such designated criteria are not expressed to be exhaustive, any other criteria which the Transporter may from time to time notify to Users for the purposes of assisting the Transporter to determine which consumers should be given priority in accordance with that condition.

1.8 Connected Systems

The Transporter may agree pursuant to a Network Entry Agreement or Network Exit Provisions (or other agreement with the relevant person) upon procedures or steps to be taken in a Gas Supply Emergency by the Transporter or another Transporter or a Delivery Facility Operator or Connected System Operator and may give effect to such procedures or steps in addition to or in lieu of any Emergency Steps pursuant to this Section Q.

1.9 Scope of this Section

- 1.9.1 This Section Q does not apply in respect of:
- (a) the Transporter's duties under Regulation 7 (*Gas escapes and investigations*) nor the arrangements referred to in paragraphs (1), (8) of Standard Special Condition A8 of the Gas Transporter's Licence, it being understood that such arrangements (and any co-operation required of Users pursuant to Regulation 6(1) (*Co-operation*) in relation to such duties and any arrangements which the Transporter and any User may make in connection with Standard Condition 5(1)(b) of the Shipper's Licence) are matters outside the scope of the Code;
- (b) any other duties of the Transporter pursuant to the Regulations relating to matters other than Gas Supply Emergencies, it being understood that any cooperation required of Users pursuant to Regulation 6(1) in relation to any such matter is a matter outside the scope of the Code;
- (c) any circumstances constituting a pipeline system emergency where such circumstances do not also constitute a Gas Supply Emergency, it being understood that any request given by the Transporter for the purposes of Standard Condition 5(1)(b) of the Shipper's Licence in such circumstances is a matter outside the scope of the Code.
- 1.9.2 In accordance with paragraph 1.9.1(a) an escape of gas is not of itself a Gas Supply Emergency (but subject thereto an escape of gas may be a circumstance which gives rise to a Gas Supply Emergency); and Gas Supply

Emergency and Emergency Steps shall be construed accordingly.

1.10 Shipper's Licence

1.10.1 Any request or instruction given by the Transporter in a Gas Supply Emergency to a:

- (a) Shipper User shall be treated as being:
 - (i) a request for the purposes of Standard Licence Condition 5(2) of the Shipper's Licence;
 - (ii) a request for cooperation pursuant to Regulation 6(1);
- (b) Trader User shall be treated as being:
 - (i) a request for the purposes of paragraph 1.10.5;
 - (ii) a request for cooperation for the purposes of complying with paragraph 1.10.6; and
- (c) Shipper User or Trader User to the intent that paragraph 4 shall (where relevant) apply in relation thereto, a request or instruction made pursuant to this Section Q;

unless in any case such request or instruction is not capable of being construed as such.

1.10.2 Nothing in this Section Q shall preclude the Transporter from making any request to:

- (a) a Shipper User for the purposes of Standard Licence Condition 5(2) of the Shipper's Licence or for cooperation pursuant to Regulation 6(1);
- (b) a Trader User for the purposes of paragraph 1.10.5 or for cooperation pursuant to paragraph 1.10.6.

1.10.3 Nothing in this Section Q shall be construed as precluding the Transporter from giving any direction to any person pursuant to Regulation 6(4) (*Co-operation*).

1.10.4 Paragraph 1.10.5 shall apply:

- (a) in the case of an escape, or suspected escape, of gas; or
- (b) in the case of a Gas Supply Emergency, that is to say, where the circumstances are such that, in the opinion of the Transporter:
 - (i) the safety of the Total System or a part of the Total System is significantly at risk;
 - (ii) the safe conveyance of gas by the Total System or a part of the Total System is significantly at risk; or
 - (iii) gas conveyed by the Total System or a part of the Total System is at such a pressure or of such a quality as to constitute, when supplied to premises, a danger to life or property;

and that opinion is not manifestly unreasonable.

1.10.5 A Trader User shall use its best endeavours to comply with all requests made by the Transporter (save any which are manifestly unreasonable) for the purpose of, as may be appropriate:

- (a) averting or reducing danger to life or property;
- (b) securing the safety of the Total System or a part of the Total System or

the safe conveyance of gas thereby or reducing the risk thereto.

1.10.6 A Trader User shall cooperate so far as is necessary with the Transporter and with the NEC to enable the Transporter to comply with the provisions of the Regulations.

1.11 Code Communications

The provisions of the UK Link Manual as to the giving of Code Communications are without prejudice to the provisions of the Emergency Procedures and such other requirements as the Transporter may specify for communicating in a Gas Supply Emergency.

1.12 DNO Users

In this Section Q references to Users exclude DNO Users, other than (in paragraph 4 only) a DNO User in its capacity as an LDZ Shrinkage Provider.

1.13 Trader User

In this Section Q references to Users, except in paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, 1.9, 1.10.1(c), 1.11, 2.1.1, 2.2, 2.6, 2.7, 3.1, 3.6, 4 and 8, exclude Trader Users.

2 EMERGENCY PREPAREDNESS

2.1 Introduction

2.1.1 Users are required to comply with the requirements in this paragraph 2 with a view to ensuring an adequate level of preparedness for the occurrence of a Gas Supply Emergency.

2.1.2 Each User shall ensure that suppliers supplying gas at Supply Points of which the User is the Registered User are aware of the terms of this Section Q in so far as they may be affected thereby.

2.2 User emergency contacts

2.2.1 Each User shall provide to the Transporter:

(a) a single telephone number and a single facsimile number by means of each of which the Transporter may contact, 24 hours a Day, a representative of the User in a Gas Supply Emergency for any purpose pursuant to this Section Q;

(b) the name(s) or title(s) of the User's representatives who may be contacted at such numbers.

2.2.2 Each such representative shall be a person having appropriate authority and responsibilities within the User's organisation to act as the primary contact for the Transporter in the event of a Gas Supply Emergency.

2.2.3 The details required under paragraph 2.2.1 shall be provided by an Applicant User before becoming a User and shall at all times be maintained up to date; and for these purposes the User shall notify to the Transporter any change in such details promptly and where possible in advance.

2.3 Large Firm Supply Points

2.3.1 A User shall in respect of each Large Firm Supply Point of which it is the Registered User provide to the Transporter:

(a) in accordance with paragraph 2.3.2, the names and/or job titles of representatives of the consumer ("**emergency contacts**") each of which has the power and authority to comply with any direction given pursuant to

Regulation 6(4);

(b) at least one (but not more than four) telephone numbers for each emergency contact by means of which the Transporter may contact, 24 hours a day, at least one emergency contact; and

(c) in the case of a Large Firm Supply Point the Annual Quantity of which is greater than 1,464,000 kWh (*50,000 therms*), one facsimile number, for the purposes of receiving communications pursuant to this Section Q, which is able to receive transmissions 24 hours a day.

2.3.2 For the purposes of paragraph 2.3.1(b):

(a) in the case of a Large Firm Supply Point in respect of any site which is manned 24 hours a day, the Registered User will provide to the Transporter the name(s) and/or job title(s) of at least one but not more than five (5) emergency contacts; and

(b) in the case of a Large Firm Supply Point in respect of any site which is not manned 24 hours a day, the Registered User will provide to the Transporter the names and/or job titles of at least three (3) but not more than five (5) emergency contacts.

2.3.3 A User shall comply with the requirements of paragraph 2.3.1:

(a) where the User becomes the Registered User in respect of a Large Firm Supply Point, when submitting the Supply Point Confirmation;

(b) where for any Gas Year a Supply Point of which a User is the Registered User becomes (by virtue of a change in its Annual Quantity or being designated as Firm) a Large Firm Supply Point, as soon as reasonably practicable, and in any event not later than 30 September in that Gas Year.

2.3.4 The details required under paragraph 2.3.1 shall at all times be maintained up to date; and for these purposes the User shall notify to the Transporter any change in such details as soon as reasonably practicable and where possible in advance of such change.

2.4 Interruptible Supply Points

2.4.1 A User shall in respect of each Interruptible Supply Point of which it is the Registered User provide to the Transporter:

(a) the name and (in the case of a corporation) registered office of the consumer;

(b) in accordance with paragraph 2.4.2, the names and/or job titles of representatives of the consumer ("**emergency contacts**") each of which has the power and authority to comply with any direction given pursuant to Regulation 6(4);

(c) at least one (but not more than four (4)) telephone numbers for each emergency contact by means of which the Transporter may contact, 24 hours a day, at least one (1) emergency contact; and

(d) one facsimile number, for the purposes of receiving communications pursuant to Section G and Section Q, which is able to receive transmissions 24 hours a day

and for the avoidance of doubt, the emergency contacts provided for under this paragraph may be the same contacts as those referred to in Section G 6.6.2 as 'interruption contacts'. The total number of emergency contacts provided for under this paragraph (and interruption contacts provided for under Section G 6.6.2) shall not

exceed five (5) in relation to any Interruptible Supply Point.

2.4.2 For the purposes of paragraph 2.4.1(b):

(a) in the case of any Interruptible Supply Point in respect of any site which is manned 24 hours a day, the Registered User will provide to the Transporter the name(s) and/or job title(s) of at least one but not more than four (4) emergency contacts; and

(b) in the case of any Interruptible Supply Point in respect of any site which is not manned 24 hours a day, the Registered User will provide to the Transporter the names and/or job titles of at least three (3) but not more than four (4) emergency contacts.

2.4.3 A User shall comply with the requirements of paragraph 2.4.1 where the User becomes the Registered User in respect of an Interruptible Supply Point, when submitting the Supply Point Confirmation.

2.4.4 The details required under paragraph 2.4.1 shall at all times be maintained up to date; and for these purposes the User shall notify to the Transporter any change in such details as soon as reasonably practicable and where possible in advance of such change.

2.5 Priority Supply Points

2.5.1 Each User shall:

(a) take all reasonable steps to ascertain, in relation to any Supply Point in respect of which the User submits a Supply Point Nomination, or of which it is the Registered User, whether the consumer satisfies or (as the case may be) has come to satisfy the Priority Criteria;

(b) where it believes that the consumer does satisfy the Priority Criteria (where it is the Registered User, promptly upon forming that belief) so notify the Transporter, stating the identity of the consumer and the basis for its belief; and

(c) where:

(i) a User becomes the Registered User at a Supply Point in relation to which the consumer is a Priority Consumer; or

(ii) the Transporter confirms pursuant to paragraph 2.5.2 that a consumer in relation to which that User is the Registered User is a Priority Consumer

notify that consumer (in terms reasonably specified by the Transporter having regard to Standard Special Condition A8 of the Transporter's Licence) of the circumstances in which it need not comply with instructions to reduce or cease, or in which it may resume or increase, the consumption of gas in a Gas Supply Emergency.

2.5.2 Where the Transporter adds the name of a consumer to the list described in paragraph 1.7(a) it shall inform the Registered User in relation to that consumer of such addition.

2.5.3 The Registered User shall promptly inform the Transporter if it becomes aware (and shall take reasonable steps to ensure that it does become aware) that the consumer at a Priority Supply Point ceases to satisfy the Priority Criteria.

2.5.4 Where the Transporter removes the name of a consumer from the list described in paragraph 1.7(a) it shall inform the User that is the Registered

User in relation to that consumer of such removal.

- 2.5.5 Where the Transporter informs a User that a consumer in relation to which that User is the Registered User has been removed from the list described in paragraph 1.7(a), that User shall notify the consumer of the change to the circumstances in which it may reduce, cease, resume or increase the consumption of gas in a Gas Supply Emergency.
- 2.5.6 A User may not designate a Priority Supply Point as Interruptible except as otherwise set out in the Priority Criteria.
- 2.5.7 Each User shall (subject to the other requirements of this Section Q), in respect of each Priority Supply Point of which it is the Registered User, provide to the Transporter the name and/ or title of one representative of the consumer, together with a telephone number by means of which the Transporter may contact such representative during normal working hours on a Business Day.

2.6 Emergency Procedures

- 2.6.1 Each User shall secure that all of its relevant personnel are familiar with the Emergency Procedures.
- 2.6.2 For the purposes of paragraph 2.6.1 a User's relevant personnel are personnel employed or engaged by the User whose functions or areas of responsibility are such that (in order to enable the User to comply with any requirement of this Section Q) they are likely to be required to take any decision or action in a Gas Supply Emergency.

2.7 User procedures

- 2.7.1 Each User shall establish and maintain such procedures as may be necessary:
 - (a) to facilitate compliance by the User with the requirements of this paragraph 2;
 - (b) to enable the User to comply with the requirements of paragraph 3 in a Gas Supply Emergency.
- 2.7.2 Each User shall take all reasonable steps within its power to ensure that, in so far as may be necessary to give effect to the requirements of this Section Q and to the Emergency Procedures, the procedures established by it under paragraph 2.7.1 are coordinated:
 - (a) with the Emergency Procedures; and
 - (b) if the Transporter shall so notify the User identifying the other person(s) and specifying the coordination required, with any procedures established by Delivery Facility Operators or Offtake System Operators or another Transporter relating to Gas Supply Emergencies, or the procedures established by other Users under this paragraph 2.7; and shall consult with such other parties accordingly.
- 2.7.3 The User shall if requested by the Transporter provide to the Transporter a copy of the procedures from time to time established by it under paragraph 2.7.1; and the Transporter shall be at liberty to disclose to and discuss with any Competent Authority any such procedures provided to it.

3 OCCURRENCE OF A GAS SUPPLY EMERGENCY

3.1 General

- 3.1.1 Where the NEC declares a Network Gas Supply Emergency National Grid NTS, or where a Local Gas Supply Emergency arises the Transporter, will:
- (a) inform Users, in accordance with the Emergency Procedures and (except in the case of a Gas Supply Incident as described in such Procedures) as soon as reasonably practicable, of the commencement of the Gas Supply Emergency, whether it is a Local or a Network Gas Supply Emergency, the Stage thereof, and whether it is a Gas Deficit Emergency or a Critical Transportation Constraint Emergency, and (in the case of any Gas Supply Emergency), in so far as reasonably practicable, of the nature, extent and expected duration of the Gas Supply Emergency and the part of the Total System affected thereby;
 - (b) thereafter keep Users reasonably informed as to material changes to the information provided under paragraph (a) (including any change in the Stage of a Network Gas Supply Emergency) and material developments in respect of the Gas Supply Emergency (including, without limitation, any determination made by National Grid NTS pursuant to paragraph 3.3.2(b)); and
 - (c) inform Users as soon as reasonably practicable when the NEC has informed the Transporter, or (as the case may be) the Transporter has determined (in accordance with paragraph 1.2.6), that the Gas Supply Emergency is no longer continuing.
- 3.1.2 Upon being informed of a Gas Supply Emergency a User shall brief all relevant personnel (as defined in paragraph 2.6.2) as to the existence and nature of the Gas Supply Emergency.
- 3.1.3 During a Gas Supply Emergency each User is required:
- (a) to comply with the Emergency Procedures in so far as applicable to the User in the circumstances;
 - (b) to comply (in the case of a Network Gas Supply Emergency) with the requirements of paragraphs 3.2.1(b) and 3.2.1(c), and (in the case of any Gas Supply Emergency) with the requirements (insofar as applicable to Users) of paragraphs 3.4 and 3.5, as to Emergency Steps in relation to the delivery and offtake of gas to and from the Total System;
 - (c) to cooperate with the Transporter, to the extent within the User's power (and without thereby rendering the User unable to comply with any requirement to take Emergency Steps itself), so as to enable the Transporter to take Emergency Steps in accordance with the Emergency Procedures; and
 - (d) in so doing to comply with the Transporter's instructions and requests (made for the purposes of paragraphs (a), (b) and (c)) as soon as reasonably practicable.
- 3.1.4 Where there is any conflict between any requirement under this Section Q or the Emergency Procedures as to anything to be done by a User, the Transporter may decide which requirement is to prevail and will inform the relevant User of its decision, which decision will relieve the User of any obligation under the Code to comply with the conflicting requirement.
- 3.1.5 A User shall not be required to comply with any requirement under this paragraph 3 applying in respect of any Gas Supply Emergency until and unless the User has been informed by the Transporter (or National Grid NTS in the case of Stage 1 of a Network Gas Supply Emergency) of the existence of such Gas Supply Emergency.
- 3.1.6 In a Gas Supply Emergency:

- (a) unless the Transporter notifies a User otherwise, instructions to consumers in relation to interruption of offtake at Interruptible Supply Points will be given by Users;
- (b) instructions to consumers in relation to the reduction or discontinuance of offtake at Large Firm Supply Points will be given by the Transporter;
- (c) appeals, directions or other communications to other consumers will be made by the Transporter.

3.1.7 Notwithstanding paragraph 3.2.2(d), where pursuant to the Emergency Procedures the Transporter instructs a User to give any notification or communication to a consumer or supplier, the User shall comply with that instruction.

3.2 Gas Deficit Emergency

3.2.1 During Stage 1 (and higher) of a Gas Deficit Emergency:

- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph 3.4 will apply;
- (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
- (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b), for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the actual rates or quantities of delivery);
- (d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC); and/or
- (e) where the operator of any relevant Storage Facility reduces or ceases the delivery of, or refrains from delivering (as the case may be), gas to the Total System at the relevant Storage Connection Point following a request to do so by the NEC (through National Grid NTS), then the provisions of paragraph 7 shall apply

3.2.2 During Stage 2 (and higher) of a Gas Deficit Emergency:

- (a) each User shall comply with all instructions by National Grid NTS to deliver gas to the Total System at System Entry Points in such quantities and at such rates as National Grid NTS may specify, up to the maximum quantities or rates which are available (by the exercise of all contractual rights as to the supply of gas or otherwise) to the User, irrespective of the commercial terms of such supplies, and irrespective of the quantities of gas being offtaken from the Total System by the User;
- (b) National Grid NTS may (where appropriate, in lieu of applying paragraph (a) in relation to gas-in-storage) issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements

exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or

(c) With effect from the time the Gas Deficit Emergency was declared, and in respect of any later Gas Flow Day falling within the duration of a Gas Deficit Emergency, National Grid NTS will not take any Market Balancing Actions; and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to the provisions of this Section Q; in which case, the provisions of paragraph 4.1 shall apply and the clearing of gas balances shall occur in accordance with the provisions of paragraph 4.2. Furthermore, the following provisions of Section D will be suspended for the duration of a Gas Deficit Emergency:

- (i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);
- (ii) Section D1.5;
- (iii) Section D2.2.8 and 2.2.9;
- (iv) Section D3; and
- (v) Section D4; and/or

(d) National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.

3.2.3 During Stage 3 (and higher) of a Gas Deficit Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.

3.2.4 In Stage 4 of a Gas Deficit Emergency, the provisions of paragraph 3.6 apply in relation to the return to normal operation.

3.3 Critical Transportation Constraint Emergency

3.3.1 During Stage 1 (and higher) of a Critical Transportation Constraint Emergency:

- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph 3.4 will apply;
- (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
- (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b), for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the actual rates or quantities of delivery); and/or

(d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC).

3.3.2 During Stage 2 (and higher) of a Critical Transportation Constraint Emergency:

(a) National Grid NTS may issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or

(b) if National Grid NTS determines at any time that the application of Section D may have a detrimental effect on National Grid NTS's immediate ability to take Emergency Steps in accordance with paragraph 1.5.1 above, with effect from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) and in respect of any later Gas Flow Day falling within the duration of a Critical Transportation Constraint Emergency. National Grid NTS will not take any Market Balancing Actions from such time and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to paragraph 4.1. In the event that National Grid NTS does so determine, the provisions of paragraphs 3.2.2(a), 4.1.1 and 4.2 shall, from the time determined by National Grid NTS pursuant to this paragraph, apply mutatis mutandis to the Critical Transportation Constraint Emergency as if all references in such paragraphs to a Gas Deficit Emergency were to the Critical Transportation Constraint Emergency. Furthermore, the following provisions of Section D will be suspended from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) for the duration of a Critical Transportation Constraint Emergency:

(i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);

(ii) Section D1.5;

(iii) Section D2.2.8 and 2.2.9;

(iv) Section D3; and

(v) Section D4; and/or

(c) National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.

3.3.3 During Stage 3 (and higher) of a Critical Transportation Constraint Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.

3.3.4 In Stage 4 of a Critical Transportation Constraint Emergency, the provisions

of paragraph 3.6 apply in relation to the return to normal operation.

3.4 Emergency Interruption

- 3.4.1 The relevant provisions of Section G6 will apply for the purposes of Interruption in a Gas Supply Emergency or Local Gas Supply Emergency, except that:
- (a) the Transporter shall not be required to give five (5) hours notice of Interruption but may require Interruption as soon as practicable following the Transporter's Interruption Notice;
 - (b) the User may not request an alteration pursuant to Section G6.8.2 to the Supply Points to be Interrupted;
 - (c) any Day or Days of Interruption pursuant to this Section Q shall not count towards the use of the Interruption Allowance under Section G6.7.5;
 - (d) the provisions of Section G6.9 (other than Section G6.9.2(a)) in respect of a failure to Interrupt shall not apply.
- 3.4.2 In addition, the provisions of paragraph 6 of this Section Q shall apply following Interruption in a Network Gas Supply Emergency) (other than a Critical Transportation Constraint Emergency).

3.5 Firm Load Shedding

- 3.5.1 Where Emergency Steps include the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points (in a Local Gas Supply Emergency or at Stage 2+ **GDE** or above of a Network Gas Supply Emergency), such steps will (insofar as is practicable and as may be required by Standard Special Condition A8(15) of the Transporter's Licence) be applied in the following order:
- (a) first, at Interruptible Supply Points (insofar as offtake has not already been interrupted at such points);
 - (b) secondly, at Supply Points, other than Priority Supply Points, which include VLDMC Supply Point Components;
 - (c) thirdly, at other Large Firm Supply Points other than Priority Supply Points;
 - (d) lastly, at Firm Supply Points (including for the avoidance of doubt Supply Points whose Annual Quantities do not exceed 73,200 kWh (2,500 *therms*)) and at Priority Supply Points.
- 3.5.2 Where a Transporter has taken Emergency Steps that require the reduction or discontinuance of offtake of gas as set out above, and the Transporter subsequently determines that such reduction or discontinuance of offtake of gas is no longer required or will be no longer required at a certain time, then the Transporter will so notify Users specifying the time (where later than the time of such notification) at which such reduction or discontinuance of offtake of gas is no longer required.
- 3.5.3 In addition, the provisions of paragraph 6 of this Section Q shall apply following any reduction or discontinuance of offtake of gas pursuant to paragraph 3.5.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point Component or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Critical Transportation Constraint Emergency).
- 3.5.4 To the extent that Emergency Steps include the isolation of any part of a

System in which several Supply Points are located, the order in paragraph 3.5.1 may not apply.

- 3.5.5 The manner in and priority with which Emergency Steps may be taken for the reduction or discontinuance of offtake of gas at a Connected System Exit Point will be in accordance with the relevant Network Exit Provisions (which will where appropriate take account of the requirements of Standard Special Condition A8(15) of the Transporter's Licence); and the Transporter and the Connected System Operator shall be at liberty to take Emergency Steps in accordance therewith.
- 3.5.6 Without prejudice to the Transporter's ability to take any Emergency Step, the Transporter may take steps physically to isolate any Large Firm Supply Point where the consumer does not comply with any instruction given under paragraph 3.1.6(b).

3.6 Return to normal operation

- 3.6.1 The order in which during a Gas Supply Emergency offtake of gas at Supply Points is restored will (so far as is practicable and subject to any requirements in relation to Priority Supply Points) be the inverse of that under paragraph 3.5.1.
- 3.6.2 For the purposes of paragraph 4, a Network Gas Supply Emergency will be considered to have ceased only:
- (a) when integrity of the NTS is restored, such that any loss of pressure in the NTS (or risk of such loss arising as a result of a Gas Supply Emergency) has ceased; and
 - (b) where the Transporter is reasonably able to provide forecasts and demand information in accordance with Section H;
 - (c) with effect from the start of a Day; and
 - (d) upon notice to Users given not later than 10:00 hours on the Preceding Day.

4 CONSEQUENCES OF EMERGENCY

4.1 Suspension of certain provisions of the Code

- 4.1.1 In respect of each Day or part of a Day during a **Gas Deficit Emergency at Stage 2+ GDE and higher**:
- (a) the provisions of:
 - (i) Section B as to Overrun Charges, LDZ CSEP Overrun Charges and Supply Point Ratchets will not apply;
 - (ii) Section B2 as to Daily NTS Entry Capacity, Interruptible NTS Entry Capacity, surrender of NTS Entry Capacity and the curtailment of NTS Entry Capacity shall not apply;
 - (iii) Section B3 and Annex B-2 as to Daily NTS Exit (Flat) Capacity, the surrender of NTS Exit (Flat) Capacity the curtailment of NTS Exit (Flat) Capacity and offtake reductions shall not apply;(and in relation to the first such Day or part of a Day, amounts payable pursuant to the application of those paragraphs on the Preceding Day shall not be payable);
 - (b) the provisions of paragraph 3.2.2, shall apply in relation to the application of Section D;

(c) Section F2 will apply on the basis in paragraph 4.2; Section F3 will not apply (so that no Scheduling Charges will be payable); Section F4 will apply, modified in accordance with paragraphs 4.2 and 6.5 (and in consequence of the provisions of this paragraph 4.1.1); and Sections F5 and F6 will apply;

(d) Section I3.10 (as to rates of delivery of gas) will not apply, and where the Transporter requests or permits the delivery of gas to the Total System which does not comply with the applicable Gas Entry Conditions, Section I3.4 will not apply; and

(e) the provisions of Sections G and M as to payments by the Transporter to Users in respect of the performance or failure to perform the Transporter's obligations under those Sections will not apply to the extent any failure in such performance results from the Gas Supply Emergency or the taking of Emergency Steps.

4.1.2 In a Gas Supply Emergency any other provision of the Code which would in any particular case conflict with the implementation of this Section Q shall to that extent not apply.

4.1.3 For the purposes of the Code:

- (a) "Stage 2+ GDE" means a Gas Deficit Emergency at Stage 2 or higher, provided that a Stage 2+ GDE shall be taken to continue until the cessation (as provided in paragraph 3.6.2) of the relevant Gas Deficit Emergency;
- (b) "Firm Load Shedding" means the taking by any Transporter of Emergency Steps within paragraph 3.5.1;
- (c) "Assumed VOLL" means a price of zero decimal four seven seven seven pounds per kWh (£0.4777/kWh).

Fall Back SAP

4.1.4 In respect of a Day in a Stage 2+ GDE on which:

- (a) the sum of the Market Transaction Quantities for all Market Transactions is less than 250,000 therms/day; or
 - (b) there are fewer than 5 Market Transactions; or
 - (c) fewer than 5 Trading Participants are parties to Market Transactions
- the System Average Price shall be the Fall Back SAP.

4.1.5 For the purpose of this Paragraph 4.1, in respect of a Day in a Stage 2+GDE:

- (a) "Fall Back SAP" shall be a value in pence/kWh calculated as follows:
 $(0.5 \times \text{Preceding SAP}) + (0.25 \times \text{Median Trade Value}) + (0.25 \times \text{VWA});$
(i) If either the Median Trade Value or the VWA equal zero then the Fall Back SAP shall be the Preceding SAP
- (b) "Median Trade Value" shall be the median Market Offer Price for the Day in pence/kWh, where (when the Market Transactions for the Day have been ranked in order of Market Offer Price, and number 'n') the median Market Offer Price is (if n is odd) the Market Offer Price of the Market Transaction that is ranked $(n+1)/2$ or (if n is even) the arithmetic mean of the Market Offer Prices of the two Market Transactions ranked $n/2$ and $n/2 + 1$;
- (c) "Preceding SAP" shall mean the System Average Price in pence/kWh on the most recent Day on which none of the conditions set out in Paragraph 4.1.4 existed; and

(d) “VWA” means the amount calculated as System Average Price in pence/kWh for the Day in accordance with Section F1.2.1(c).

4.2 Clearing of gas balances following a Gas Deficit Emergency

4.2.1 In a ~~Gas Deficit Emergency (at Stage 2+ GDE and higher)~~ Section F2 will apply on such modified basis as is appropriate to give effect to paragraph 4.2.2 (and in particular without the application of any ~~tolerances, or of any~~ price other than the relevant price under paragraph 4.2.4 or 4.2.5).

4.2.2 In respect of each Day during a ~~Gas Deficit Emergency (at Stage 2+ GDE and higher)~~:

(a) National Grid NTS shall pay to each User who delivered on a Day more gas to the Total System than it offtook on such Day an amount determined as the User's Daily Imbalance multiplied by the relevant price, subject to paragraph 4.2.6;

(b) each User who offtook on a Day more gas from the Total System than it delivered on such Day shall pay to National Grid NTS an amount determined as the User's Daily Imbalance multiplied by the relevant price.

4.2.3 For the purposes of paragraph 4.2.2, a User's Daily Imbalance shall ~~include~~ be determined taking into account:

any Trade Nomination Quantity relating to any Trade Nomination submitted by or on behalf of the User (provided that such Trade Nomination has not been rejected by National Grid NTS and that a corresponding Trade Nomination was submitted); ~~and~~including

(pursuant to the provisions of paragraph 6.2.1) the deemed Market Balancing Buy Action in respect of that User's Emergency Curtailment Quantity(ies).

4.2.3 The “relevant price” for any Day during a Stage 2+ GDE is: For the purposes of this paragraph 4.2:

(a) ~~the “relevant price” in respect of paragraph 4.2.2(a) is the System Average Price determined under Section F1.2.1 or F1.2.2; and for the purposes of paragraph 4.2.2(a), the System Average Price for the Day~~

~~(b) the “relevant price” in respect of paragraph 4.2.2(b) is the System Marginal Buy Price as determined under Section F1.2.1(a); for the purposes of paragraph 4.2.2(b);~~

(i) for a Day in Stage 2, the greatest of:

the System Marginal Buy Price for the Day on which Stage 2 started (taking account, for the purposes of Section F1.2.1(a)(ii), of any Market Balancing Actions taken on that Day prior to the start of Stage 2);

the System Marginal Buy Price (in accordance with Section F1.2.1(a)(i)) for the relevant Day; or

the DSR Value in respect of DR System Exit Points;

(ii) for a Day in Stage 3, the greatest of

the highest amount determined (under paragraph (i)) as the relevant price for any Day in Stage 2;

the System Marginal Buy Price (in accordance with Section

F1.2.1(a)(i) for the relevant Day; or
the higher of the DSR Values in respect of DR System Exit
Points and NDR System Exit Points; and
(iii) for a Day in Stage 4, the System Marginal Buy Price (in
accordance with Section F1.2.1(a)(i) for the relevant
Day.

~~in each case by reference to the Day on which the Gas Deficit Emergency (at Stage 2 and higher) started.~~

- 4.2.4 In applying Section F4 in respect of Days during a ~~Gas Deficit Emergency (at Stage 2+GDE and higher)~~, to the extent amounts payable by National Grid NTS to Users pursuant to paragraph 4.2.6 exceed the amounts payable pursuant to paragraph 4.2.2, the excess amounts will be taken into account as though such amounts were Market Balancing Action Charges payable by National Grid NTS (for the purposes of Section F 4.4.3).
- 4.2.5 Where a User (the "**claimant**") believes that it will suffer a financial loss by reason of being paid only the relevant price in respect of any gas delivered to the Total System on a Day during a ~~Gas Deficit Emergency (at Stage 2+GDE and higher)~~ (but not in respect of a quantity of gas which exceeds the amount of the claimant's Daily Imbalance if any under paragraph 4.2.2(a)):
- (a) the claimant may within such time as National Grid NTS shall reasonably require submit to National Grid NTS a claim to be paid at a higher price, together with details of the basis on which it believes it will suffer a financial loss and the amount of such loss;
 - (b) National Grid NTS will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid, in excess of what is payable calculated at the relevant price, so that it will not suffer such financial loss;
 - (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
 - (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid;
 - (e) National Grid NTS will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Grid NTS's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Grid NTS's paying a different amount).
- 4.2.6 The provisions of paragraph 4.5 shall apply in relation to any claim made by a claimant pursuant to paragraph 4.2.6.

4.3 Consequences of a Critical Transportation Constraint Emergency

- 4.3.1 Save where paragraph 3.3.2(b) applies (in which event this paragraph 4.3 shall be of no effect), where a User (the "**claimant**") believes that it will suffer a financial loss in respect of any gas delivered to the Total System on a

Day during a Critical Transportation Constraint Emergency in accordance with National Grid NTS's instructions to the operator of a Storage Facility (in which the User had gas-in-storage) pursuant to paragraph 3.2.2(b) or 3.3.2(a):

- (a) the claimant may within such time as National Grid NTS shall reasonably require submit to National Grid NTS a claim in respect of such financial loss together with details of the basis on which it believes it will suffer such loss and the amount thereof;
- (b) National Grid NTS will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid so that it will not suffer such financial loss;
- (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
- (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid; and
- (e) National Grid NTS will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Grid NTS's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Grid NTS's paying a different amount).

4.3.2 Save where paragraph 3.3.2(a) applies, in applying Section F4 in respect of Days during a Critical Transportation Constraint Emergency:

- (a) amounts payable by National Grid NTS to Users pursuant to paragraph 4.3.1; and
- (b) all such costs as National Grid NTS may reasonably incur pursuant to paragraph 4.1;

will be taken into account as though such amounts were Market Balancing Action Charges payable by National Grid NTS (for the purposes of Section F4.4.3).

4.4 Further consequences

The Transporter and Users acknowledge that during any Gas Supply Emergency it may be necessary for each of them to divert resources from other activities which may potentially result in a temporary impairment of their abilities subsequently to perform their respective obligations pursuant to the Code; and acknowledge that any such impairment resulting from such diversion of resources may be Force Majeure for the purposes of GT Section B3.

4.5 Post Emergency Claims Validation Process

4.5.1 The provisions of this paragraph 4.5 apply in relation to any claim (a "**Post-Emergency Claim**") submitted by a claimant pursuant to paragraph 4.2.6.

4.5.2 In relation to any Day during a ~~Gas Deficit Emergency (at Stage 2+GDE or higher)~~ for which a claimant wishes to submit a Post-Emergency Claim, the claimant must have posted a Market Offer to effect a Physical Market Transaction (by means of a Disposing Trade Nomination) on the Trading System for such Day prior to a Stage 4

(Restoration) being declared (if applicable). In relation to the Market Offer (in respect of the Physical Market Transaction) posted by the claimant:

- (a) for the purposes of this Section Q, the claimant must have stated the Market Transaction Lead Time as one (1) hour when placing the relevant Market Offer;
- (b) the claimant must have stated the Market Transaction Quantity and not the Market Offer Specified Rate;
- (c) the claimant must have specified that the Market Offer is not an Option Market Offer;
- (d) the claimant may have indicated that the Market Offer is capable of partial acceptance; and
- (e) the Market Offer must have remained unaccepted on the Trading System for the duration of the Day in question.

4.5.3 In addition, the claimant may only submit a Post-Emergency Claim in respect of a Day for which the claimant had a positive Daily Imbalance quantity.

4.5.4 The Trading System Operator will provide the market with a calculation of an indicative volume weighted average price of all Market Offers (in respect of the Physical Market Transactions) for each Day during a Gas Deficit Emergency. The indicative volume weighted average price will be updated and published on the relevant Day by the Trading System Operator on a reasonable endeavours basis whenever a Market Offer (in respect of a Physical Market Transaction) is registered, updated, withdrawn from, or accepted on, the Trading System.

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

- (a) These details will include:
 - (i) identity of the Originating Participant;
 - (ii) Market Transaction ID;
 - (iii) Market Offer Date;
 - (iv) date and time of the Market Offer was made;
 - (v) Market Transaction Quantity;
 - (vi) Market Offer Price;
 - (vii) Market Transaction Type; and
 - (viii) whether the Originating Participant would be making an Acquiring or a Disposing Trade Nomination pursuant to any Market Transaction rising from the Market Offer;
- (b) The Trading System Operator will submit the details of the Market Offers (in respect of Physical Market Transactions) posted but not accepted for the relevant Day to National Grid NTS by 07:00 on the Day following each

relevant Day for which a ~~Gas Deficit Emergency (Stage 2+GDE or higher)~~ had been declared.

- 4.5.6 A User may submit a Post-Emergency Claim to National Grid NTS in respect of any Day during a ~~Gas Deficit Emergency (Stage 2+GDE or higher)~~ provided that each Post-Emergency Claim will relate to a single Market Offer (in respect of a Physical Market Transaction) that complies with the requirements of paragraph 4.5.2.
- 4.5.7 A User must submit a Post-Emergency Claim to National Grid NTS within six (6) Days following the Day to which the Post-Emergency Claim relates (the “**Post-Emergency Claims Closeout Date**”). Any Post-Emergency Claims received by National Grid NTS after the Post-Emergency Claims Closeout Date will be rejected.
- 4.5.8 For each Post-Emergency Claim (for each relevant Day), the User will provide the following mandatory details of:
- (a) User name and User identifier in relation to the Trading System; Market Transaction ID; Day; claimed quantity; Market Offer Price; time posted on the Trading System;
 - (b) the Eligible Trading System Point(s) that would have been associated to the Market Offer(s) had it become a Physical Market Transaction;
 - (c) for each Eligible Trading System Point provided in (b), the nominated end-of-day quantity for that Day (at the time the Market Offer was placed);
 - (d) for each Eligible Trading System Point that would have been associated to a System Exit Point, a copy of either the notification pertaining to the reduction of offtake at Firm Supply Points or the Interruption Notice. For the avoidance of doubt, a Post-Emergency Claim will be rejected where the System Exit Point had been previously subject to Emergency Curtailment for the relevant Day during the period of the Gas Deficit Emergency; and
 - (e) reasonable justification for the level of the Market Offer Price.
- 4.5.9 For the purposes of reviewing claims submitted by each claimant, National Grid NTS appoints the Transporter Agency as the claims reviewer (the “**Post-Emergency Claims Agent**”) to undertake the validation of all claims.
- 4.5.10 In order for a Post-Emergency Claim to be deemed as valid:
- (a) all of the requirements of paragraphs 4.5.2, 4.5.3, 4.5.6, 4.5.7 and 4.5.8 must have been satisfied;
 - (b) where the Eligible Trading System Point to which the Market Offer relates is a System Exit Point, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 3 (Allocation and Isolation) is declared (and the Trading System’s time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);
 - (c) in all other circumstances, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 4 (Restoration) is declared (and the Trading System’s time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered); and

- (d) the User must be a Registered User at the System Point in respect of which the Market Offer is made.

Any claim which does not comply with the above requirements shall be rejected.

4.5.11 Where a User submits one or more Post-Emergency Claims for a relevant Day (within a ~~Gas Deficit Emergency (Stage 2+GDE or higher)~~), and the aggregate Market Transaction Quantities for all such Post-Emergency Claims submitted by the User exceeds the User's positive Daily Imbalance in respect of that Day then, for each User:

- (a) the User's Post Emergency Claims for that Day will be ranked in ascending Market Offer Price order (with the claim having the lowest Market Offer Price being ranked first) and where two or more Post-Emergency Claims relate to Market Offers at the same Market Offer Price, such claims shall be ranked by time (with the claim having the earliest registered Market Offer Price being ranked first, and the Trading System's time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);
- (b) the first ranked Post Emergency Claim shall be considered first and where the Market Transaction Quantity specified in that Post Emergency Claim is less than or equal to the User's positive Daily Imbalance for that Day, then the claim shall remain valid, and the next ranked Post Emergency Claim shall be considered on the same basis, and this process of consideration shall continue until the first Post Emergency Claim is reached (the "**First Non-Qualifying Post-Emergency Claim**") where the Market Transaction Quantity of such claim plus the sum of the Market Transaction Quantities in all of the User's Post-Emergency Claims for that Day that have been considered pursuant to this paragraph prior to the First Non-Qualifying Post-Emergency Claim being considered is greater than the User's positive Daily Imbalance for that Day;
- (c) the Market Transaction Quantity of the First Non-Qualifying Post-Emergency Claim shall, for the purposes of the remainder of this paragraph 4.5, be reduced such that, when added to the sum of the Market Transaction Quantities in all of the User's Post-Emergency Claims for that Day that have been considered pursuant to paragraph (b) prior to the First Non-Qualifying Post-Emergency Claim being considered, it is equal to the User's positive Daily Imbalance for that Day; and
- (d) all of the User's Post-Emergency Claims that are ranked after the First Non-Qualifying Post-Emergency Claim shall be rejected and deemed invalid for the purposes of the remainder of this paragraph 4.5.

4.5.12 Following validation of Post-Emergency Claims by the Post-Emergency Claims Agent, National Grid NTS (or the Post-Emergency Claims Agent on its behalf) will then determine which of the remaining valid Post-Emergency Claims should be submitted to the Authority as being recommended for payment or as being subject to further economic assessment. To determine the recommendation in respect of each remaining valid Post-Emergency Claim:

- (a) remaining valid Post-Emergency Claims will be ordered by Market Offer Price (with the claim having the lowest Market Offer Price being first) and where two or more Post-Emergency Claims relate to Market Offers at the same Market Offer Price, such claims shall be ordered by time (with the claim having the earliest registered Market Offer Price being first, and the

Trading System's time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);

- (b) each remaining valid Post-Emergency Claim will then be considered in turn in the order referred to above. Where the Market Transaction Quantity of the claim under consideration plus the aggregate Market Transaction Quantity of all other claims that have (prior to the consideration of the Post-Emergency Claim in question) been allocated a status of "recommended for payment" is less than or equal to 80% of the aggregate Market Transaction Quantities in all valid Post-Emergency Claims (taking account of any reduced Market Transaction Quantities, if applicable, in accordance with paragraph 4.5.11), then the Post-Emergency Claim in question shall be allocated a status of "recommended for payment", otherwise the Post-Emergency Claim in question (and all Post-Emergency Claims yet to be considered) shall be allocated a status of "subject to economic price assessment".

4.5.13 National Grid NTS will submit all remaining valid Post-Emergency Claims (being those allocated a status of "recommended for payment" and those allocated a status of "subject to economic price assessment") together with their status, to the Authority for its consideration (TPD Section Q.4.2.6 (e)) in a single batch on a given date (the "**Post-Emergency Claims Review Date**"). National Grid shall use reasonable endeavours to ensure that the Post-Emergency Claims Review Date is not more than ten (10) Business Days after the fifteenth (15th) day of the month following the month in which the Day in question falls; provided that where a Gas Deficit Emergency spans multiple Billing Periods, National Grid NTS will submit the validated Post-Emergency Claims to the Authority in batches that are specific to each of the Billing Periods.

4.5.14 For each relevant Day and pursuant to Standard Special Condition A11(18) of National Grid NTS's Gas Transporter's Licence the Authority shall consider each validated Post-Emergency Claim submitted to it by National Grid NTS and shall thereafter advise National Grid NTS as to whether the Authority directs that the Post-Emergency Claim should be paid or not (and if it does direct that the Post-Emergency Claim should be paid, whether the Post-Emergency Claim should be paid at the Market Offer Price or at some other price). To the extent that the Authority has not given a direction in respect of a submitted Post Emergency Claim within twenty eight (28) days of the date of submission of such claim by National Grid NTS to the Authority for consideration, the Authority shall be deemed to have directed that such Post-Emergency Claim should be paid.

4.5.15 National Grid NTS will, not less than twenty nine (29) days after the Post-Emergency Claims Review Date (the "**Post-Emergency Claims Approval Date**") calculate a volume weighted average price in pence per kWh ("**VWAPEC**") for a Day based on all those Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment. VWAPEC for a Day shall be calculated as follows:

$$((B - C) / A)$$

Where:

A is the sum (expressed in kWh) of the Market Transaction Quantities of all Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment (taking account of any reduced Market Transaction Quantity, if applicable, in accordance with paragraph 4.5.11);

B is the total aggregate amount payable as directed (or deemed to have been directed) by the Authority in relation to all those Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment; and

C is the sum of A multiplied by the System Average Price for the Day in question.

- 4.5.16 Each User that has submitted a Post-Emergency Claim that has been directed (or deemed to have been directed) by the Authority for payment shall be paid by National Grid NTS an amount (“**Post-Emergency Claims Payment**”) equal to the amount determined as:

$$A - (B * C)$$

Where:

A is the total amount payable as directed (or deemed to have been directed) by the Authority for payment in relation to that Post-Emergency Claim;

B is the Market Transaction Quantity (expressed in kWh) of the Post-Emergency Claim in question; and

C is the System Average Price for the Day in question.

- 4.5.17 Each User with a negative Daily Imbalance for a Day in respect of which one or more Post-Emergency Claims have been submitted and directed (or deemed to have been directed) by the Authority for payment shall pay an amount (“**Post-Emergency Claims Charge**”) determined as the User’s negative Daily Imbalance for that Day multiplied by VWAP in respect of that Day.

- 4.5.18 Post-Emergency Claims Charges and Post-Emergency Claims Payment for the relevant Day will be invoiced in accordance with TPD Section S2.4 and will be deemed to be Balancing Neutrality Charges for the purposes thereof.

- | 4.5.19 In relation to each Day during a ~~Gas Deficit Emergency~~ (Stage 2+ GDE or higher), National Grid NTS will use reasonable endeavours to publish:

- (a) not later than ten (10) Business Days after the Post-Emergency Claims Closeout Date:

- (i) in respect of each Post-Emergency Claim submitted:

- (1) the Day in respect of which the Post-Emergency Claim was submitted;
- (2) the Market Transaction Quantity claimed; and
- (3) the Market Offer Price claimed;

- (ii) the volume weighted average price of all submitted Post-Emergency Claims for that Day;

- (iii) in respect of each Post-Emergency Claim rejected pursuant to paragraph 4.5.10:

- (1) the Day in respect of which the Post-Emergency Claim was submitted;
- (2) the Market Transaction Quantity claimed;
- (3) the Market Offer Price claimed; and
- (4) the reason for the rejection of the Post-Emergency Claim;

- (b) not later than one (1) Business Day after the Post-Emergency Claims Review Date:

- (i) in respect of each valid Post-Emergency Claim which was submitted to the Authority pursuant to paragraph 4.5.13:

- (1) the Day in respect of which the Post-Emergency Claim was submitted;
 - (2) the Market Transaction Quantity claimed (reduced, if applicable, pursuant to paragraph 4.5.11); and
 - (3) the Market Offer Price claimed;
 - (ii) the volume weighted average price of all Post-Emergency Claims for that Day submitted to the Authority pursuant to paragraph 4.5.13;
 - (iii) in respect of each Post-Emergency Claim which was rejected pursuant to paragraph 4.5.11:
 - (1) the Day in respect of which the Post-Emergency Claim was submitted;
 - (2) the Market Transaction Quantity claimed;
 - (3) the Market Offer Price claimed; and
 - (4) the reason for the rejection of the Post-Emergency Claim;
- (c) not later than fifteen (15) Business Days after the Post-Emergency Claims Approval Date, a report for each relevant Day, specifying:
 - (i) in respect of each Post-Emergency Claim that has been directed (or deemed to have been directed) by the Authority for payment, the Market Transaction Quantity directed (or deemed to have been directed) by the Authority, the Market Offer Price directed (or deemed to have been directed) by the Authority, and the total amount directed (or deemed to have been directed) by the Authority for payment in respect of such claim by National Grid NTS;
 - (ii) the sum of the Market Transaction Quantities in relation to all Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment;
 - (iii) the sum of the Market Offer Prices in relation to all Post-Emergency Claims that have been directed (or deemed to have been directed) by the Authority for payment;
 - (iv) VWAP for the Day; and
 - (v) in respect of each Post-Emergency Claim that was submitted to the Authority pursuant to paragraph 4.5.13 and which the Authority has directed should not be paid, the Market Transaction Quantity (reduced, if applicable, pursuant to paragraph 4.5.11) and the Market Offer Price.

5 SAFETY MONITOR

5.1 Introduction

5.1.1 For the purposes of paragraph 5:

- (a) **"Annual NDM/Priority Severe Demand"** means the element of the 1-in-50 Severe Annual Demand which is attributable to those Supply Points identified in the National Grid Safety Case as being 'protected by monitor';

- (b) **"Peak NDM/Priority Demand"** means the peak day demand at those Supply Points identified in the National Grid Safety Case as being 'protected by monitor';
- (c) **"Safety Monitor"** means, for each day of the Winter Period and all Storage Facility Types, the Stored Safety Gas Requirement allocated in aggregate to all Storage Facility Types in accordance with the principles set out in the National Grid Safety Case, together with an amount of gas for all Storage Facility Types to permit the safe shutdown of those Supply Points not identified in the National Grid Safety Case as being 'protected by monitor';
- (d) **"Storage Facility Type"** means one of the types (as determined by National Grid NTS from time to time and notified to Users pursuant to paragraph 5.2.1(d)) of Storage Facility or (where the context requires) all Storage Facilities of such a type;
- (e) **"Storage Safety Deliverability Requirement"** means the amount by which the Peak NDM/Priority Severe Demand exceeds the maximum daily supply;
- (f) **"Stored Safety Gas Requirement"** means the amount (in kWh) by which the Annual NDM/Priority Demand exceeds the level of demand equal to the maximum daily supply; and
- (g) **"National Grid Safety Case"** means the safety case (in accordance with Regulation 2(5)) of National Grid NTS acting in its capacity as a gas transporter in relation to the NTS.

5.2 Information Requirements

- 5.2.1 National Grid NTS will by 31 May in each Gas Year, notify Users of preliminary details of the following in respect of the coming Winter Period:
 - (a) Stored Safety Gas Requirement;
 - (b) Storage Safety Deliverability Requirement;
 - (c) maximum daily supply; and
 - (d) the number and designation of Storage Facility Types, together with the classification criteria used in the determination of those Storage Facility Types and (where the classification criteria has changed from that used in respect of the previous Winter Period) details of any change to such classification criteria.
- 5.2.2 National Grid NTS will, by 31 May in each Gas Year, determine whether the available Storage Space and/or Storage Deliverability is in aggregate less than the quantities detailed in paragraph 5.2.1(a) to (b) and shall notify Users of any shortfall and the extent thereof. In this event, the Safety Monitor notified pursuant to paragraph 5.2.3 will reflect the available Storage Space and/or Storage Deliverability.
- 5.2.3 National Grid NTS will, by 1 October in each Gas Year, notify Users of final details of the items stated in paragraph 5.2.1 along with the Safety Monitor for each day of the coming Winter Period.
- 5.2.4 Calculations of available Storage Space and/or Storage Deliverability made pursuant to this paragraph 5 shall exclude:
 - (a) Storage Capacity booked by National Grid for Operating Margins Purposes; and
 - (b) Storage Capacity in respect of Storage Facilities where there are

relevant operational and/or physical characteristics that would make use of their Storage Capacity and/or gas-in-storage inappropriate in the calculation of any of the information specified in paragraphs 5.2.1, 5.2.2 and/or 5.2.3.

- 5.2.5 National Grid NTS will throughout the Winter Period keep under review the information previously notified pursuant to paragraphs 5.2.1, 5.2.2 and/or 5.2.3, together with any information available to National Grid NTS in respect of its estimates of expected deliveries to or offtakes from the Total System, and may:
- (a) reduce a Safety Monitor to reflect longer-term demand forecasts (for example, during the later Days of the Winter Period);
 - (b) adjust a Safety Monitor to reflect the occurrence of severe weather; and
 - (c) increase or reduce (as the case may be) a Safety Monitor to reflect any material change in National Grid NTS's estimates of expected deliveries to or offtakes from the Total System.
- 5.2.6 Where National Grid NTS undertakes any of the actions specified in paragraph 5.2.5, National Grid NTS will;
- (a) in respect of any of the actions specified in paragraphs 5.2.5(a) to 5.2.5(b), notify Users of any material changes in the information previously notified pursuant to paragraphs 5.2.1, 5.2.2 and/or 5.2.3; and
 - (b) in respect of any of the actions specified in paragraph 5.2.5(c), notify Users of the reasons for such action being taken.
- 5.2.7 National Grid NTS will:
- (a) notify Users, on a daily basis, of the aggregate physical gas-in-storage level (in kWh) in each Storage Facility Type; and
 - (b) where National Grid NTS calculates that the aggregate physical gas-in-storage level in all Storage Facility Types exceeds the Safety Monitor by a quantity (in kWh) equal to or less than the Two Day Ahead Minimum Storage Deliverability Amount, notify Users of:
 - (i) the quantity (in kWh) by which the physical gas-in-storage levels of all Storage Facility Types exceeds the Safety Monitor; and
 - (ii) the sum of all Storage Withdrawal Nominations for all Storage Facility Types.

These physical gas-in-storage levels and the maximum withdrawal rate may reflect gas-in-storage and other information provided by the relevant Storage Operator(s), as well as Input and Output Nominations.

- 5.2.8 National Grid NTS shall notify all Users of potential or actual breaches of a Safety Monitor as a result of:
- (a) insufficient bookings of Storage Space and/or Storage Deliverability as notified to National Grid NTS by the relevant Storage Operator(s);
 - (b) anticipated shortfall of gas-in-storage based upon current stock levels and the injection and withdrawal information notified to National Grid NTS by the relevant Storage Operator(s);
 - (c) Renominations or other relevant within day information.

5.3 Storage Information

- 5.3.1 National Grid NTS shall have access to such details of the use of a Storage

Facility by all Storage Users as may be provided for under the relevant Storage Connection Agreement.

- 5.3.2 In particular, each Storage Operator will provide to National Grid NTS:
- (a) where National Grid NTS so requests, the details of the amounts of aggregate Storage Capacity allocated to Storage Users for each Storage Facility for the Storage Year or remaining part of the Storage Year pursuant to applications for Storage Capacity under the relevant Storage Terms;
 - (b) on a daily basis throughout the Storage Year, details for each Storage Facility of Storage Users' aggregate Storage Capacity, injections, withdrawals and gas-in-storage; and
 - (c) where National Grid NTS so requests, details of the Applicable Total Storage Space, the Applicable Total Storage Deliverability and Maximum Injection Rate of each Storage Facility.
- 5.3.3 Each Storage Operator shall ensure that its Storage Terms permit the disclosure by the Storage Operator to National Grid NTS of the information referred to in paragraph 5.3.2(a) and (b) and the subsequent publication of this information by National Grid NTS pursuant to the provisions of this paragraph 5 (or as otherwise required by the Code).

5.4 Actions to Prevent Safety Monitor Breaches

- 5.4.1 Other than notifying Users in accordance with paragraph 5.2.8, and subject to taking such steps as it is required to take under the National Grid Safety Case, National Grid NTS will not take any specific action as a consequence of identifying a potential or actual breach of a Safety Monitor.
- 5.4.2 Where National Grid NTS has assessed that any actions taken by it pursuant to the National Grid Safety Case and any actions taken by Users in response to the notification made under paragraph 5.2.8 have not been or, in National Grid NTS's opinion, would not be sufficient to prevent a breach of a Safety Monitor, National Grid NTS shall liaise with the Network Emergency Coordinator to declare a Network Gas Supply Emergency.

6 **EMERGENCY CURTAILMENT AND DEMAND SIDE RESPONSE (DSR) PAYMENTS**

6.1 **General Definitions**

6.1.1 For the purposes of the Code:

- (a) **“Emergency Curtailment”** means either:
 - (i) Interruption (in the case of an Interruptible Supply Point) due to a Network Gas Supply Emergency other than a Critical Transportation Constraint Emergency; or
 - (ii) any reduction or discontinuance of offtake of gas pursuant to Firm Load Shedding on a Day at any System Exit Point due to a Gas Deficit Emergency paragraph 3.5.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point Component or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Critical Transportation Constraint Emergency);
- (b) for the purposes of this paragraph 6:
 - a **“NDR System Exit Point”** is:

- (1) a NDM Supply Point; or
- (2) a Connected System Exit Point which, pursuant to a provision of the relevant Network Exit Agreement, is to be treated as equivalent to such a Supply Point Component for the purposes of the Code;

a **“DR System Exit Point”** is a System Exit Point other than one within paragraph (i); but excluding:

- (1) a System Exit Point to the extent to which it is Commercially Interruptible;
- (2) a Storage Connection Point; and
- (3) an Interconnection Point;

~~(b)~~(c) **“Emergency Curtailment Trade Price”** in respect of a Day of Emergency Curtailment means:

the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1(c) or F1.2.2 ~~but by reference to~~ for each of the 30 Days preceding the Day ~~on which the Emergency Curtailment occurred;~~ and

(d) **“Emergency Curtailment Quantity”** means, in respect of a User and a Day of Emergency Curtailment, the quantity determined:

- (i) in relation to DR System Exit Points, in accordance with paragraph 6.1.2;
- (ii) in relation to NDR System Exit Points, in accordance with paragraph 6.1.3

(e) a System Exit Point is **“Commercially Interruptible”** where the conditions in paragraph 6.1.4 are satisfied;

(f) references to the Registered User of a System Exit Point are to the CSEP User in the case of a Connected System Exit Point.

~~the quantity of gas calculated by National Grid NTS as being the sum of the aggregate quantities of gas (in kWh) which each Transporter reasonably estimates (based on the information available to it at the time of making such estimate) that User would have offtaken from the relevant Transporter’s System at System Exit Points in respect of which Emergency Curtailment has occurred but for the fact that Emergency Curtailment had occurred at those System Exit Points. The Transporter shall apply the ECQ Methodology to calculate a User’s Emergency Curtailment Quantity.~~

6.1.2 In relation to a DR System Exit Point, for a User and a Day of Emergency Curtailment, subject to paragraph 6.1.5:

- (a) the Emergency Curtailment Quantity shall be the quantity of gas (in kWh) determined in accordance with the DR ECQ Methodology as the quantity (in excess of any quantity which was actually offtaken) that would have been offtaken by the User from the relevant Transporter’s System at the DR System Exit Point but for the fact that Emergency Curtailment had occurred at that System Exit Point;
- (b) in the case of a Commercially Interruptible System Exit Point within paragraph 6.1.4(b)(ii), the Emergency Curtailment Quantity is the quantity referred to in paragraph (a) which is referable to that part of

the supply at such System Exit Point which (as provided in paragraph 6.1.4(b)(ii), and as determined in accordance with the DR ECQ Methodology) is not interruptible;

- (c) the Emergency Curtailment Quantity shall be determined by the relevant Transporter based on the information available to it at the time of making such determination;
- (d) as soon as reasonably practicable after the end of the Day (and in event, not later than 20:00 hours on the fourth Day after the Day), each Transporter shall notify each User of that User's Emergency Curtailment Quantities for that Day for System Exit Points on that Transporter's System;
- (e) a Transporter may revise the determination (in accordance with the DR ECQ Methodology) of any Emergency Curtailment Quantity in respect of a Day, based on newly available information, at any time up to the Entry Close-out Date; and shall notify the relevant User of the revised Emergency Curtailment Quantity as soon as practicable after making such revised determination;

and for the purposes hereof the "DR "ECQ Methodology" means a methodology is a statement prepared by the Transporters and governed in accordance with Section V12 setting out the methodology calculations that each the Transporters will use to determine estimate (and/or revise any previous estimate of) the aggregate quantity of gas (in kWh) that each User would have offtaken during a Day from the relevant System at System Exit Points in respect of which Emergency Curtailment has occurred but for the fact that Emergency Curtailment had occurred at those System Exit Points in respect of that Day determination of) the quantities referred to in paragraph (a).

6.1.3 In relation to NDR System Exit Points, for a User and a Day:

- (a) the Emergency Curtailment Quantity in respect of all the User's NDR System Exit Points in an Exit Zone shall be determined as the difference between:
 - (i) the Nomination Quantity under the NDM Output Nomination (for that User and Exit Zone) made or revised pursuant to TPD Section C1.5.1(b) as at the most recent Demand Forecast Time before the time at which the Emergency Curtailment was instructed by the Transporter, and
 - (ii) the sum of the User's UDQOs for those NDR System Exit Points;
- (b) in each demand forecast for the relevant LDZ for the Day under Section H5.2 after the Demand Forecast Time referred to in paragraph (a)(i), Forecast LDZ Demand shall be increased by an estimate of the sum (over all Users and Exit Zones in the LDZ) of the Emergency Curtailment Quantities.

6.1.4 The conditions for a System Exit Point to be Commercially Interruptible in respect of a Day are that:

- (a) the System Exit Point is not a NDR System Exit Point;
- (b) the supplier has agreed with the consumer that the supplier may interrupt the supply of gas at the System Exit Point in defined circumstances (which include the occurrence of a Gas Deficit

Emergency), either:

- (i) as to the whole of the supply of gas, or
- (ii) as to a part of such supply;
- (c) the Registered User has provided to National Grid NTS:
 - (i) the identity of the System Exit Point;
 - (ii) details (in accordance with the DR ECQ Methodology) as to whether the supply of gas is interruptible in whole or in part; and
 - (iii) the further information required to be provided under the DR ECQ Methodology;
- (d) the information required under paragraph (c) was provided:
 - (i) not less than thirty (30) Days before the start of the Gas Year in which such Day falls, or
 - (ii) if an agreement with the relevant consumer is made after the date set out in (i) above, as soon as reasonably practicable after the agreement with the consumer was made, and in any event no later than the Day preceding such Day.

6.1.5 In respect of any Shared Supply Meter Point and any Day of Emergency Curtailment:

- (a) an Emergency Curtailment Quantity shall be determined for the Shared Supply Meter Point in accordance with the DR ECQ Methodology;
- (b) an Emergency Curtailment Quantity shall be determined for each of the Registered Users, by allocating among them the Emergency Curtailment Quantity under paragraph (a) in proportions (aggregating one (1)) determined as follows;
- (c) the Registered Users (or the Sharing Registered User Agent) shall, not more than one (1) hour after the instruction of any Emergency Curtailment, notify the relevant Transporter of such proportions;
- (e)(d) if such proportions are not so notified, the Transporter shall determine such proportions based on the Transporter's reasonable estimate of the quantity of gas that each Registered User would have offtaken at the Shared Supply Meter Point but for the Emergency Curtailment.

6.2 Emergency Curtailment Trade Arrangements

6.2.1 In the event that Emergency Curtailment occurs in respect of the relevant Day, then National Grid NTS each User that has an Emergency Curtailment Quantity authorises National Grid NTS to make a Disposing Trade Nomination on behalf of the User, and National Grid NTS will make a corresponding Acquiring Trade Nomination, in each case for the User's shall be deemed to have made a Market Balancing Buy Action in respect of each User's Emergency Curtailment Quantity.

National Grid NTS will pay to each User an amount determined as the User's Emergency Curtailment Quantity multiplied by the Emergency Curtailment Trade Price.

6.2.2 In the case of DR System Exit Points, such deemed Market Balancing Buy Action shall be determined at the time (within the Day) at which the Emergency Curtailment occurs; and in the event that further Emergency Curtailment is required occurs in respect of the Day, or Emergency

Curtailement that had previously occurred in respect of that Day is removed, then ~~National Grid NTS shall calculate a revised~~the Emergency Curtailement Quantity for each User ~~based on any updated estimates provided to it by the Transporters, and~~ System Exit Point shall be redetermined, and National Grid NTS and the User shall be deemed to have made:

- (a) ~~where the effect is such that a User's revised Emergency Curtailement Quantity is greater than the User's previously calculated Emergency Curtailement Quantity, each such User authorises National Grid NTS to make a Disposing Trade Nomination on behalf of the User, and National Grid NTS will make a corresponding Acquiring Trade Nomination, in each case for the difference between the User's revised Emergency Curtailement Quantity and the User's previously calculated Emergency Curtailement Quantity; and in the case of an increase in the User's Emergency Curtailement Quantity, a further Market Balancing Buy Action,~~
- (b) ~~where the effect is such that a User's revised Emergency Curtailement Quantity is less than the User's previously calculated Emergency Curtailement Quantity, each such User authorises National Grid NTS to make a Acquiring Trade Nomination on behalf of the User, and National Grid NTS will make a corresponding Disposing Trade Nomination, in each case for the difference between the User's previously calculated Emergency Curtailement Quantity and the User's revised Emergency Curtailement Quantity; in the case of a decrease in the User's Emergency Curtailement Quantity, a Market Balancing Sell Action,~~

~~in each case for a quantity equal to the difference between the User's revised Emergency Curtailement Quantity and its previously calculated Emergency Curtailement Quantity.~~

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6.2.3 In the case of NDR System Exit Points, such deemed Market Balancing Buy Action shall be determined at the Exit Close-out Date for the Day on which the Emergency Curtailement occurs.

6.2.4 National Grid NTS will pay to each User (by way of Market Balancing Action Charge), in respect of all such deemed Market Balancing Buy Actions (or where paragraph 6.2.2 applies the effective deemed Market Balancing Buy Actions at the end of the Day) an amount determined as:

- (a) the aggregate (over all DR System Exit Point and NDR System Exit Points) of the User's Emergency Curtailement Quantities (or where paragraph 6.2.2 applies the net such quantities at the end of the Day)

multiplied by

- (b) the Emergency Curtailement Trade Price.

~~In the circumstances set out in:~~

~~paragraph 6.2.3(a), National Grid NTS will pay to the User an amount determined as the difference between the User's revised Emergency Curtailement Quantity and the User's previously calculated Emergency Curtailement Quantity multiplied by the Emergency Curtailement Trade Price;~~

~~(b)(c) paragraph 6.2.3(b), the User will pay to National Grid NTS an amount determined as the difference between the User's previously calculated Emergency Curtailement Quantity and the User's revised Emergency~~

~~Curtailment Quantity multiplied by the Emergency Curtailment Trade Price.~~

~~6.2.3~~~~6.2.5~~ ~~National Grid NTS will not pay Balancing Charges, Balancing Neutrality Charges, Scheduling Charges or Daily Imbalance Charges as a result of Trade Nominations occurring as a result of the operation of paragraphs 6.2.1 or 6.2.3. The amounts payable by National Grid NTS pursuant to paragraph 6.2.4 in respect of a Day within a Billing Period shall be invoiced in the Balancing Invoice for that Billing Period and payable in accordance with Section S.~~

~~6.2.6~~ ~~For the avoidance of doubt, any amounts payable by National Grid NTS pursuant to paragraph 6.2.2 or 6.2.4 shall not be included. The amounts payable by National Grid NTS pursuant to paragraph 6.2 in respect of deemed Market Balancing Buy Actions shall not be taken into account in the calculation of the System Marginal Buy Price, the System Marginal Sell Price or the System Average Price pursuant to Section F1.2 for the Day to which the Emergency Curtailment Quantity relates.~~

6.3 Emergency Curtailment Adjustment

6.3.1 Where, following the end of a Day, a User (the "**claimant**") believes that it ~~ought to have had a different~~ Emergency Curtailment Quantity ~~to that determined pursuant to this paragraph 6 and~~ (applicable at the end of the Day, ~~in question and including any revision thereof under paragraph 6.1.2(e)) for any DR System Exit Point was not determined in accordance with the DR ECQ Methodology, or on the basis of newly available information would not be so determined:~~

- (a) the claimant may, within such time as National Grid NTS shall reasonably require, submit to National Grid NTS a claim that ~~it ought to have had~~ a different Emergency Curtailment Quantity should have been or should be determined in accordance with the DR ECQ Methodology, together with details of the basis on which it believes ~~it ought to have had that~~ a different Emergency Curtailment Quantity should have been determined;
- (b) National Grid NTS will (in consultation with the UNC Committee) appoint an independent accountant or other appropriately qualified person as "claims reviewer" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the Emergency Curtailment Quantity which (in the claims reviewer's opinion) ~~the claimant should have had~~ been or should be determined in accordance with the DR ECQ Methodology;
- (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
- (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid;
- (e) in the event that either the claimant or National Grid NTS disagrees with the claims reviewer's decision, it may refer the matter to the Authority, and the Authority may determine either that the claims reviewer's decision was correct or may direct that a different

Emergency Curtailment Quantity to that determined by the claims reviewer should be used; and

- (f) where the claims reviewer advises (or, following a referral by either National Grid NTS or the claimant pursuant to paragraph (e), the Authority determines) that ~~the User's a different~~ Emergency Curtailment Quantity ~~calculated by National Grid NTS pursuant to this paragraph 6 was larger or smaller than it ought to have been~~ should have been determined, then the provisions of paragraph 6.3.2 shall apply.

~~In respect of any Shared Supply Meter Point, the Registered Users of such Shared Supply Meter Point (or an agent acting on behalf of such Registered Users) shall, not more than one (1) hour after the occurrence of any Emergency Curtailment, notify the relevant Transporter of the proportions in which the relevant Transporter shall allocate between the Registered Users of such Shared Supply Meter Point the quantity of gas that would have been offtaken at such Shared Supply Meter Point but for any Emergency Curtailment. If no such proportions have been provided, the Transporter shall allocate between the Registered Users of such Shared Supply Meter Point the quantity of gas that would have been offtaken at such Shared Supply Meter Point but for any Emergency Curtailment in proportions based on the Transporter's reasonable estimate of the quantity of gas that each Registered User would have offtaken at the Shared Supply Meter Point but for the Emergency Curtailment.~~

~~As soon as reasonably practicable after the end of a Day on which Emergency Curtailment occurred (and in event, not later than 20:00 hours on the fourth Day, after the Day in question), each Transporter shall notify each User of the proportion of that User's Emergency Curtailment Quantity for that Day that relates to System Exit Points on that Transporter's System, together with the methodology used to calculate such proportion.~~

Emergency Curtailment Adjustment

6.3.2 Where the provisions of this paragraph 6.3.2 apply, then:

- (a) an adjustment and/or adjustment payment shall be made in accordance with paragraph 6.3.3 in respect of the amount(s) payable by National Grid NTS pursuant to paragraph 6.2.4 for the Day; and
- (b) an adjustment payment shall be made in accordance with paragraph 6.3.6 in respect of the amount of the User's Daily Imbalance Charge for the Day.

~~6.3.2~~6.3.3 For the purposes of paragraph 6.3.2(a):

- (a) where the User's Emergency Curtailment Adjustment Quantity is positive, National Grid NTS will pay the User an amount equal to the User's Emergency Curtailment Adjustment Clearing Charge; and
- (b) where the User's Emergency Curtailment Adjustment Quantity is negative, the User will pay National Grid NTS an amount equal to the User's Emergency Curtailment Adjustment Clearing Charge.

~~6.3.2~~6.3.4 For the purposes of this paragraph 6.3:

- (a) in respect of each Day, a User's "**Emergency Curtailment Adjustment Quantity**" is the amount by which the User's Emergency Curtailment Quantity advised by the claims reviewer (or, following a referral by either National Grid NTS or the claimant pursuant to paragraph ~~6.2.7~~6.3.1(e), determined by the Authority)

differs from the User's Emergency Curtailment Quantity estimated by the Transporters;

- (b) **"Emergency Curtailment Adjustment Clearing Charge"** is an amount equal to the User's Emergency Curtailment Adjustment Quantity multiplied by the Emergency Curtailment Trade Price.

6.3.46.3.5 A User's Emergency Curtailment Adjustment Quantity is positive where the User's Emergency Curtailment Quantity advised by the claims reviewer (or determined by the Authority) is greater than the User's Emergency Curtailment Quantity established by the Transporters in accordance with this paragraph 6, and is negative where the User's Emergency Curtailment Quantity established by the Transporters in accordance with this paragraph 6 is greater than the User's Emergency Curtailment Quantity advised by the claims reviewer (or determined by the Authority).

6.3.56.3.6 ~~In addition to the amounts payable pursuant to~~ For the purposes of paragraph 6.3.2(b)±:

- (a) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative, then National Grid NTS shall pay to the User an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant sell price applicable to such Day;
- (b) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive (but is less in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then the User shall pay National Grid NTS an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant sell price applicable to such Day;
- (c) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive (and is greater in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then the User shall pay National Grid NTS:
- (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates multiplied by the relevant sell price applicable to such Day; plus
- (ii) an amount equal to the sum of the Emergency Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, multiplied by the relevant buy price applicable to such Day;
- (d) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive, then the User shall pay to National Grid an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant buy price

applicable to such Day;

- (e) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative (but is less in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then National Grid NTS shall pay the User an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant buy price applicable to such Day;
- (f) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative (and is greater in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then National Grid NTS shall pay the User:
 - (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates multiplied by the relevant buy price applicable to such Day; plus
 - (ii) an amount equal to the sum of the Emergency Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, multiplied by the relevant sell price applicable to such Day.

~~6.3.6~~6.3.7 For the purposes of paragraph 6.3.4:

- (a) the "relevant sell price" for any Day:
 - (i) in respect of which Stage 1 ~~(but not Stage 2 and higher)~~ of a Gas Deficit Emergency has been declared, is the System Marginal Sell Price determined under Section F1.2.2(b) and;
 - (ii) in ~~respect of which a~~ Stage 2+ ~~GDE (or above) of a Gas Deficit Emergency~~ has been declared, is the relevant price as specified in paragraph 4.2.4(a);
- (b) the "relevant buy price" for any Day:
 - (i) in respect of which Stage 1 ~~(but not Stage 2 and higher)~~ of a Gas Deficit Emergency has been declared, is the System Marginal Buy Price determined under Section F1.2.2(a) and;
 - (ii) in respect of which a Stage 2+ GDE (or above) of a Gas Deficit Emergency has been declared, is the relevant price as specified in paragraph 4.2.4(b).

6.4 DSR Payments

6.4.1 It is agreed that:

- (a) Users shall be entitled to receive amounts ("DSR Payments") in respect of Firm Load Shedding, determined in accordance with this paragraph 6.4;
- (b) such entitlements shall be funded by Users pursuant to the

arrangements set out (by way of modifications to the determination and settlement of Balancing Neutrality Charges for relevant Days) in paragraph 6.5;

(c) such amounts shall accordingly be paid to and recovered from Users by National Grid NTS pursuant to such arrangements set out in paragraph 6.5.

6.4.2 For the purposes of paragraphs 6.4 and 6.5:

(a) the amount of the DSR Payment for a User, relevant System Exit Point and a relevant Day of Firm Load Shedding shall be determined as the DSR Quantity multiplied by the DSR Value;

(b) the “DSR Quantity” for a relevant System Exit Point and a relevant Day of Emergency Curtailment is:

(i) for a DR System Exit Point, the Emergency Curtailment Quantity;

(ii) for a NDR System Exit Point ~~in a particular LDZ~~, the quantity calculated as:

$AECQ * ASPC / AASPC$

where:

AECQ is the sum, for all Users and all Exit Zones, of the Emergency Curtailment Quantities for all NDR System Exit Points ~~in that LDZ~~;

ASPC is the Attributed Supply Point Capacity in respect of that System Exit Point;

AASPC is the sum, for all Users and all relevant NDR System Exit Points ~~in that LDZ~~, of the Attributed Supply Point Capacities in respect of such System Exit Points;

and where Attributed Supply Point Capacity is:

in relation to a Domestic NDR System Exit Point, the arithmetic mean of the Supply Point Capacities held (on the Day) by all Users at all Domestic NDR System Exit Points ~~within the LDZ~~;

in relation to a Non-Domestic NDR System Exit Point whose Annual Quantity is:

(A) less than 73.2 MWh;

(B) not less than 73.2 MWh but less than 293 MWh; or

(C) nor less than 293 MWh but less than 732 MWh

respectively, the arithmetic mean of the Supply Point Capacities held (on the Day) by all Users at all Non-Domestic NDR System Exit Points ~~within the LDZ~~ whose Annual Quantities are within the relevant band in (A), (B) or (C) (as the case may be);

in relation to a Non-Domestic NDR System Exit Point whose Annual Quantity is not less than 732 MWh, the Supply Point Capacity held (on the Day) by the User at that individual NDR System Exit Point;

where a Domestic or Non-Domestic NDR System Exit Point is a NDR System Exit Point for which the Supply Point Premises respectively are Domestic Premises or Non-Domestic Premises (or in the context of a Connected System Exit Point the equivalent under the provisions of the relevant Network Exit Agreement);

- (c) the "DSR Value" is the amount determined as the DSR Value Proportion of:
- (i) in respect of NDR System Exit Points;
In Stage 2 of a GDE, Emergency Trade Curtailment Price on the Day on which the Gas Deficit Emergency became a Stage 2+ GDE;
In Stage 3 of a GDE, the Assumed VoLL; and
- (ii) in respect of DR System Exit Points, the Emergency Trade Curtailment Price for the Day on which the Gas Deficit Emergency became a Stage 2+ GDE;
- (d) a relevant System Exit Point is a DR System Exit Point or NDR System Exit Point which was subject to Firm Load Shedding on the Day (and for the avoidance of doubt, excludes any Interruptible Supply Point);
- (e) a relevant Day (in respect of a relevant System Exit Point) is a Day in respect of which a DSR Payment is payable in accordance with paragraph 6.4.3;
- (f) references to Supply Point Capacity in the context of a Connected System Exit Point are to the equivalent quantity under the provisions of the relevant Network Exit Agreement;
- (g) for the purposes of determining AASPC, the relevant NDR System Exit Points shall be as determined as at the Exit Close-Out Date for the relevant Day, and AASPC shall not be subsequently revised by any subsequent determination of relevant NDR System Exit Points;
- (h) the "DSR Payment Reference Date" in relation to a relevant Day is the final Day of the Billing Period in which the DSR Payment is to be invoiced in accordance with paragraph 6.4.7;
- (i) the "DSR Value Proportion" is the proportion determined as such in accordance with paragraph 6.5.

6.4.3 Subject to paragraph 6.4.5, a relevant System Exit Point which

- (a) is a DR System Exit Point shall be eligible for a DSR Payment in respect of each Day on which that System Exit Point was subject to Firm Load Shedding, up to and including the first Day (if any) in the Stage 2+ GDE on which the System Exit Point was subject to Network Isolation, but not in respect of subsequent Days in the Stage 2+ GDE; and;

(b) is a NDR System Exit Point shall be eligible for a DSR Payment in respect of the first Day on which it was subject to Firm Load Shedding and the first Day (if any) in the Stage 2+ GDE on which the System Exit Point was subject to Network Isolation, but not in respect of other Days in the Stage 2+ GDE

6.4.4 For the purposes of paragraph 6.4.3, a System Exit Point is subject to “**Network Isolation**” where it is on a part of an LDZ which is isolated from the Total System for the purposes of Emergency Curtailment.

6.4.5 A NDR System Exit Point which is not subject to Network Isolation on a Day shall not be eligible for a DSR Payment in respect of a Day of Firm Load Shedding unless the User is able to demonstrate to the reasonable satisfaction of the Transporter that the offtake of gas at such System Exit Point was reduced or discontinued on the Day in compliance with the Transporter’s instruction for Firm Load Shedding; provided that this shall not affect the application of paragraph 6.1.3.

6.4.6 Where a System Exit Point is eligible for a DSR Payment, the DSR Payment shall be payable to the User which is Registered User of the System Exit Point as at the DSR Payment Reference Date; and no User shall have any entitlement in respect of a DSR Payment prior to that date.

6.4.7 DSR Payments in respect of a Day during a Gas Deficit Emergency shall (subject to paragraph 6.4.10(b)) be included in the Balancing Invoice in respect of the fourth (4th) Billing Period after the month in which the Gas Deficit Emergency ceases, and shall be payable accordingly (and otherwise invoiced and payable in accordance with Section S). National Grid NTS shall provide supporting information to the relevant User in respect of any System Exit Point eligible for a DSR Payment as detailed in the Balancing Invoice.

6.4.8 For each relevant Day, the System Exit Points which are eligible for DSR Payments shall be determined:

(a) initially, on the basis of the information then available to the Transporters, as at the Exit Close-out Date (“**Initial DSR Determination**”);

(b) subsequently, on the basis of the updated information then available to the Transporters:

(i) once each month (as at a date determined by National Grid NTS) for each of the four (4) months following the month in which the relevant Day fell;

(ii) thereafter, on an ad-hoc basis, if the Transporter considers that updated information justifies such determination, subject to paragraph 6.4.11;

(each an “**Adjustment DSR Determination**”).

6.4.9 Upon each Adjustment DSR Determination:

(a) where a System Exit Point (previously not determined to be eligible) is determined to be eligible for a DSR Payment, the DSR Payment shall be payable to the relevant User calculated, by reference to the relevant DSR Value Proportion;

(b) where a System Exit Point (previously determined to be eligible) is determined not to be eligible for a DSR Payment, the DSR Payment shall be repayable by the User which is the Registered User at the time of such determination.

6.4.10 DSR Payments payable pursuant to an Adjustment DSR Determination:

- (a) under paragraph 6.4.8(b)(i), shall be included in the Balancing Invoice referred to in paragraph 6.4.7 (and netted off in the case of amounts payable under paragraph 6.4.9(b));
- (b) under paragraph 6.4.8(b)(ii), shall be included in the Balancing Invoice for the month in which the Adjustment DSR Determination is made.

6.4.11 In the absence of fraud, no adjustment in respect of the determination of DSR Payments shall be made more than eighteen (18) months after the Invoice Due Date in respect of the Initial DSR Determination.

6.5 Neutrality

6.5.1 In respect of any Day of Firm Load Shedding (for the purposes of this paragraph 6, a “relevant” Day) the provisions of Section F4 shall be modified in accordance with this paragraph 6.5.

6.5.2 In relation to any relevant Day Section F, paragraph 4.2.2(a) shall be read as follows:

“(a) the Unit Daily Neutrality Amount multiplied by the sum of the relevant User's relevant UDQIs and relevant UDQOs for the preceding 365 Days;”

6.5.3 For the purposes of this paragraph 6.5 a “Short User” in respect of a Day is a User whose Daily Imbalance is negative.

6.5.4 For the purposes of Section F4.4.3, the aggregate amounts of DSR Payments payable in respect of the relevant Day, as determined in the Initial DSR Determination (and notwithstanding that the Users to which such amounts are payable are not determined until so provided in paragraph 6.4.6), shall be included in Aggregate System Payments.

6.5.5 For each relevant Day:

- (a) the DSR Value (and DSR Payments) shall be determined, for the purposes of the Initial DSR Determination:
 - (i) provisionally on the basis of a provisional DSR Value Proportion equal to one (1);
 - (ii) finally on the basis of the final DSR Value Proportion determined under paragraph 6.5.6(b) or 6.5.7(d)(i) or (ii);
- (b) the Basic Net Neutrality Amount shall be determined:
 - (i) provisionally (“Provisional BNNA”) in accordance with Section F4.4, as modified by paragraph 6.5.4 on the basis of DSR Payments provisionally determined in accordance with paragraph (a)(i), and
 - (ii) finally in accordance with paragraph 6.5.6 or paragraphs 6.5.7(c) and (e);

and Balancing Neutrality Charges shall be determined following, and on the basis of, such final determinations.

6.5.6 If the Provisional BNNA for the Day is negative (ie Aggregate System Receipts exceed Aggregate System Payments):

- (a) the Basic Net Neutrality Amount shall be finally determined as equal

to the Provisional BNNA, and

(b) the final DSR Value Proportion shall be one (1).

6.5.7 If the Provisional BNNA for the Day is positive (ie Aggregate System Payments exceed Aggregate System Receipts):

(a) the “Unit DSR Funding Amount” shall be calculated as the Provisional BNNA divided by the greater of:

(i) the aggregate of the Daily Imbalances for all Short Users (“ADISU”), and

(ii) the aggregate of the DSR Quantities for the Day for all Users (“ADSRQ”);

(b) each Short User shall pay to National Grid NTS an amount (“DSR Funding Charge”) calculated as the Unit DSR Funding Amount multiplied by the Short User’s Daily Imbalance;

(c) the aggregate amounts of DSR Funding Charges payable by Users in respect of the Day shall be included in Aggregate System Receipts for the purposes of Section F4.4.2 for the Day;

(d) the final DSR Value Proportion shall:

(i) if ADISU is greater than or equal to ADSRQ, be one (1)

(ii) if ADSRQ is greater than ADISU, be the proportion determined such that the Basic Net Neutrality Amount, as finally determined under paragraph (e), is zero (0);

(e) the Basic Net Neutrality Amount shall be finally determined (after application of paragraphs (c) and (d) and 6.5.5(a)(ii)) in accordance with Section F4.4.1.

6.5.8 For the avoidance of doubt, if ADISU is greater than ADSRQ, the DSR Funding Charges will in aggregate be equal to the Provisional BNNA and the finally determined Basic Net Neutrality Amount will be zero (0).

6.5.9 DSR Funding Charges shall be invoiced (in the Balancing Invoice in respect of the Billing Period in which the relevant Day falls) and payable in accordance with Section S.

6.5.10 It is acknowledged that, as a result of the deferral of payment of DSR Payments pursuant to paragraph 6.4.8, the closing cash balance (as provided in Section F4.6.2(a)) for Days following a relevant Day and until payment of the DSR Payments will tend to become and remain positive.

6.5.11 The aggregate amount of DSR Payments determined under an Adjustment DSR Determination to be payable:

(a) to Users, shall be included pursuant to Section F4.5.3(a)(v)(1) as an additional Monthly Adjustment Neutrality Cost;

(b) by Users, shall be included pursuant to Section F4.5.3(b)(iv) as an additional Monthly Adjustment Neutrality Revenue,

in respect of the month in which the Adjustment DSR Determination is made (and shall not be taken into account for the purposes of paragraphs 6.5.3 to 6.5.10 above).

7 STORAGE CURTAILMENT

7.1 Definitions

7.1.1 For the purposes of the Code:

(a) **“Storage Curtailment”** means the reduction or cessation of delivery of gas to the Total System from a Storage Facility at the relevant Storage Connection Point by the Storage Operator following a request to do so by the NEC (either directly or indirectly);

(b) **“Storage Curtailment Compensation Price”** means the value (in pence/kWh) determined as:

$$\text{SMPBuy} - 30 \text{ Day SAP};$$

Where:

SMPBuy is the System Marginal Buy Price for the Day in question; and

30 Day SAP is the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1 or F1.2.2 but by reference to the 30 Days preceding the Day on which the Storage Withdrawal Curtailment occurred.

(c) **“Estimated Aggregate Storage Curtailment Compensation Quantity”** means, in respect of a User, the sum of the Estimated Individual Storage Curtailment Compensation Quantities for that User in respect of a Day;

(d) **“Actual Aggregate Storage Curtailment Compensation Quantity”** means, in respect of a User, the sum of the Actual Individual Storage Curtailment Compensation Quantities for that User in respect of a Day;

(e) **“Estimated Individual Storage Curtailment Compensation Quantity”** means (subject to paragraph (g)), in respect of a User, the quantity of gas (in kWh) that the User reasonably estimates it would have been allocated as having delivered (in accordance with the relevant Storage Terms) on a Day to the Total System at a Storage Connection Point in respect of which Storage Curtailment has occurred but for the fact that Storage Curtailment had occurred at that Storage Connection Point, less the quantity of gas (if any) that the User estimates will be allocated as having delivered by the User on that Day to the Total System at the Storage Connection Point in question;

(f) **“Actual Individual Storage Curtailment Compensation Quantity”** means (subject to paragraph (g)), in respect of a User, the quantity of gas (in kWh) that the User reasonably estimates it would have been allocated as having delivered (in accordance with the relevant Storage Terms) on a Day to the Total System at a Storage Connection Point in respect of which Storage Curtailment has occurred but for the fact that Storage Curtailment had occurred at that Storage Connection Point, less the User’s UDQI on that Day at the Storage Connection Point in question;

(g) a User’s Estimated Individual Storage Curtailment Compensation Quantity or Actual Individual Storage Curtailment Compensation Quantity in respect of a Storage Facility for any Day may not exceed a quantity equal to the lesser of:

(i) the User’s Available Curtailment Quantity on that Day;

and

(ii) the maximum available deliverability of the Storage

Facility for that Day as provided to National Grid NTS by the Storage Operator for the relevant Storage Facility under the relevant Storage Connection Agreement;

- (h) a User's "**Available Curtailment Quantity**" on a Day in relation to each Storage Facility is a quantity equal to the sum of:
- (i) the User's gas-in-storage in that Storage Facility at the start of the First Curtailment Day; less
 - (ii) the sum of the User's Actual Individual Storage Compensation Curtailment Quantities in respect of that Storage Facility for each Day since the First Curtailment Day; plus
 - (iii) the sum of the User's UDQOs in respect of the Storage Connection Point relating to that Storage Facility for each Day since the First Curtailment Day; less
 - (iv) the sum of the User's UDQIs in respect of the Storage Connection Point relating to that Storage Facility for each Day since the First Curtailment Day;
- (i) the "**First Curtailment Day**" is the first Day in the Gas Year on which Storage Curtailment occurred at the Storage Facility in question.

7.2 Storage Curtailment Compensation Arrangements

- 7.2.1 On each Day that Storage Curtailment occurs, then each User will submit to National Grid NTS by 04:00 hours on the Day that Storage Curtailment occurs a CQ_{SCP} Statement detailing the User's Estimated Individual Storage Curtailment Compensation Quantity in respect of each Storage Connection Point at which Storage Curtailment occurred and a SCCQ Statement detailing the User's Estimated Aggregate Storage Curtailment Compensation Quantity. Not later than 17:00 hours on the first Business Day following the Day that Storage Curtailment occurs, National Grid NTS will advise each User that submits a SCCQ Statement, in accordance with this paragraph, of the amount payable by National Grid NTS pursuant to paragraph 7.2.2.
- 7.2.2 National Grid NTS will pay each User that submits a SCCQ Statement in accordance with paragraph 7.2.1 an amount determined as the User's Estimated Aggregate Storage Curtailment Compensation Quantity multiplied by the Storage Curtailment Compensation Price.
- 7.2.3 As soon as reasonably practicable after the end of the Day (and in event, not later than the Entry Close Out Date in respect of the Day), the User shall submit to National Grid NTS a revised CQ_{SCP} Statement detailing the Actual Individual Storage Curtailment Compensation Quantity in respect of each Storage Connection Point at which Storage Curtailment occurred and a revised SCCQ Statement detailing the User's Actual Aggregate Storage Curtailment Compensation Quantity.
- 7.2.4 In the event that a User's Actual Aggregate Storage Curtailment Compensation Quantity in respect of a Day differs from the User's Estimated Aggregate Storage Curtailment Compensation Quantity in respect of such Day, then:
- (a) where the User's Actual Aggregate Storage Curtailment Compensation Quantity is greater than the User's Estimated Aggregate Storage Curtailment Compensation Quantity, then National Grid NTS will pay to the User an amount determined as the difference between the User's Actual Aggregate Storage Curtailment Compensation Quantity and the User's Estimated

Aggregate Storage Curtailment Compensation Quantity, multiplied by the Storage Curtailment Compensation Price; and

(b) where the User's revised Actual Aggregate Storage Curtailment Compensation Quantity is less than the User's Estimated Aggregate Storage Curtailment Compensation Quantity, then the User will pay to National Grid NTS an amount determined as the difference between the User's Estimated Aggregate Storage Curtailment Compensation Quantity and the User's Actual Aggregate Storage Curtailment Compensation Quantity, multiplied by the Storage Curtailment Compensation Price.

7.2.5 For the avoidance of doubt, any amounts payable by National Grid NTS pursuant to paragraph 7.2.2, 7.2.4 or 7.2.6 shall not be included in the calculation of the System Marginal Buy Price, the System Marginal Sell Price or the System Average Price pursuant to Section F1.2 for the Day to which such amounts relate.

7.2.6 For the purposes of Code:

(a) a "**CQ_{SCP} Statement**" is a statement prepared by a User in relation to each Storage Connection Point in respect of which it is a User and at which Storage Curtailment occurred on the Days in question specifying:

- (i) the identity of the User to which the statement relates;
- (ii) the Storage Connection Point to which the statement relates;
- (iii) the name of the Storage Operator;
- (iv) the name of the allocation agent in respect of the Storage Connection Point if different from the Storage Operator;
- (v) the User's gas-in-storage in the Storage Facility at the start of the First Curtailment Day;
- (vi) the User's prevailing Input Nomination at the time the Storage Curtailment commenced;
- (vii) the User's Actual Individual Storage Curtailment Compensation Quantities for the Storage Facility in question (or, where these are not available, the Estimated Individual Storage Curtailment Compensation Quantities or the Storage Facility in question) for all Days since the First Curtailment Day;
- (viii) the User's UDQIs at the Storage Connection Point for each Day since the First Curtailment Day;
- (ix) the User's UDQOs at the Storage Connection Point for each Day since the First Curtailment Day;
- (x) the User's Estimated Individual Storage Curtailment Compensation Quantity or Actual Individual Storage Curtailment Compensation Quantity (as the case may be) for the Storage Facility in respect of the Day in question.

(b) a "**SCCQ Statement**" is a statement prepared by a User specifying:

- (i) the identity of the User to which the statement relates;
- (ii) the User's Estimated Individual Storage Curtailment Compensation Quantity or Actual Individual Storage Curtailment Compensation Quantity (as the case may be) for each Storage Connection Point in respect of the Day in question; and

(iii) User's Estimated Aggregate Storage Curtailment Compensation Quantity or Actual Aggregate Storage Curtailment Compensation Quantity (as the case may be) in respect of the Day in question.

7.2.7 In addition to the other amounts payable pursuant to this paragraph 7.2, following the determination of the User's Actual Aggregate Storage Curtailment Compensation Quantity and the first thirty (30) consecutive Days following the Day in question on which there was not a Network Gas Supply Emergency, where:

(a) the Storage Curtailment Reconciliation Price is negative, National Grid NTS will pay each User that submits a SCCQ Statement in accordance with paragraph 7.2.1 an amount determined as the User's Actual Aggregate Storage Curtailment Compensation Quantity multiplied by the Storage Curtailment Reconciliation Price; and

(b) the Storage Curtailment Reconciliation Price is positive, each User that submits a SCCQ Statement in accordance with paragraph 7.2.1 will pay National Grid NTS an amount determined as the User's Actual Aggregate Storage Curtailment Compensation Quantity multiplied by the Storage Curtailment Reconciliation Price.

7.2.8 For the purposes of the Code, the "**Storage Curtailment Reconciliation Price**" is a price (in pence/kWh) determined as:

$$(30 \text{ Day SAP PE} - 0.0611\text{p}) - 30 \text{ Day SAP}$$

Where:

(a) 30 Day SAP PE is the value of the arithmetic mean of that determined under Section F1.2.1(c) but by reference to the first thirty (30) consecutive Days following the Day in question on which there was not a Storage Withdrawal Curtailment; provided that where for any Day in such period no Market Transaction was effected (or none other than one excluded for the purposes of paragraph 1.2.1 pursuant to paragraph 1.2.3), such Day shall be excluded from the calculation of 30 Day SAP PE (which shall be calculated on the basis of the System Average Prices of the remaining Days in such period); and

(b) 30 Day SAP is the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1 or F1.2.2 but by reference to the thirty (30) Days.

8 CLASS A CONTINGENCIES

8.1 Class A Contingencies

8.1.1 During the period of a Class A Contingency, the relevant Contingency Procedures will apply.