

Schedule A

Special Condition C8A: Revenue restriction definitions in respect of the NTS transportation owner activity and NTS system operation activity

1. In this condition and in Special Condition C8B (NTS transportation owner activity revenue restriction) to Special Condition C8G (NTS System Operator internal incentives, costs and revenues) inclusive, with the exception of Annex A to Special Condition C8D (NTS gas entry incentives, costs and revenues), the following shall apply:

(a) defined terms:

additional firm entry capacity	means that volume of firm entry capacity that is in excess of the prevailing level of firm entry capacity;
allocation	means any process by which entry capacity or NTS exit capacity may be allotted by or on behalf of the licensee in accordance with the network code;
average specified rate	means the average of the daily base rates of Barclays Bank PLC current from time to time during the period in respect of which any calculation falls to be made;
baseline obligated entry capacity	means: (a) for the purpose of the term $PREVIBEnC_i$ in paragraph 9(c)(i) of Special Condition C8D (NTS gas entry incentives, costs and revenues), non-incremental obligated entry capacity for which the licensee receives a revenue entitlement pursuant to paragraph 3(a) of Special Condition C8B (NTS transportation owner activity revenue restriction); or (b) for the purpose of the term $IBEnC_{i,m,h}$ in paragraph 9(c)(ii) of Special Condition C8D (NTS gas entry incentives, costs and revenues), and the term $RIBEnC_{i,m,h}$ in paragraph 9(c)(iii) of Special Condition C8D (NTS gas entry incentives, costs and revenues), that part of non-incremental

obligated entry capacity that has not been adjusted for entry capacity substitution and for which the licensee receives a revenue entitlement pursuant to paragraph 3(a) of Special Condition C8B (NTS transportation owner activity revenue restriction);

clearing allocation

means in respect of an NTS entry point and period, an allocation of entry capacity which either:

(a) results in all the capacity offered for sale being sold;

or

(b) has a reserve price of zero;

connected system exit point

has the meaning given to that term in the network code;

constrained storage facility

has the meaning given to that term in the network code;

contractual delivery

means:

(a) for the purposes of Special Condition C8D (NTS gas entry incentives, costs and revenues), that date, being the first day of month m, that the licensee has entered into agreements to first provide incremental obligated entry capacity;

(b) for the purposes of Special Condition C8E (NTS gas exit incentives, costs and revenues), that date that the licensee has entered into agreements to first provide NTS incremental exit shipper capacity or NTS obligated incremental exit flat capacity;

cumulative funded incremental obligated entry capacity

means the sum of funded incremental obligated entry capacity that the licensee is obliged to offer for sale.

curtailment day

means any day in formula year t in respect of which

rights to offtake gas at a given supply point, connected system exit point or storage connection point have been curtailed by the licensee;

day has the meaning given to that term in the network code;

delivered means the date of delivery for NTS incremental exit shipper capacity or NTS obligated incremental exit flat capacity which has been agreed by the licensee with the relevant shippers or DN operators or has been directed in writing by the Authority;

Distribution Network means the relevant gas distribution network defined with reference to the aggregate of its constituent Local Distribution Zones (LDZs) (having the meaning given to that term in the network code) as set out in the table below:

Distribution Network	Local Distribution Zone (LDZ)
Scotland	Scotland
North of England	Northern, North East
North West	North West
East of England	East Midlands, Eastern
West Midlands	West Midlands
Wales & West	Wales North, Wales South, South West
London	North Thames
South of England	South East, Southern

Distribution Network transportation activity	means the activities of the licensee connected with the development, administration, maintenance and operation of the Distribution Network and with the supply of Distribution Network services;
DM connected system exit point	means a daily metered connected system exit point;
DM supply meter point	has the meaning given to that term in the network code;
DN operator	has the meaning given to that term in Standard Special Condition A3 (Definitions and Interpretation);
enduring exit period	means the period from 1 October 2011 (or such later date as the Authority may direct from time to time in writing);
entry capacity	at an NTS entry point is capacity in the NTS which a relevant shipper is treated as utilising in delivering gas to the NTS (and the total system) at that point;
entry capacity substitution	means the process by which unsold non-incremental obligated entry capacity is moved from one or more NTS entry points to meet the demand for incremental obligated entry capacity at another NTS entry point, in accordance with the obligations set out in paragraph 10 of Special Condition C8D (NTS gas entry incentives, costs and revenues);
entry capacity trade	means the process by which sold firm entry capacity is moved from one or more NTS entry points to meet the demand for firm entry capacity at another NTS entry point, in accordance with the obligations set out in paragraph 12 of Special Condition C8D (NTS gas entry incentives, costs and revenues);
entry capacity trade rate	means the exchange rate, which shall represent the amount by which firm entry capacity at NTS entry point i would need to be reduced so as to provide one additional unit of firm entry capacity at another NTS entry point,

used for the purposes of entry capacity trade and determined in accordance with the entry capacity trade methodology established pursuant to paragraph 12 of Special Condition C8D (NTS gas entry incentives, costs and revenues);

entry capacity transfer means the process by which unsold obligated entry capacity is moved from one or more NTS entry points to meet the demand for firm entry capacity at another NTS entry point where all obligated entry capacity has been sold, in accordance with the obligations set out in paragraph 11 of Special Condition C8D (NTS gas entry incentives, costs and revenues);

entry capacity transfer rate means the exchange rate, which shall represent the amount by which firm entry capacity at NTS entry point i would need to be reduced so as to provide one additional unit of firm entry capacity at another NTS entry point, used for the purposes of entry capacity transfer and determined in accordance with the entry capacity transfer methodology established pursuant to paragraph 11 of Special Condition C8D (NTS gas entry incentives, costs and revenues);

exit capacity revision means the process by which the level of NTS baseline flat exit capacity and NTS baseline flow flexibility is modified as a consequence of:

- (a) the release of incremental obligated entry capacity that changes the availability of NTS exit capacity;
- or
- (b) the release of NTS obligated incremental exit flat capacity that changes the availability of NTS exit flow flexibility,

in accordance with the obligations set out in paragraph 4(c) of Special Condition C8E (NTS gas exit incentives, costs and revenues);

exit capacity substitution	means the process by which unsold NTS baseline exit flat capacity is moved between NTS exit points such that the level of NTS obligated incremental exit flat capacity and NTS obligated incremental flow flexibility is minimised, in accordance with the obligations set out in paragraph 4(b) of Special Condition C8E (NTS gas exit incentives, costs and revenues);
exit period	means the interim exit period, transitional exit period and enduring exit period;
firm entry capacity	means entry capacity other than interruptible entry capacity;
formula month	means a period commencing at 06:00 in the 1 st day of a calendar month and ending at 06:00 on the 1 st day of the subsequent calendar month.
formula year	means a period of twelve months commencing on 1 April at 06:00 hours, the first such formula year (t=1) commencing 1 April 2002 at 06:00 hours;
funded incremental obligated entry capacity	means: <ul style="list-style-type: none"> (a) that part of incremental obligated entry capacity for which the licensee receives a revenue entitlement pursuant to paragraph 2 of Special Condition C8D (NTS gas entry incentives, costs and revenues) and for which the obligation to offer such capacity for sale commenced on or after 1 April 2007; or (b) incremental obligated entry capacity for which the licensee receives a revenue entitlement pursuant to Annex A of Special Condition C8D (NTS gas entry incentives, costs and revenues) and for which the obligation to offer such capacity for sale commenced before 1 April 2007.
gigawatt hour or GWh	means one million kilowatt hours;

incremental entry capacity	means firm entry capacity other than non-incremental obligated entry capacity;
incremental entry capacity services	means the undertaking of engagements relating to the provision of entry capacity other than non-incremental obligated entry capacity;
incremental exit capacity services	means the undertaking of engagements relating to the provision of NTS incremental exit capacity;
incremental obligated entry capacity	means that additional firm entry capacity which the licensee is required to offer for sale following the implementation of a proposal made by the licensee in accordance with paragraph 9(f) of Special Condition C8D (NTS gas entry incentives, costs and revenues). For the avoidance of doubt, incremental obligated entry capacity comprises additional firm entry capacity which is either subsequently treated as funded incremental obligated entry capacity or non-incremental obligated entry capacity (where that capacity has been provided by entry capacity substitution);
interim exit period	means the period up to and including 30 September 2008 (or such later date as the Authority may direct from time to time in writing);
interruptible entry capacity	means entry capacity that may be subject to curtailment by the licensee pursuant to the provisions relating to interruption under the network code;
interruption	has the meaning given to that term in the network code;
kilowatt hour or kWh	means 3,600,000 Joules;
locational actions	means any action taken by the licensee where the action

was taken in respect of a specific location and would therefore be coded with a locational reason code on the OCM. Locational buys will be treated as a cost to the licensee and locational sells will be treated as a revenue;

logged up costs

means:

- (a) for the purposes of paragraph 3(c) of Special Condition C8B (NTS transportation owner activity revenue restriction), the capital expenditure and operating expenditure costs incurred by the licensee in respect of those items referred to in those paragraphs; and
- (b) for the purposes of paragraph 5 of Special Condition C8B (NTS transportation owner activity revenue restriction) the capital expenditure incurred by the licensee in respect of those items referred to in those paragraphs.

NDM connected system exit point

means a non-daily metered connected system exit point;

NDM supply meter point

has the meaning given to that term in the network code;

non-incremental obligated entry capacity

means obligated entry capacity other than cumulative funded incremental obligated entry capacity;

non-obligated entry capacity

means firm entry capacity other than obligated entry capacity;

NTS baseline exit flat capacity

means the relevant values for NTS baseline exit flat capacity, which:

- (a) in respect of the interim exit period and transitional exit period, specified in table 1 of Annex A of Special Condition C8E (NTS gas exit incentives, costs and revenues); and
- (b) in respect of the enduring exit period, specified in

table 2 of Annex A of Special Condition C8E (NTS gas exit incentives, costs and revenues) or as may be set out within the NTS exit capacity baseline statement established pursuant to paragraph 4(a) of Special Condition C8E (NTS gas exit incentives, costs and revenues);

NTS baseline exit flow flexibility	means the NTS baseline exit flow flexibility, in respect of each period and each zone, as may be determined by the licensee such that the total amount across all zones in Great Britain shall be 238 GWh per day, unless the Authority otherwise directs in writing. In the enduring exit period, the values of NTS baseline exit flow flexibility shall be as set out in the NTS exit capacity baseline statement established pursuant to paragraph 4(a) of Special Condition C8E (NTS gas exit incentives, costs and revenues);
NTS baseline exit shipper capacity	means the relevant values for NTS baseline exit shipper capacity, in respect of the interim exit period and transitional exit period, specified in table 1 of Annex A of Special Condition C8E (NTS gas exit incentives, costs and revenues);
NTS entry point	means an aggregate system entry point (having the meaning given to that term in the network code);
NTS exit capacity baseline statement	means the statement prepared by the licensee pursuant to paragraph 4(a) of Special Condition C8E (NTS gas exit incentives, costs and revenues);
NTS exit capacity curtailment rights	means rights held by the licensee to curtail rights to offtake gas from the transportation system, other than rights conferred on the licensee solely for the purpose of

	taking emergency steps or force majeure (having the meanings given to those terms in the network code);
NTS exit point	has the meaning given to that term in the network code;
NTS exit shipper capacity	has the meaning given to the term “NTS Exit Capacity” in the network code;
NTS incremental exit capacity	means the sum of NTS incremental exit flat capacity, NTS incremental exit flow flexibility and NTS incremental exit shipper capacity;
NTS incremental exit flat capacity	means that NTS exit flat capacity in excess of NTS baseline exit flat capacity;
NTS incremental exit flow flexibility	means that NTS exit flow flexibility in excess of NTS baseline exit flow flexibility;
NTS incremental exit shipper capacity	means that NTS exit shipper capacity in excess of NTS baseline exit shipper capacity;
NTS non-obligated exit capacity	means NTS non-obligated incremental exit flat capacity, NTS non-obligated incremental exit flow flexibility and NTS short term interruptible exit capacity;
NTS non-obligated incremental exit flat capacity	means NTS exit flat capacity other than NTS baseline exit flat capacity and NTS obligated incremental exit flat capacity;
NTS non-obligated incremental exit flow flexibility	means NTS exit flow flexibility other than NTS baseline exit flow flexibility and NTS obligated incremental exit flow flexibility;
NTS obligated incremental exit flat	means NTS incremental exit flat capacity registered or capable of being registered from 1 October 2011 onwards

capacity	(or such date that the Authority otherwise directs in writing) for which a long term signal has, at any time, been received consistent with the methodology published pursuant to paragraph 1 of Special Condition C18 (Licensee's methodology for determining the release of exit capacity volumes);
NTS obligated incremental exit flow flexibility	means NTS incremental exit flow flexibility registered or capable of being registered from 1 October 2011 onwards (or such date that the Authority otherwise directs in writing) for which the Authority has given prior consent and for which a long term signal has, at any time, been received consistent with the methodology published pursuant to paragraph 1 of Special Condition C18 (Licensee's methodology for determining the release of exit capacity volumes);
NTS short term interruptible exit capacity	means NTS exit capacity subject to NTS exit capacity curtailment rights, but shall exclude NTS exit capacity for which the licensee has secured NTS exit capacity curtailment rights through long term contracts entered into with DN operators or gas shippers in order to reduce capital expenditure incurred in relation to the delivery of such NTS exit capacity;
NTS SO activity	shall have the meaning given to the term NTS system operation activity;
NTS SO revenue	shall have the meaning given to the term NTS system operation revenue;
NTS system operation activity	means engagements undertaken by the licensee pursuant to the operation of the NTS, being the procuring and using of balancing services for the purpose of balancing the NTS and the arranging with the NTS TO activity for the delivery of incremental entry capacity and NTS incremental exit capacity, including:

- (i) incremental entry capacity services;
- (ii) incremental exit capacity services;
- (iii) residual gas balancing services;
- (iv) balancing management;
- (v) constraint management services; and
- (vi) the provision of services in relation to gas quality;

NTS system operation revenue	means the revenue derived by the licensee from the carrying on of the NTS SO activity, such revenues to be measured on an accruals basis;
NTS TO activity	shall have the meaning given to the term NTS transportation owner activity;
NTS TO revenue	shall have the meaning given to the term NTS transportation owner revenue;
NTS transportation owner activity	means the activities of the licensee connected with the development, administration and maintenance of the NTS and with the supply of NTS services;
NTS transportation owner revenue	means the revenue derived by the licensee from the supply of NTS services to gas shippers and DN operators in respect of the NTS transportation owner activity (such revenue to be measured on an accruals basis);
obligated entry capacity	means unsold obligated entry capacity and sold obligated entry capacity;
physically delivered	shall mean that date when: <ul style="list-style-type: none"> (a) the licensee is first able to accept gas properly tendered for delivery by any gas shipper; or

- (b) the Authority has deemed (in response to a request made by a relevant shipper or the licensee) that the capacity has been delivered.

plus 15 curtailment day means any curtailment day in formula year t at a given supply point, connected system exit point or storage connection point after the first 15 curtailment days in that formula year for the given supply point, connected system exit point or storage connection point connected to the transportation system to which this licence relates;

Quarry and loss development claims

Any settled claims over 2007-12 which have been demonstrably challenged by NGG NTS as far as is reasonable regarding both the basis of the claim and the quantum of compensation sought. For avoidance of doubt the following claims under the terms of the Deed of Easement may be logged up:

- (a) loss of crop and drainage;
- (b) loss of land development e.g. housing, quarrying etc
- (c) sterilised minerals;
- (d) landfill and tipping; and
- (e) power generation.

residual gas balancing services

means the undertaking of engagements relating to the acquisition or disposal of gas to ensure the safe and efficient operation of the transportation system;

retail prices index

shall have the same meaning as is given to that term in Standard Special Condition A3 (Definitions and Interpretation);

revenue restriction conditions

means the Special Conditions C8B (NTS transportation

owner activity revenue restriction), C8C (NTS System Operation Activity Revenue Restriction), C8D (NTS gas entry incentives, costs and revenues), C8E (NTS gas exit incentives, costs and revenues), C8F (NTS System Operator external incentives, costs and revenues) and C8G (NTS System Operator internal incentives, costs and revenues) of this licence;

sold obligated entry capacity

means the firm entry capacity that has been sold or is deemed to have been sold by the licensee for use on day d in month m , for which the licensee had an obligation to offer such capacity for sale during all days up to but excluding the day that is w days in advance of day d in month m , being that capacity determined in relation to the term $SOEnC_{i,d,m,w}$ pursuant to paragraph 9(a) of Special Condition C8D (NTS gas entry incentives, costs and revenues).

storage connection point

has the meaning given to that term in the network code;

supply of Distribution Network services

means the undertaking and performance for gain or reward of engagements:

- a) in connection with the conveyance of gas through the Distribution Network;
- b) for the prevention of the escape of gas which has been taken off the Distribution Network; and
- c) relating to the acquisition of capacity rights, gas or gas derivatives for the purpose of:
 - (i) the balancing of the Distribution Network through the acquisition or disposal of gas to replace gas lost from the Distribution Network; and
 - (ii) facilitating constraint management;

supply of NTS services	<p>means the undertaking and performance for gain and reward of engagements:</p> <p>(a) in connection with the conveyance of gas through the NTS other than engagements in connection with activities within the definition of the NTS SO activity; and</p> <p>(b) for the prevention of the escape of gas, which has been taken off the NTS, other than to the Distribution Network or any pipe-line system operated by a person holding a gas transporter's licence or who is exempted from holding such a licence which but for such pipe-line not being operated by the licensee, would fall within the definition of the Distribution Network;</p>
supply point	has the meaning given to that term in the network code;
transitional exit period	means the period from 1 October 2008 (or such later date as the Authority may direct from time to time in writing) up to and including 30 September 2011 (or such later date as the Authority may direct from time to time in writing);
transportation system	means the system (having the meaning given to that term in the network code) to which this licence relates; and
unsold obligated entry capacity	means the firm entry capacity for which the licensee has an obligation to offer such capacity for sale during the day that is w days in advance of day d in month m, for use on day d in month m, as calculated pursuant to paragraph 9(a) of Special Condition C8D (NTS gas entry

incentives, costs and revenues).

(b) mathematical expressions:

| used in formulae means “such that”.

. means “for all”.

$\sum_{\text{all } y}$ means the sum across all supply points, connected system exit points and storage connection points y ;

$\sum_{\text{all } z}$ means the sum across all NTS exit points z ;

$\sum_{\text{all } d}$ means the sum across all days d in formula year t ;

$\sum_{\text{all } m}$ means the sum across all months m in formula year t ;

$\sum_{z=a}^b f_z$ means the sum for all values of z from a to b of some variable or function f_z such that the sum of $f_z = f_a + f_{a+1} + f_{a+2} + \dots + f_b$

$\sum_{z|C} f_z$ means the sum for all situations in which z meets some condition C of a variable or function f_z

$\sum_{v, n-1}$ means the sum across all variation events v up to the end of day $n-1$;

FPI_m^d means the number of days between the start of the formula period beginning 1 April 2002 and day d in month m (and for the avoidance of doubt when day d in month m is 1 April 2002 FPI_m^d shall have the value

zero(0));

$FPI_{(m-p)}^l$

means the number of days between the start of the formula period beginning 1 April 2002 and the first day of month (m-p) (and for the avoidance of doubt when the first day of month (m-p) is 1 April 2002 $FPI_{(m-p)}^l$ shall have the value zero (0));

$FP2_{(m-p)}^l$

means the number of days between the start of the formula period beginning 1 April 2007 and the first day of month (m-p) (and for the avoidance of doubt when the first day of month (m-p) is 1 April 2007 $FP2_{(m-p)}^l$ shall have the value zero (0));

m(n)

returns the value of the month corresponding to date n. For example, where n = 1 April 2007, m(1 April 2007) gives the value 61.

MAX [X₁,X₂,X₃ . . . , X_n]

Takes the value of the highest of the set of values {X₁,X₂,X₃, . . . ,X_n}

$MAX_{x|C} a_x$

Takes the maximum value taken by the variable a_x as evaluated for each value taken by x where x meets a certain condition C.

MIN [X₁,X₂,X₃ . . . , X_n]

Takes the value of the lowest of the set of values {X₁,X₂,X₃, . . . ,X_n}

$MIN_{x|C} a_x$

Takes the minimum value taken by the variable a_x as evaluated for each value taken by x where x meets a certain condition C;

PIT_t

shall take the meaning set out in paragraph 3(a) in Special Condition C8B (NTS transportation owner

activity revenue restriction);

subscript d	means the relevant day. d=1 refers to the day commencing at 06:00 on 1 st April 2002;
subscript m	means the relevant formula month. m=1 refers to the formula month commencing at 06:00 on 1 st April 2002;
subscript n	means the day relevant for the purposes of determining the licensee's entry lead time deferment volume entitlement and the licensee's exit lead time deferment volume entitlement. n=1 refers to the day commencing at 06:00 on 1 st April 2007;
subscript t	means the relevant formula year. t=1 refers to the formula year commencing at 06:00 on 1 st April 2002;
y(d)	returns the value of the formula year corresponding to day d. For example, if d = 1 April 2007 then y(1 April 2007) gives the value 6; and
y(m)	returns the value of the formula year corresponding to month m. For example, if m = April 2007 then y(April 2007) gives the value 6.

2. Any values derived by reference to the value of revenues accrued, received or paid by or to the licensee shall be the actual sum accrued, received or paid by or to the licensee on the date of such accrual, receipt or payment without any adjustment for inflation or interest after deduction of value added tax (if any) and any other taxes based directly on the amounts so derived.