

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

1. In this Special Condition:

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 licensee's Network Code;
annual obligated incremental entry capacity	means any obligated incremental entry capacity in respect of a given terminal which the licensee is required to offer for sale for a period of less than five years;
appropriate auditors	means any auditors for the time being holding office in accordance with the requirements of the Companies Act 1985;
Audit	means an investigation by appropriate auditors, the scope and objectives of which shall be set by the licensee and approved by the Authority;
clearing allocation	means in respect of a terminal and period an allocation of entry capacity which either: - results in all the capacity offered for sale being sold; or - has a reserve price of zero;
connected system exit point	has the meaning given to that term in the licensee's Network Code;
constrained storage facility	has the meaning given to that term in the licensee's Network Code;
curtailment day	means any day in formula year t in respect of which rights to off-take 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 licensee's Network Code;

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 licensee's Network Code) as set out in the table below:

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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;

entry capacity has the meaning given to the term system entry capacity

in the licensee's Network Code;

entry capacity constraint management services means the undertaking of engagements relating to the management of rights to input gas to the NTS;

exit capacity constraint management services means the undertaking of engagements relating to the management of rights to off-take gas from the NTS including those relating to NExAs;

exit capacity curtailment rights means rights held by the licensee to curtail rights to off-take 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 licensee's Network Code);

firm entry capacity means that entry capacity other than interruptible entry capacity;

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;

gigawatt hour or GWh means one million kilowatt hours;

incremental entry capacity means obligated incremental entry capacity and non-obligated incremental entry capacity;

incremental entry capacity services means the undertaking of engagements relating to the provision of entry capacity other than NTS SO baseline entry capacity;

incremental exit capacity services means the undertaking of engagements relating to the provision of NTS incremental exit capacity;

initial NTS SO baseline entry capacity means in respect of each terminal and period the NTS SO baseline entry capacity specified in table A2 of schedule A;

interruptible entry capacity has the meaning given to the term interruptible system entry capacity in the licensee's 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;

Deleted: means the aggregate of the local distribution zones (having the meaning given to that term in the licensee's Network Code) comprised within the relevant Distribution Network;¶

Deleted: LDZ network or LDZs

long-term NTS SO baseline entry capacity means that proportion of the initial NTS SO baseline entry capacity in respect of each formula year that is available to be sold more than 548 days prior to the first day in respect of which such capacity relates;

NExA means a network exit agreement (having the meaning given to that term in the licensee's Network Code);

non-obligated incremental entry capacity means firm entry capacity other than obligated entry capacity;

NTS means the licensee's national transmission system (having the meaning given to that term in the licensee's Network Code);

NTS baseline firm exit capacity	means in respect of each period the NTS firm exit capacity specified in table A3 of schedule A;
NTS baseline flow flexibility	means in respect of each period the NTS flow flexibility specified in table A5 of schedule A;
NTS baseline interruptible exit capacity	means in respect of each period the NTS interruptible exit capacity specified in table A4 of schedule A;
NTS exit capacity	shall have the meaning given to that term in the licensee's Network Code;
NTS exit capacity curtailment rights	means exit capacity curtailment rights held by the licensee in respect of NTS exit capacity;
NTS firm exit capacity	means NTS exit capacity other than NTS interruptible exit capacity;
NTS flow flexibility	shall have the meaning given to that term in the licensee's Network Code;
NTS incremental exit capacity	means that NTS exit capacity in excess of NTS baseline firm exit capacity and NTS baseline interruptible exit capacity;
NTS incremental flow flexibility	means that NTS flow flexibility in excess of NTS baseline flow flexibility;
NTS shrinkage	means the sum of NTS own use gas and NTS unaccounted for gas (both having the meanings given to those terms in the licensee's Network Code);
NTS interruptible exit capacity	means NTS exit capacity subject to exit capacity

curtailment rights;

NTS SO baseline entry capacity

means in respect of each terminal and period that terminal's initial NTS SO baseline entry capacity and that terminal's permanent obligated incremental capacity for which the first day to which such capacity relates has occurred five or more years previously;

NTS system operation activity or NTS SO 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) system balancing services, which include services pursuant to paragraphs 5 and 6 of standard condition 7 (Provision of Information Relating to Gas Illegally Taken);

(v) entry capacity constraint management services;

(vi) exit capacity constraint management services; and

(vii) the provision of services in relation to gas quality;

NTS system operator revenue or NTS SO 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 baseline entry capacity	means in respect of each terminal and period that terminal's TO baseline firm entry capacity as specified in table A1 of schedule A;
NTS transportation owner activity or NTS TO 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 or NTS TO revenue	means the revenue derived by the licensee from the supply of NTS services to shippers and Distribution Network Operators in respect of the NTS transportation owner activity (such revenue to be measured on an accruals basis);
obligated entry capacity	means obligated incremental entry capacity and NTS SO baseline entry capacity;
obligated incremental entry capacity	means that firm entry capacity in excess of NTS SO baseline entry capacity which the licensee is required to offer for sale in accordance with paragraph 14(5)(b) of Part 2 of Special Condition C8B (Restriction of revenue Deleted: 28 in respect of the NTS transportation owner activity and the NTS system operation activity);
permanent obligated incremental entry capacity	means any obligated incremental entry capacity in respect of a given terminal, which the licensee is required to offer for sale for a period of five years or more;
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;

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;

short-term NTS SO baseline entry capacity

means initial NTS SO baseline entry capacity other than long term NTS SO baseline entry capacity;

Deleted: means any gas shipper, or person benefiting from an exemption under section 6A of the Act from the prohibition under section 5(1)(c) of the Act, who has arranged with the licensee for gas to be introduced into, conveyed by means of, or taken out of the transportation system;¶

specified rate

means the base rate of Barclays Bank plc current from time to time during the period in respect of which the calculation falls to be made;

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storage connection point

has the meaning given to that term in the licensee's Network Code;

subscript t

means the relevant formula year;

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;

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b) for the prevention of the escape of gas which has been taken off the Distribution Network; and

c) for the acquisition or disposal of gas for the efficient operation of the Distribution Network or for replacing gas lost from the system

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but shall not include other engagements for the acquisition or disposal of gas;

supply of NTS services means the undertaking and performance for gain and reward of engagements:

(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

(b) for the prevention of the escape of gas, which has been taken off the NTS, other than to the Distribution Network or any pipeline system operated by a person holding a gas transporter's licence or who is exempted from holding such a licence which but for such pipeline not being operated by the licensee, would fall within the definition of the Distribution Network;

supply point has the meaning given to that term in the licensee's Network Code;

system balancing services means the undertaking of engagements by the licensee in relation to:

(i) the acquisition or disposal of gas to replace gas lost from the system in respect of NTS shrinkage;

(ii) its functions as Top-up Manager (having the meaning given to that term in the licensee's Network Code); and

(iii) the procurement of gas storage capacity for the purposes of meeting operating margins requirements (having the meaning given to that term in the licensee's Network Code);

terminal	means an aggregate system entry point (having the meaning given to that term in the licensee's Network Code);
transportation system	means the system (having the meaning given to that term in the licensee's Network Code); and
universal firm registration	means that all NTS exit capacity is registered free from exit capacity curtailment rights.

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.