

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 \(The NTS transportation owner activity revenue restriction\)](#), [Special Condition C8C \(The NTS system operation activity revenue restriction\)](#), [Special Condition C8D \(NTS gas entry incentives, costs and revenues\)](#), [Special Condition C8E \(NTS gas exit incentives, costs and revenues\)](#), [Special Condition C8F \(Other NTS System Operator external incentives, costs and revenues\)](#) or [Special Condition C8G \(NTS System Operator internal incentives, costs and revenues\)](#);

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Deleted: Special Condition C8B (Restriction of revenue in respect of the NTS transportation owner activity and NTS system operation activity)

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;

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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;

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 network code;

constrained storage facility has the meaning given to that term in the network code;

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;

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;

entry capacity

has the meaning given to the term NTS Entry Capacity in the network code;

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firm entry capacity

means entry capacity other than interruptible entry capacity;

Deleted: <#>exit capacity curtailment rights ... [2]

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 2007 at 06:00 hours;

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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 NTS Entry Capacity in 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;

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

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available to be sold more than 548 days prior to the first day in respect of which such capacity relates;

non-obligated incremental entry capacity

means firm entry capacity other than obligated entry capacity;

NTS baseline exit flat capacity

means in respect of each period the NTS firm exit flat capacity specified in the NTS exit baseline statement;

NTS baseline exit flat capacity release obligations

means the level of NTS baseline exit flat capacity which the licensee is obliged to offer for sale pursuant to paragraph 1(d)(iii)(A) of Special Condition C8E (NTS gas exit incentives, costs and revenues);

NTS baseline exit flow flexibility

means in respect of each period the NTS firm exit flow flexibility specified in the NTS exit baseline statement;

NTS baseline exit flow flexibility release obligations

means the level of NTS baseline exit flow flexibility which the licensee is obliged to offer for sale pursuant to paragraph 1(d)(iii)(A) of Special Condition C8E (NTS gas exit incentives, costs and revenues);

NTS baseline exit shipper capacity

means in respect of each period the NTS firm exit shipper capacity specified in the NTS exit baseline statement;

NTS exit baseline statement

means the statement of NTS baseline exit flat capacity, NTS baseline exit flow flexibility and NTS baseline exit shipper capacity provided in Annex [] of the [Final Proposals document] and subsequently modified pursuant to paragraph 3(d) of Special Condition C8E (NTS gas exit incentives, costs and revenues);

NTS exit capacity

means rights held by the licensee to curtail other persons'

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Deleted: <#>NTS baseline firm exit capacity ... [4]

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curtailment rights 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 shipper capacity has the meaning given to the term “NTS Exit Capacity” in the network code;

NTS firm exit flat capacity means NTS exit flat capacity not subject to NTS exit capacity curtailment rights;

NTS firm exit flow flexibility means NTS exit flow flexibility not subject to NTS exit capacity curtailment rights;

NTS firm exit shipper capacity means NTS exit shipper capacity not subject to NTS exit capacity curtailment rights;

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 firm exit flat capacity in excess of NTS baseline exit flat capacity;

NTS incremental exit flow flexibility means that NTS firm exit flow flexibility in excess of NTS baseline exit flow flexibility;

NTS incremental exit shipper capacity means that NTS firm exit shipper capacity in excess of NTS baseline exit shipper capacity;

NTS interruptible exit capacity means NTS exit capacity subject to NTS exit capacity curtailment rights;

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NTS obligated incremental exit flat capacity

means NTS incremental exit flat capacity registered or capable of being registered from 1 October 2010 onwards (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) and the obligation set out in paragraph 1(d)(iii)(B) of Special Condition C8E (NTS gas exit incentives, costs and revenues);

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NTS obligated incremental exit flow flexibility

means NTS incremental exit flow flexibility registered or capable of being registered from 1 October 2010 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) and the obligation set out in paragraph 1(d)(iii)(B) of Special Condition C8E (NTS gas exit incentives, costs and revenues);

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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;

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NTS non-obligated incremental exit flat capacity

means NTS firm exit flat capacity other than NTS baseline exit flat capacity and NTS obligated incremental exit flat capacity;

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NTS non-obligated incremental exit flow flexibility

means NTS firm exit flow flexibility other than NTS baseline exit flow flexibility and NTS obligated

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incremental exit flow flexibility;

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NTS short term interruptible capacity

means NTS interruptible exit capacity 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 capacity;

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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;

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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) balancing management;
- (v) constraint management services; and
- (vi) the provision of services in relation to gas quality;

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NTS system operator

means the revenue derived by the licensee from the

revenue or NTS SO revenue	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 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 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 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 connected to the transportation system to which this licence relates;

relevant system operation costs

[needs to be defined for use in Special Condition C8C] ~~†~~

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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;

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;

storage connection point

has the meaning given to that term in the 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;

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:

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(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 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 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;

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

terminal means an aggregate system entry point (having the meaning given to that term in the network code); and

transportation system means the system (having the meaning given to that term in the network code) to which this licence relates.

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.

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Page 2: [1] Deleted	turners	11/09/2006 18:31:00
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;	
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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);	
Page 4: [3] Deleted	turners	11/09/2006 18:38:00
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;	
Page 4: [4] Deleted	turners	12/09/2006 11:55:00
NTS baseline firm exit capacity	means in respect of each period the NTS firm exit capacity specified in table A3 of schedule A or subsequently modified (subject to the prior written consent of the Authority) within the statement produced by Transco plc in accordance with Standard Special Condition A4 (Charging – General);	
Page 4: [5] Deleted	turners	12/09/2006 10:09:00
NTS baseline interruptible exit capacity	means in respect of each period the NTS interruptible exit capacity specified in table A4 of schedule A or subsequently modified (subject to the prior written consent of the Authority) within the statement produced by Transco plc in accordance with Standard Special Condition A4 (Charging – General);	
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NTS incremental exit shipper capacity	means that NTS exit shipper capacity in excess of NTS baseline exit shipper capacity;	

