Gas Market Operator NI

OS Scheme

and

CMP Methodology Statement

Version 3.0

1st March 2021

Contents

1. Document Requirement

The Licences for the conveyance of gas in Northern Ireland require the Individual Transporters to prepare and submit for approval to the Northern Ireland Authority for Utility Regulation ("**the Authority**") arrangements for the oversubscription and buyback of capacity (the OS Scheme) incorporating an OS Charging Statement. The OS Scheme relates to the implementation of Congestion Management Procedures at an Interconnection Point (IP) in accordance with Annex 1 ("**the CMP Annex**") of the Regulation EU 715/2009.

Premier Transmission and GNI (UK) have IP's on their transmission system and so must comply with the licence requirement. BGTL and WTL are also Individual Transporters in Northern Ireland, but there are no IP's on their respective transmission systems, and therefore the implementation of an OS Scheme and/or Congestion Management Procedures does not apply in relation to BGTL or WTL.

The four Individual Transporters have implemented a joint contractual arrangement (known as the Single System Operator Agreement) to operate the market facing arrangements in Northern Ireland, known as the Gas Market Operator (NI) or GMO (NI).

The Shipper-facing administration of the OS Scheme and the CMP Mechanisms will be performed by GMO (NI) on behalf of PTL and GNI (UK). The NI Network Gas Transmission Code section 1.3 describes how all the Individual Transporters act together as 'the Transporter', and 'the Transporter' terminology is therefore used in this document for consistency. Notwithstanding this terminology, the responsibility for making capacity available remains a matter for the Individual Transporters as regards their individual pipeline systems, and any incentive revenue or costs arising from the application of this scheme in respect of an Interconnection Point would be directed to the Individual Transporter at the relevant Interconnection Point.

As well as setting out the OS Scheme, this document sets out the procedures the Transporter will apply when implementing other congestion management procedures, as contemplated by the NI Network Gas Transmission Code (referred to here as the "NI Network Code"), section 2.16 to 2.20 (the "CMP Mechanisms"). These procedures also require regulatory approval according to the CMP Annex and are included in this document to enable their governance by the Authority.

2. Governance & Document Status

This document was published on [*to be inserted on publication*] with the approval of the Authority and can only be amended with the approval of, or by direction of, the Authority. This is the second update of the document since it was first published in 2014 to reflect the introduction of capacity auctions at IPs.

Capitalised terms used in this document have the meaning given to them in the Licences for the conveyance of gas in Northern Ireland, or the NI Network Code, or otherwise where given to them in this document.

This document is published by the Transporter as the OS Scheme required under the Licences. Although this document is required by licence, and must be approved by the Authority, its purpose is to provide guidance and explanation and to set out the detail of the procedures that the Transporter shall follow in implementing the contractual rules contained in the NI Network Code.

Therefore, it is important to note that this document is not contractually binding as between the Shippers and the Transporter. For the avoidance of doubt, should there be any discrepancy or difference of interpretation between this document and the NI Network Code, the terms of the NI Network Code shall prevail.

3. Introduction

3.1. The application of an Activation Test

The CMP Annex requires the implementation of Congestion Management Procedures only when there is contractual congestion. The contractual rules in the NI Network Code will therefore come into force only when an Activation Test is passed. Alternatively, the Transporter may decide to bring certain sections of the NI Network Code into force individually, earlier than the test is passed, should it believe it to be appropriate and technically feasible to do so, according to NI Network Code section 2.16.2(b).

The NI Network Code section 2.16 specifies that the CMP Activation Date is the date at which the Activation Test is passed, and the OS Effective Date (which is a date specified by the Transporter) shall be 6 months after the CMP Activation Date or sooner if possible. This reflects the requirement to ensure that appropriate systems and procedures are in place, to enable the Transporter to manage the arrangements, before the administration of the OS Scheme and the Congestion Management Procedures commences.

Section 4 of this document sets out the Activation Test and how and when it will be applied, as well as describing how and when early implementation of some or all of the CMP Mechanisms might be considered.

3.2. Oversubscription Capacity

Oversubscription Capacity is IP Entry Capacity which is to be offered to Shippers as part of Allocable IP Entry Capacity in an Auction. The intended purpose of Oversubscription Capacity is to release (to the market) IP Entry Capacity which has been sold but is not being used.

On any day where Oversubscription Capacity has been sold to Shippers, the Transporter may also buy back capacity, if need be. The contractual rules for the offering and allocation of Oversubscription Capacity are in the NI Network Code section 2.16.6, which simply state that it shall be offered as Additional IP Entry Capacity and the order of priority (i.e. last) in which Oversubscription Capacity is to be allocated.

The buyback rules are in the NI Network Code section 2.19

Sections 5 of this document set out when and how the Transporter will decide to offer Oversubscription Capacity, and the way in which it determines how much is to be offered.

Section 6 sets out when and how the Transporter may choose to buy back capacity. Section 7 is the OS Charging Statement and describes how Oversubscription Capacity is to be charged for.

Sections 8 and 9 set out how the revenue obtained from any sale of Oversubscription Capacity, and/or required to buy back capacity, is treated under the incentive scheme.

3.3. Other CMP Mechanisms

The CMP Annex requires that TSOs should allow Shippers to surrender unwanted capacity. The contractual rules for surrender of IP capacity, (and its re-offer to the market by the Transporter) are contained in the NI Network Code (sections 2.17 and 2.16.6).

Section 10 of this document provides a brief explanation of how the surrender rules operate.

The CMP Annex also requires that TSOs should apply a Long Term Use-it-or-Lose-it ("**LTUIOLI**") mechanism, which entails the permanent withdrawal of (long term) underutilised capacity from Shippers, and the re-sale of such capacity by offering it to Shippers as part of the Allocable IP Entry Capacity available in an Auction. In order to determine whether Shippers are systematically (long term) under-utilising capacity, the Transporter is required to monitor individual Shipper's capacity usage on a regular basis.

Section 11 of this document clarifies how and when the Transporter may determine that it considers that it may be appropriate to withdraw capacity from a Shipper, how much capacity should be withdrawn and the period for which it should be withdrawn.

Section 12 sets out how the CMP Arrangements for the Stranraer Shipper operate, and how they interact with the CMP Arrangements for the Moffat Interconnection Point. Under Section 12, Moffat Non-IP Entry Capacity may be permanently withdrawn from the Stranraer Shipper under LTUIOLI rules and/or may be offered as Oversubscription Capacity at the Moffat Interconnection Point.

4. Activation Test and Commencement of CMP Mechanisms

4.1. Activation Test

4.1.1. The Activation Test is, that if:

(a) all the Technical Capacity for Gas Year Y or a quarter in Gas Year Y which was offered in the Annual Yearly Auction and/or a Quarterly Auction was sold out (or none was available to be offered); **and**

(b) Shippers bid for firm IP Entry Capacity in either the Annual Yearly Auction and/or a Quarterly Auction but were unable to obtain it;

then the Transporter shall determine that contractual congestion exists at the relevant IP.

4.1.2. The Transporter shall review the bids in the IP Entry Capacity Auctions and apply the Activation Test in 4.1.1 and publish its findings no later than 5 Business Days after the first Quarterly Capacity Auction during Gas Year Y-1. The first such review was carried out in Gas Year 2015/2016.

4.2. Explanation of the Activation Test

4.2.1. The Activation Test is a test of whether there is contractual congestion at an IP. The Gas Regulation 715/2009 defines contractual congestion as a *'situation where the level of firm capacity demand exceeds the technical capacity'* and the technical capacity is defined as the '*maximum firm capacity that the transmission system operator can offer to the network users, taking account of system integrity and the operational requirements of the transmission network'*. Therefore, for the Activation Test to be passed, essentially there has to be unfulfilled demand for long term IP Entry Capacity.

4.2.2. The Activation Test is described in terms of the long term auctions and the longer duration capacity products available, in line with the longer term perspective of the LTUIOLI mechanism. However, it should be noted that it is possible, in theory, that there could be shorter term contractual congestion.

4.3. Early implementation of certain CMP Mechanisms

4.3.1. In the event of shorter term contractual congestion, the LTUIOLI mechanism would be of no assistance in managing the situation, and in such circumstances it may therefore be appropriate, in theory, to implement oversubscription and buyback prior to the full implementation of all of the CMP Mechanisms. This is the reason why the NI Network Code permits the Transporter to implement certain sections of the (CMP-related) Network Code rules individually as and when it considers that it is appropriate (Network Code section 2.16.2(b)).

4.3.2. However, it should be noted (particularly in the relatively small and simple NI Network) that it is more likely that short term unfulfilled demand for capacity is the result of a shortage of technical capacity (i.e. physical congestion), as opposed to there being contractual congestion (i.e. short term capacity hoarding). Physical congestion could only be alleviated by infrastructure investment.

4.3.3. The CMP Annex requires that Oversubscription Capacity is allocated only after all the firm unsold capacity has been allocated (and any surrendered or withdrawn capacity is also allocated before Oversubscription Capacity). This means that Firm Technical Capacity has to be sold out before Oversubscription Capacity can be allocated. In order to assess whether the situation was arising due to contractual or physical congestion, it would be necessary to evaluate the level of Shipper nominations relative to the levels of capacity sold/being requested in auctions.

4.3.4. Therefore, while the formal Activation Test is expressed in terms of the longer term, should the situation arise during the year where, for example, the shorter term auctions are consistently selling out, but nominations are not close to the level of firm technical capacity, the Transporter may choose to interpret this as a signal of short term contractual congestion, and initiate oversubscription and buyback procedures as soon as possible. The Transporter monitors the level of demand for short term capacity on an ongoing basis and shall make this determination if it considers that it is appropriate to do so.

4.4. CMP Mechanisms Activation

4.4.1. Once contractual congestion has been determined to exist at an IP in accordance with the test in section 4.1.1, the CMP Mechanisms (including the OS Scheme) shall be activated at the relevant IP, with effect from the start of the Gas Year Y, or as soon as possible thereafter, given that there would be a 6-month lead time, or such shorter period as may be feasible, to enable IT Systems delivery.

4.4.2. As set out in section 4.3 above, and in accordance with the NI Network Code section 2.16.2(b), the Transporter may decide to activate any or all of the CMP Mechanisms in respect of either or both IPs, at any time prior to the Activation Test being passed, subject to written approval from the Authority.

4.4.3. Where one or more of the CMP Mechanisms is activated within a Gas Year, the Transporter shall inform Shippers holding IP Registrations at the relevant IP(s) specifying the date from which the mechanism(s) will be activated giving 6 months' notice, or such shorter period as may be feasible, to enable IT Systems delivery.

4.5. Firm Day Ahead Use-it-or-Lose-it

4.5.1. The CMP Annex section 2.2.3 requires that a TSO should implement Firm Day Ahead Use-it-or-Lose-it rules (FDA UIOLI Rules) in respect of an IP if:

(a) it finds in its monitoring report (see 11.1.1) that demand for IP Capacity exceeds that offered, at the reserve price, for certain products and durations set out in the FDA UIOLI Criteria (see below); and

(b) the monitoring report shows that it is likely that this situation will re-occur in the next 3 years.

4.5.2. The FDA UIOLI Rules in the CMP Annex section 2.2.3 set certain restrictions on Shippers' renominations within day but would ***only apply for Shippers holding more than 10% of the contracted capacity at an IP.***

4.5.3. The **"FDA UIOLI Rules"** (which are formally set out in the CMP Annex) are outlined below:

(a) firm renomination is permitted up to 90% and down to 10% of a Shipper's IP Capacity, however;

(i) if the nomination exceeds 80% of the Shipper's IP Capacity, half the non-nominated volume may be renominated upwards;

(ii) if the nomination does not exceed 20% of the Shipper's IP Capacity, half the nominated volume may be renominated downwards; and

(b) the restricted part of the Shipper's IP Capacity may be renominated (by the original capacity holder) on an interruptible basis.

4.5.4. The FDA UIOLI Rules would **only** need to be implemented if the FDA UIOLI Criteria are met (i.e. contractual congestion has been determined, the monitoring report has been implemented, and there is excess demand for the specific products and durations in the FDA UIOLI Criteria) but the rules are otherwise not required. The Transporter has therefore not included those rules in the Codes or developed the associated system functionality at this time but would do so if/when the FDA UIOLI Criteria are passed.

4.5.5. The **"FDA UIOLI Criteria"** are that in a monitoring report, demand for capacity exceeded that offered for capacity products for use in either that year or in one of the subsequent two years:

a) for at least three firm capacity products with a duration of one month; or

b) for at least two firm capacity products with a duration of one quarter; or

c) for at least one firm capacity product with a duration of one year or more; or

d) where no firm capacity product with a duration of one month or more has been offered.

4.5.6 Once the Activation Test for congestion has been passed and the monitoring report is being routinely produced, the assessment of the FDA UIOLI criteria will be included in the routine reports. Should the criteria be met, the Transporter will include the FDA UIOLI Rules in the Code and develop the system functionality needed in order to comply with this requirement of the CMP Annex at the earliest opportunity.

THE OS SCHEME

5. Oversubscription Capacity

5.1. Oversubscription Capacity Quantity

5.1.1. The amount of Oversubscription Capacity to be made available shall be determined in accordance with this section 5.1.

Historic Analysis

5.1.2. In respect of an IP, before the start of each month, the Transporter shall make an analysis of historic capacity under-utilisation with respect to each Day of:

(a) the corresponding month of the previous year or years; and
(b) the month which is two months previous to the month for which Oversubscription Capacity is to be made available;
(c) any other period the Transporter considers to be relevant.

5.1.3. Before the start of each month, the Transporter shall make a prediction of the under-utilisation of capacity in respect of the IP for the Days in the following month, taking into account:-

(a) anticipated gas demand;
(b) historic analysis;
(c) recent trends;
(d) any other information they consider to be relevant (including Virtual Reverse Flow).

5.1.4. Before the start of each month, the Transporter shall make an assessment of the risk of Buyback which is likely to arise for the Days in following month.

5.1.5. Each day, at the D-1 stage in respect of Gas Flow Day D, the Transporter shall review the analysis performed under 5.1.2 and 5.1.3 in the light of recent flows and capacity bookings, and conclude on how much under-utilised capacity could be made available as Oversubscription Capacity in respect of the Gas Flow Day D, taking into account all the considerations above.

5.1.6. The Oversubscription Capacity which the Transporter will make available shall not exceed a maximum limit equal to 5% of Technical Capacity of the relevant IP.

5.1.7. Notwithstanding the above analysis and guidelines for the calculation of the amount of Oversubscription Capacity which may be offered, the Transporter will make the final decision as to the appropriate amount to be offered, and may offer a zero amount of Oversubscription Capacity where it believes it is appropriate to do so.

5.1.8. The Transporter may revise the amount of Oversubscription Capacity available from time to time (including within day, although the Transporter would not reduce the amount of Oversubscription Capacity available within day below the level of any Oversubscription Capacity which had already been sold for that day).

5.2. Notification and Publication of the Amount of Allocable IP Entry Capacity

5.2.1. The Transporter will publish a general notification to Shippers on its website that Oversubscription Capacity is being made available in respect of the relevant IP but shall not publish a separate amount of capacity which is available as Oversubscription Capacity on any given Day.

5.2.2. Oversubscription Capacity shall be made available by the Transporter as part of the Allocable IP Entry Capacity in the Rolling Day Ahead Auctions and the Within Day Auctions for IP Entry Capacity accordance with section 2 of the NI Network Code.

5.2.3. The total amount of Allocable IP Entry Capacity available in any given auction shall be viewable on the Capacity Platform (PRISMA).

5.3. Oversubscription Capacity Allocation

5.3.1. Following the closure of an Auction, the Transporter will determine the type of IP Entry Capacity (and in respect of Moffat, Non-IP Entry Capacity) which has been allocated in accordance with the following Merit Order which is required by the CMP Annex, which is as follows:

(a) Unsold Technical IP Entry Capacity;
(b) IP Entry Capacity offered for Surrender;
(c) UIOLI IP Entry Capacity;
(d) Oversubscription Capacity.

5.3.2. Where capacity released from Moffat Non-IP Entry Point is to be allocated it shall only be allocated after Moffat IP Entry Capacity has been allocated. See section 12 for more details.

5.3.3. Where the Transporter has allocated any Oversubscription Capacity for a Day at an IP, it may inform Shippers that it has done so.

5.3.4. For the purpose of correctly accounting for revenues collected, the Transporter will identify to which Shipper Oversubscription Capacity has been allocated.

6. Buybacks

6.1. Buyback Process – When will it be used?

6.1.1. Where the Transporter has allocated Oversubscription Capacity at an IP in respect of a Gas Day, the Transporter may purchase IP Entry Capacity at the relevant IP from Shippers in accordance with this OS Scheme and the NI Network Code.

6.1.2. Where the Transporter intends to commence offering Oversubscription Capacity, it shall also notify Shippers whether the buyback process will be conducted using PRISMA or using the Delphi System. The Transporter may update this information from time to time by notifying Shippers in writing.

6.1.3. Whether it is necessary to purchase IP Entry Capacity from Shippers shall be determined by the Transporter in accordance with the remaining provisions of this clause 6.

6.2. Determining the Potential Requirement for Buyback

6.2.1. The Transporter shall monitor technical and operational factors before and during each Gas Flow Day including but not limited to the following:

(a) the prevailing operational conditions;
(b) aggregate IP Entry Nominations and VRF IP Exit Nominations at the relevant IP;
(c) agreed profiles;
(d) current metered flows (within-day);
(e) weather forecasts;

(f) any extenuating circumstances which the Transporter may be aware of which lead it to believe that the IP Nominations or metered flows at any given time may be artificially low (or high).

6.2.2. The Transporter may initiate the buyback process where it considers it appropriate to do so in order to maintain system integrity.

6.2.3. Before initiating the buyback process, the Transporter shall consider whether there are other operational or commercial means of maintaining the integrity of the system in a more cost-efficient manner.

6.2.4. In making this determination, the Transporter shall, where possible, prioritise the application of the buyback process over the use of Flow orders or any other constraint management measures, where the Transporter reasonably believes that the purchase of capacity will effectively maintain system integrity.

6.3. Buyback Quantity Required

6.3.1. In the event of a requirement to purchase IP Entry Capacity, the Transporter shall determine the amount of capacity which it will endeavour to purchase, and the timescales within which it requires Buyback Offers to be received.

6.4. Buyback Process

Advance Buyback Agreements

6.4.1. The Transporter may at any time decide to conduct a public tender process for Advance Buyback Agreements in respect of the relevant IP, in which all Shippers will be invited to participate.

On the Day Buyback Process

6.4.2. Where the Transporter determines there is a requirement to purchase IP Entry Capacity, the Transporter shall issue a Buyback Invitation to Shippers at the IP in accordance with the NI Network Code.

6.4.3. After the time period for submission of Buyback Offers, the Transporter will prepare a list of Buyback Offers received either in response to the Buyback Invitation or via Advance Buyback Agreements

6.4.4. Buyback Offers shall be considered and accepted by the Transporter in accordance with the NI Network Code, provided always that the Transporter shall not purchase IP Entry Capacity to the extent the cost of such purchase would exceed the applicable Buyback Cap at the relevant IP.

6.4.5. Where there are insufficient funds within the relevant Buyback Cap to fund the required quantity of IP Entry Capacity buyback in respect of an IP, the Transporter will not undertake any further buybacks.

Buyback Cap

6.4.6. Separately in respect of each IP the Transporter shall, before the start of month M, calculate the cash amount (the Buyback Cap) which shall be available to the Transporter to purchase IP Entry Capacity at that IP in respect of Day D (in month M).

The “**Buyback Cap**” shall be the value in pounds of the sum of the OS Revenue M – 1, the Net OS Revenue M – 2 and the Net OS Revenue M – 3 where:

- OS Revenue M – 1 means the amount receivable in respect of Oversubscription Capacity allocated in respect of each Day in M – 1;
- Net OS Revenue M – 2 means the amount receivable in respect of Oversubscription Capacity allocated in respect of Days in M – 2 less any amount payable out of such revenue to fund the purchase of capacity in M – 1; and
- Net OS Revenue M – 3 is the amount receivable in respect of Oversubscription Capacity allocated in respect of days in M – 3 less the amount payable out of such revenue to fund the purchase of Capacity in M – 1 and M – 2.

6.4.7. The calculation of the Buyback Cap is illustrated in Appendix 2.

6.4.8. The Transporter may update the method for calculating the Buyback Cap, for example to include OS revenues generated from the sale of OS Capacity within the month M, should they consider it appropriate to do so. In this circumstance, the Transporter shall inform Shippers in advance of the change of methodology, giving as much notice as is practicable.

Buyback Notifications

6.4.9. The Transporter shall accept Buyback Offers and issue Buyback Notifications in accordance with the NI Network Code.

7. OS Charging Statement

7.1.1. The Licences oblige the Transporter to publish an OS Charging Statement prescribing the methodology for determining the charges:

(a) payable by Shippers for Oversubscription Capacity; and
(b) payable to Shippers for capacity purchased by the Transporter in accordance with this OS Scheme and the NI Network Code.

7.1.2. Oversubscription Capacity will be made available as IP Entry Capacity pursuant to the NI Network Code, and the price payable by Shippers for Oversubscription Capacity shall be the same as the applicable price set by the relevant (Day Ahead or Within Day) Auction for IP Entry Capacity.

7.1.3. Prices for IP Entry Capacity are derived from the Forecast Postalised Annual Capacity Charge (as defined in the Licences) using monthly multipliers and set as the NI Reserve Price in Auctions for IP Entry Capacity. The method for determining prices and multipliers are shown in the Gas Transmission Charging Methodology Statement published on the Transporter’s website, using data from the Gas Product Multipliers and Time Factors Table published by the Authority. The actual price paid for IP Entry Capacity on any Day may vary from the NI Reserve Price depending on the Auction outcome.

7.1.4. Commodity Charges will apply as normal in accordance with the NI Network Code.

7.1.5. The charge payable by the Transporter for capacity purchased in accordance with this OS Scheme and the NI Network Code, shall be as determined in accordance with any applicable Advance Buyback Agreement or Buyback Offers subject in all cases to the Buyback Cap as set out in this document.

8. OS Scheme Incentive – Revenue Treatment

8.1. Introduction

8.1.1. The OS Scheme is designed to incentivise the Transporter to make Oversubscription Capacity available and provide a means of sharing the excess of the revenues received as a result of the allocation of Oversubscription Capacity over the costs of buy-backs between Shippers and the Transporter.

8.1.2. The Transporter shall calculate and account for revenues and costs arising from the OS Scheme in respect of Moffat Interconnection Point and Moffat Non-IP Entry Point together, and separately from the revenues and costs arising from the OS Scheme in respect of South North Interconnection Point. See section 12 for more details of the application of the OS Scheme at the Moffat Non-IP Entry Point.

8.2. OS Revenues Handling

8.2.1. The Transporter shall invoice Shippers utilising the relevant IP on a monthly basis in accordance with the NI Network Code.

8.2.2. The Transporter shall identify the revenues payable for IP Entry Capacity which are attributable to the allocation of Oversubscription Capacity at each IP (including where such Oversubscription Capacity was provided by the release of Non-IP Entry Capacity at the Moffat Non-IP Entry Point), and ensure these revenues are attributed to the NI Network Incentive Scheme Bank Account in accordance with the NI Network Code. In the event that the OS Scheme is activated at both IPs at the same time, the Transporter shall ensure that the funds relating to each IP are accounted for separately within the NI Network Incentive Scheme Bank Account.

8.3. Incentive Scheme Costs and Payments

8.3.1. Where in accordance with this OS Scheme there is a requirement to buy back capacity in relation to Moffat Interconnection Point, it shall be paid for with funds attributable to the operation of the OS Scheme at the Moffat Interconnection Point, up to the level of the Buyback Cap described in 6.4.6 above.

8.3.2. Where in accordance with this OS Scheme there is a requirement to purchase buy back capacity in relation to South North Interconnection Point, it shall be paid for with funds attributable to the operation of the OS Scheme at the South North Interconnection Point, up to the level of the Buyback Cap described in 6.4.6 above.

8.3.3. All payments shall be made in accordance with the NI Network Incentive Payments Procedure.

8.3.4. No other costs shall be paid for from the revenues attributable to the NI Network Incentive Scheme Bank Account and there shall be no cross subsidy of costs or revenues between the IPs.

8.3.5. The calculation of the OS Revenues shall be completed by 1 February in respect of the previous Gas Year. This is required as the Buyback Caps to be determined for October, November and December of Gas Year Y+1 must be closed before the net OS revenues for Gas Year Y is finalised.

8.4. OS Revenues Sharing

Sharing Proportions between Shippers and the Transporter

8.4.1. Any excess OS Revenues remaining after the end of Gas Year Y in respect of the South North Interconnection Point shall be shared between the Shippers and the Transporter on a 75:25 basis; the 75% share attributable to Shippers ("the **Shipper's Aggregate SN Share**") shall be shared among Shippers in accordance with 8.4.4 and the 25% share attributable to the Transporter shall be the "**Transporter's SN Share**".

8.4.2. Any excess OS Revenues remaining after the end of Gas Year Y in respect of the Moffat Interconnection Point shall be shared between the Shippers and the Transporter on a 75:25 basis; the 75% share attributable to Shippers ("**the Shipper's Aggregate Moffat Share**") shall be shared amongst Shippers in accordance with 8.4.5 and the 25% attributable to the Transporter shall be the **"Transporter's Moffat Share**".

8.4.3. Payments to Shippers by the Transporter of such excess OS Revenues are described in section 12 of the NI Network Code as "Incentive Scheme Payments".

Sharing Proportions amongst Shippers

8.4.4. For South North Interconnection Point, after 1 February in the following Gas Year Y+1, Shippers shall be allocated a proportion of the 'Shipper's Aggregate SN Share' pro-rata to the sum of their Final IP Entry Allocations at South North IP Entry Point for the relevant Gas Year Y.

8.4.5 For Moffat Interconnection Point, after 1 February in the following Gas Year Y+1, Shippers shall be allocated a share of the 'Shippers' Aggregate Moffat Share' pro-rata to the sum of their Final IP Entry Allocations at Moffat IP Entry Point for the relevant Gas Year Y. Where Oversubscription Capacity has been made available from the Moffat Non-IP Entry Point, and subsequently allocated to Shippers at the Moffat IP Entry Point, the Stranraer Shipper shall also be allocated a pro-rata share of the 'Shippers' Aggregate Moffat Share' based on its Final Non-IP Entry Allocations.

'Licensees OS Revenues Share'

8.4.5. For the purposes of the GNI (UK) Licence, the Licensees OS Revenues Share for GNI (UK) is the Transporter's SN Share.

8.4.6. For the purposes of the PTL Licence, the Licensees OS Revenues Share for PTL is the Transporter's Moffat Share.

9. OS Scheme Invoicing and Payments

9.1. Oversubscription Capacity Charges and Buyback Payments

9.1.1. The Transporter shall include amounts payable by or to Shipper in respect of:

(a) Oversubscription Capacity (which shall be included in the Monthly Postalised Daily IP Entry Capacity Payment)

(b) Buyback payments

(c) Incentive Scheme Payments

on the PS Transmission Invoice, pursuant to section 12 of the NI Network Code, and handle revenues and payments in accordance with section 17.14 of the NI Network Code.

9.2. Incentive Scheme Payments to Individual Transporters

9.2.1. Incentive Scheme Payments shall be paid to the to the Transporter (and ultimately to the relevant Individual Transporter) in accordance with the NI Network Incentive Scheme Payments Procedure.

OTHER CMP MECHANISMS

METHODOLOGY STATEMENT

10. IP Entry Capacity Surrender

10.1.1. Where the Activation Test has been passed, or the Transporter otherwise decides to activate the Surrender Mechanisms in respect of an IP in accordance with section 4.2, the Transporter shall inform Shippers, in accordance with the NI Network Code section 2.16.2(b), of the date at which they will be able to commence surrender of IP Entry Capacity in accordance with section 2.17 of the NI Network Code.

10.1.2. Thereafter, the rules in section 2.17 of the NI Network Code shall apply.

Explanation of the Surrender rules in the NI Network Code

10.1.3. Shippers can offer to surrender capacity in either the Annual, Quarterly or Rolling Monthly IP Entry Capacity Auctions, and may place up to 10 Surrender Offers in each or any of those Auctions.

10.1.4. Surrender Offers must be valid, which means that the Shipper must have enough Registered IP Entry Capacity at the relevant IP and otherwise meet the criteria set down in the NI Network Code. For example, the offer must be for IP Capacity that is for (at least) the relevant IP Capacity Period of the Auction). Annual IP Entry Capacity may be offered in the Quarterly or Rolling Monthly Auctions, and Quarterly IP Entry Capacity can be offered in the Rolling Monthly Auctions. It is not possible to offer Monthly IP Entry Capacity in the longer term auctions.

10.1.5. Valid Surrender Offers will be included in the capacity made available in the Auction. Shippers do not set a price for the capacity they wish to surrender. After an Auction has closed the Transporter allocates the Allocable IP Entry Capacity to the winning bids of Shippers in the priority order required by the CMP Annex:

(a) Unsold Technical IP Entry Capacity;
(b) IP Entry Capacity offered for Surrender;
(c) UIOLI IP Entry Capacity;
(d) Oversubscription Capacity.

10.1.6. Where a Shipper has been allocated surrendered capacity, it will not be aware of its origin, and will simply be charged for the capacity at the Clearing Price of the Auction. The surrendering Shipper does not receive any payment, since it is simply not charged for the surrendered capacity.

10.1.7. Valid Surrender Offers may be allocated in whole or in part, and to the extent that they are not allocated to another Shipper in an Auction, the original Shipper still has to pay for the remainder of the capacity which is not accepted for surrender, and retains its rights to use it.

10.1.8. If there were to be bundled and unbundled auctions running in parallel, (an unlikely scenario in NI, given that the amount of capacity available upstream generally exceeds the available NI IP Entry Capacity) then it is possible for surrendered capacity to be allocated in either or both auctions.

11. Long term Use-it-or-Lose-it

11.1. LTUIOLI Commencement

11.1.1. Where the Activation Test has been passed, or the Transporter otherwise decides to activate the LTUIOLI Mechanisms in respect of an IP in accordance with section 4.2, the Transporter shall commence monitoring of IP Entry Capacity utilisation in accordance with section 2.18 of the NI Network Code.

11.1.2. The Transporter shall produce the Usage Reports for the relevant IP, seeking to assess any Underutilisation by a Shipper. In accordance with the NI Network Code section 2.18.2, two reports are to be produced each year (October – March and April – September). The reports shall also include an assessment of the FDA UIOLI criteria as described in section 4.5.5.

11.2. Determination of Underutilisation

11.2.1. The concept of underutilisation is set out in the CMP Annex (section 2.2.5), which states that capacity is considered to be systematically underutilised in particular *'if the network user uses less than on average 80% of its contracted capacity both from 1 April until 30 September and from 1 October to 31 March with an effective contract duration of more than one year for which no proper justification could be provided'.*

11.2.2. The Transporter is required to offer annual, quarterly, monthly and daily capacity products and it is not possible to buy a single capacity product which has, on its own, an effective duration of more than one year. It is therefore necessary to clarify which type of capacity will be considered by the Transporter in its analysis of underutilisation.

11.2.3. Taking into account the long-term purpose of this CMP Mechanism, the Transporter will only assess the utilisation of capacity at an IP where a Shipper has been allocated more than one consecutive Annual IP Entry Capacity product, or a series of consecutive IP Entry Capacity products (Annual and Quarterly) for a (net total) quantity of Registered IP Entry Capacity quantity which exceeds 2 years consecutive IP Capacity Period in aggregate, including the monitoring period at the relevant IP.

11.2.4. IP Capacity which has been transferred to the Shipper from another (and/or transferred away from the Shipper to another Shipper) in accordance with section 2.12 of the NI Network Code shall not be included in the determination in 11.1.2.

11.2.5. In respect of a given IP, where a Shipper holds allocated capacity of a relevant effective duration (i.e. exceeding 2 years) as described in 11.2.3 above in any given reporting period, it shall be a 'LTUIOLI Shipper' in accordance with section 2.18 of the NI Network Code and the Transporter will determine the level of the Shippers Registered IP Capacity at such IP for the reporting period, against which utilisation shall be assessed (the "**Assessed Capacity Level**").

11.2.6. Where a Shipper's Registered IP Capacity at an IP is the same quantity throughout the relevant effective duration, this shall be the Assessed Capacity Level. Where a Shipper's Registered IP Capacity at an IP varies through the relevant effective duration, the minimum level of Registered IP Capacity held consistently at the IP throughout the relevant effective duration shall be the Assessed Capacity Level.

11.2.7. The Transporter shall assess the level of the Shipper's Final IP Entry Allocations for each day in the relevant reporting period against the Assessed Capacity Level.

11.2.8. The Transporter shall determine the average of Shipper's Final IP Entry Allocations at an IP during the monitoring period ("**Average Allocated Flow**"). Where the Shipper's Average Allocated Flow is less than 80% of its Assessed Capacity Level at the relevant IP, then the Transporter shall determine that Underutilisation has occurred.

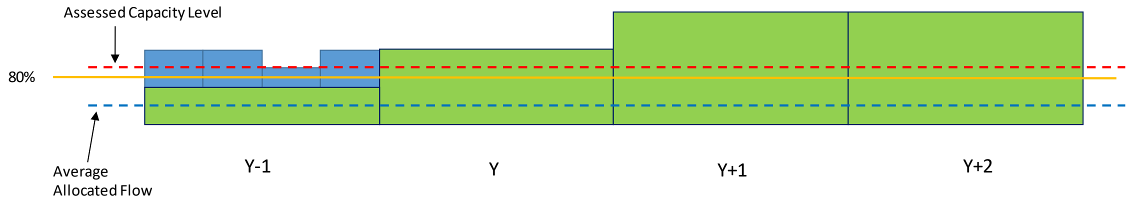


Illustration of a hypothetical profile of Registered IP Entry Capacity purchased in the Y-2 Annual and Quarterly Auctions. Green indicates Annual IP Entry Capacity and Blue indicates Quarterly IP Entry Capacity. The Average Allocated Flow is lower than 80% of the Assessed Capacity Level, so Underutilisation has occurred.

11.3. When will capacity withdrawal be considered?

11.3.1. Where:

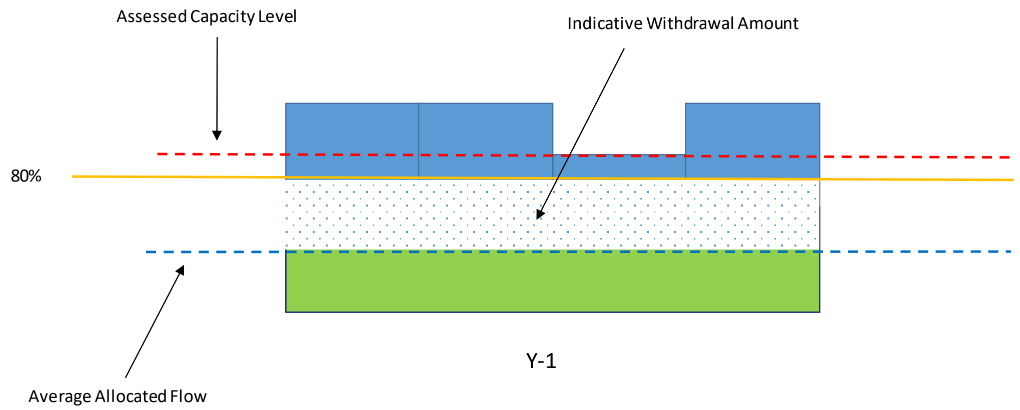
(a) Underutilisation has occurred; **and**

(b) there has been unfulfilled demand for capacity (i.e. Shippers bid for, but were not able to obtain, capacity in the most recent Annual or Quarterly IP Entry Capacity Auctions);

then the Transporter shall determine how much IP Entry Capacity should be the subject of an Indicative Withdrawal Notice.

Determining the quantity capacity that should be the subject of an Indicative Withdrawal Notice

11.3.2. Only the capacity which the Transporter considers is not being utilised will be the subject of an Indicative Withdrawal Notice. Given that the CMP Annex considers underutilisation to be an issue if flows are lower than 80% of capacity on average, this indicates that only underutilisation below the 80% level is unacceptable. Hence the "**Indicative Withdrawal Amount**" shall be the difference between the Shipper's Average Allocated Flows and 80% of the Assessed Capacity Level at the relevant IP.

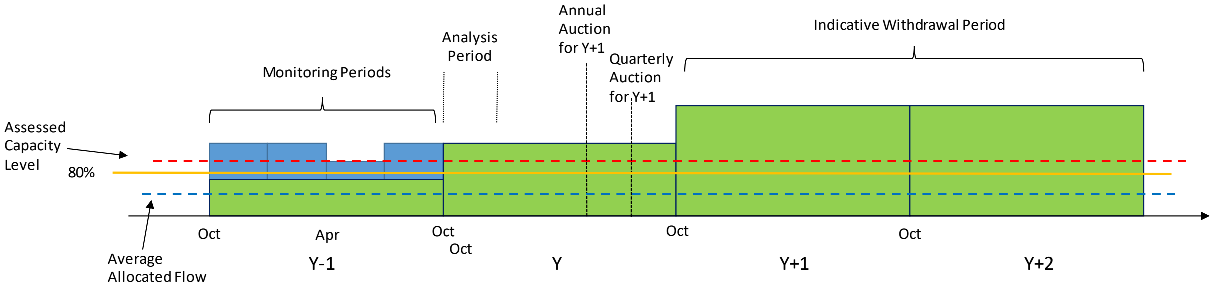


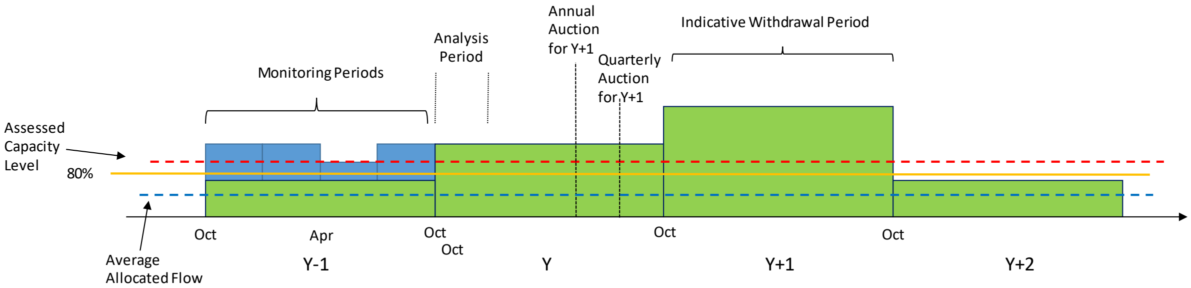
The Indicative Withdrawal Amount is the difference between the Shipper's Average Allocated Flows and 80% of the Assessed Capacity Level.

Determining the period for which capacity should be withdrawn

11.3.3. The Transporter shall also determine the IP Capacity Period for which such capacity should be withdrawn ("**the Indicative Withdrawal Period**"). Capacity which is withdrawn will be offered in the next Annual Auction and, if still unsold, the next Quarterly Auction. The minimum Indicative Withdrawal Period must therefore be the next (whole) gas year. The Indicative

Withdrawal Period depends on the level of Registered IP Entry Capacity which is held by the Shipper in subsequent years. Clearly if the Shipper's capacity booking is lower in subsequent years, it does not make sense to withdraw capacity in those years. Therefore, the Indicative Withdrawal Period shall extend to the duration that the Shipper's Registered IP Entry Capacity remains consecutively at the same (or higher) level as the Assessed Capacity Level.





The Indicative Withdrawal Period will depend on the Shipper's holding in subsequent years. Where a Shipper's purchased capacity is lower in subsequent years (as illustrated in the second diagram), it does not make sense to withdraw capacity in those years.

11.4. Justifying Underutilisation

11.4.1. In accordance with section 2.17.5 of the NI Network Code, a Shipper in receipt of an Indicative Withdrawal Notice may make a Written Submission (within one month) to the Transporter justifying the Underutilisation.

What constitutes 'Proper Justification'?

11.4.2. Determination of 'Proper Justification' will be entirely within the discretion of the Transporter and assessed on a case by case basis, but as guidance, the following circumstances would generally be considered to constitute Proper Justification:

(a) where capacity has been traded to another Shipper (or surrendered and reallocated) for a period of at least 3 consecutive months;

(b) where capacity has been offered for trade on the PRISMA platform for a period of at least 3 consecutive months at or below the auction reserve price(s);

(c) where capacity which has been offered for surrender (but not actually allocated) for a period of at least 3 consecutive months;

(d) evidence of gas contracts (for example delivery contracts) with third parties.

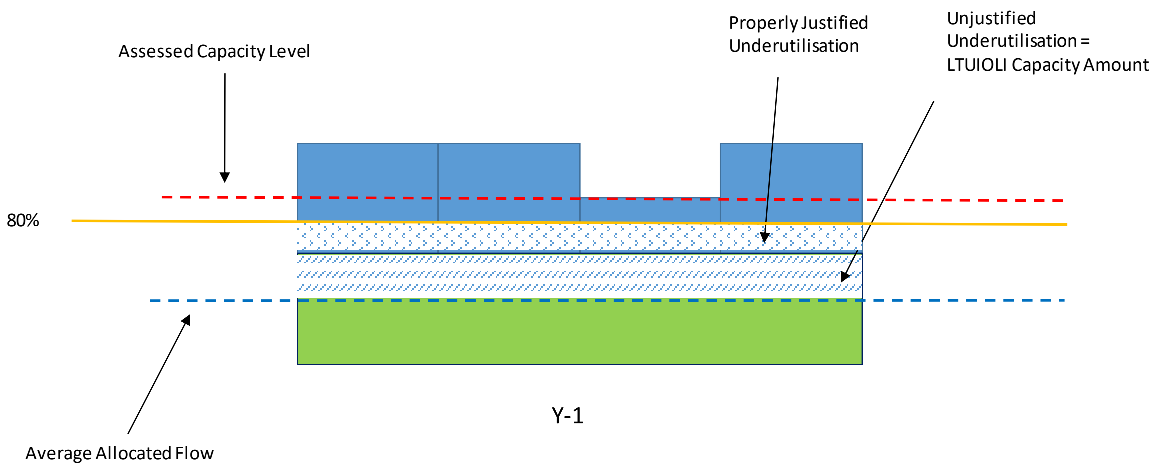
Consideration of Written Submissions

11.4.3. The Transporter shall consider any Written Submission and where it is satisfied that Proper Justification has been given, it shall inform the Shipper accordingly within 10 days.

11.5. Where Withdrawal is still Required

Determining the LTUIOLI Capacity and the IP Capacity Period that should be the subject of an Intended Withdrawal Notice

11.5.1. Where, following consideration of Written Submissions, the Transporter believes that some or all of the Underutilisation has not been properly justified, it will determine the amount of capacity which is to be withdrawn (the LTUIOLI Capacity, as defined in the NI Network Code section 2.18.7).



The LTUIOLI Capacity is only the part of the Underutilisation which cannot be properly justified by the Shipper, in the view of the Transporter.

11.5.2. The Transporter will also confirm the relevant IP Capacity Period for which the LTUIOLI Capacity is to be withdrawn, which shall extend to the full (consecutive) duration for which the Shipper holds the relevant Assessed Level of Capacity at the relevant IP.

11.5.3. Shippers making a Written Submission may be able to justify capacity utilisation up to a level higher than 80% of the Assessed Capacity Level, but still not equal to their entire Assessed Capacity Level, or perhaps for only part of the IP Capacity Period for which the capacity is to be withdrawn. In this case, only the amount of capacity and the IP Capacity Period which cannot be properly justified will be the LTUIOLI Capacity.

11.5.4. The Transporter will then provide to the Shipper an Intended Withdrawal Notice in respect of the relevant IP, in accordance with the NI Network Code section 2.18.7, confirming the LTUIOLI Capacity and the relevant IP Capacity Period.

11.6. Referral to the Authority

11.6.1. Where a Shipper does not agree with the decision of the Transporter, it can refer the decision to the Authority within 2 weeks of receipt of the Intended Withdrawal Notice, in accordance with NI Network Code section 2.18.8. The Authority will, entirely at its own discretion, make the final decision as to whether capacity should be withdrawn, and/or make any adjustment to the Intended Withdrawal Amount and the IP Capacity Period that it considers appropriate, and instruct the Transporter accordingly.

11.7. Withdrawal of IP Entry Capacity

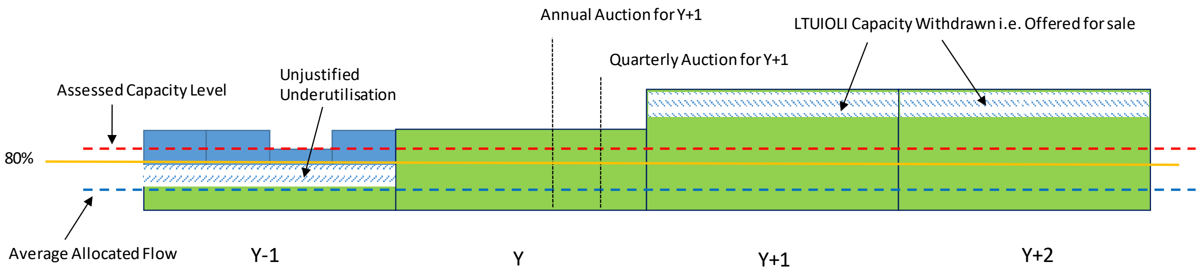
11.7.1. An Intended Withdrawal Notice becomes effective where:

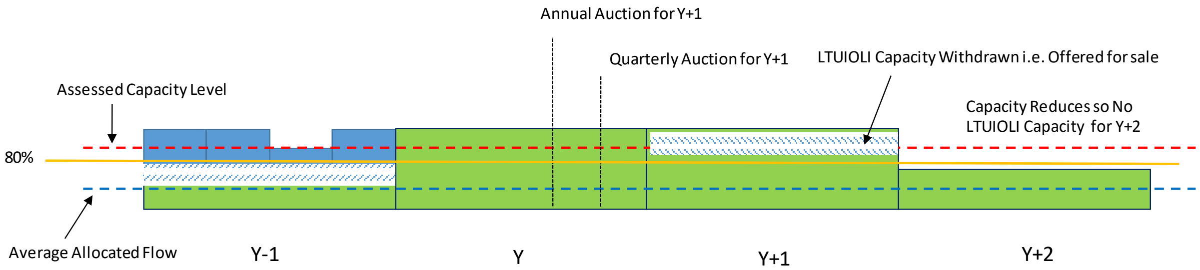
(a) a Shipper has not provided any Written Submission; or

(b) the Transporter has considered a Written Submission, but concluded that some or all of the withdrawal is still required, and the Shipper has not referred the decision to the Authority; or

(c) the Authority has considered a referral by a Shipper but concluded that proper justification has not been provided for all or part of the LTUIOLI Capacity and/or relevant IP Capacity Period and instructed the Transporter accordingly.

11.7.2. Where an Intended Withdrawal Notice becomes effective, the Transporter shall offer the LTUIOLI Capacity as Allocable IP Entry Capacity in the first available Annual Yearly Auction for as many years as is applicable. If some or all of the LTUIOLI Capacity remains unsold in that auction, then the amount of the LTUIOLI Capacity for the relevant IP Capacity Period, i.e. Y+1 shall be offered, in quarters, in the next Annual Quarterly Auction for Y+1. Unsold LTUIOLI Capacity shall be re-offered in the Auctions in subsequent quarters and subsequent years for as long as is applicable.





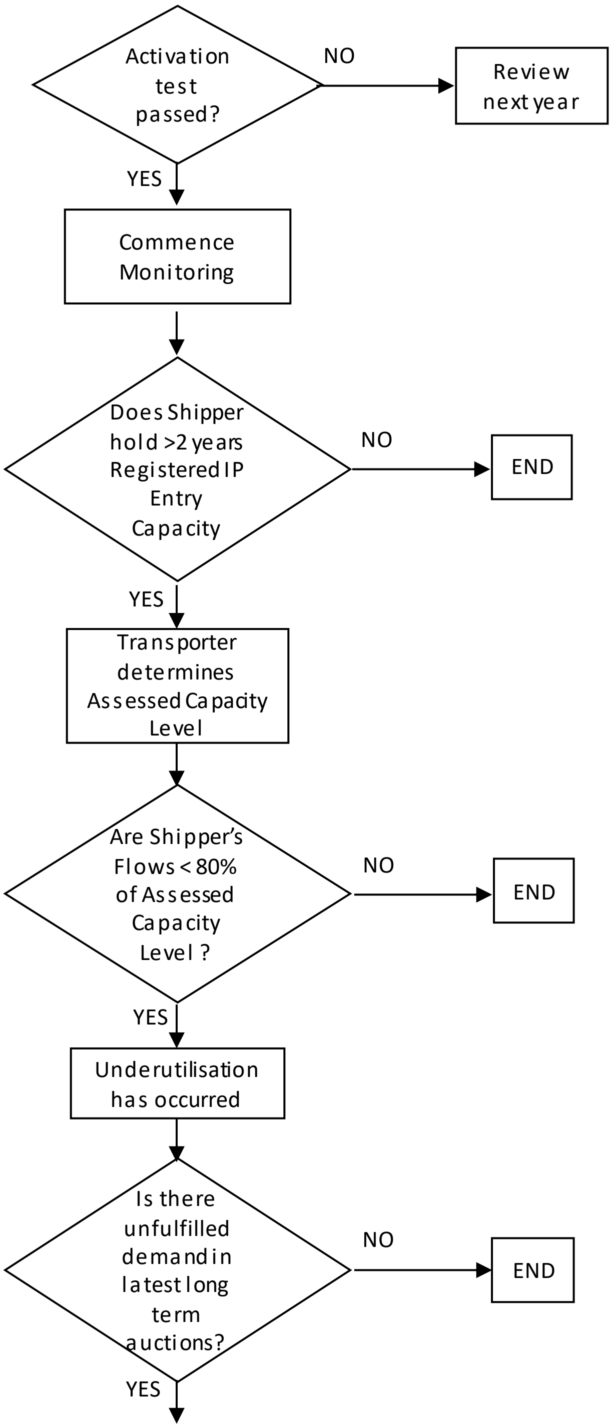
11.7.3. The Shipper shall only be relieved of its obligation to pay for (and rights to use) the LTUIOLI Capacity if some or all of it is allocated in one of these auction processes.

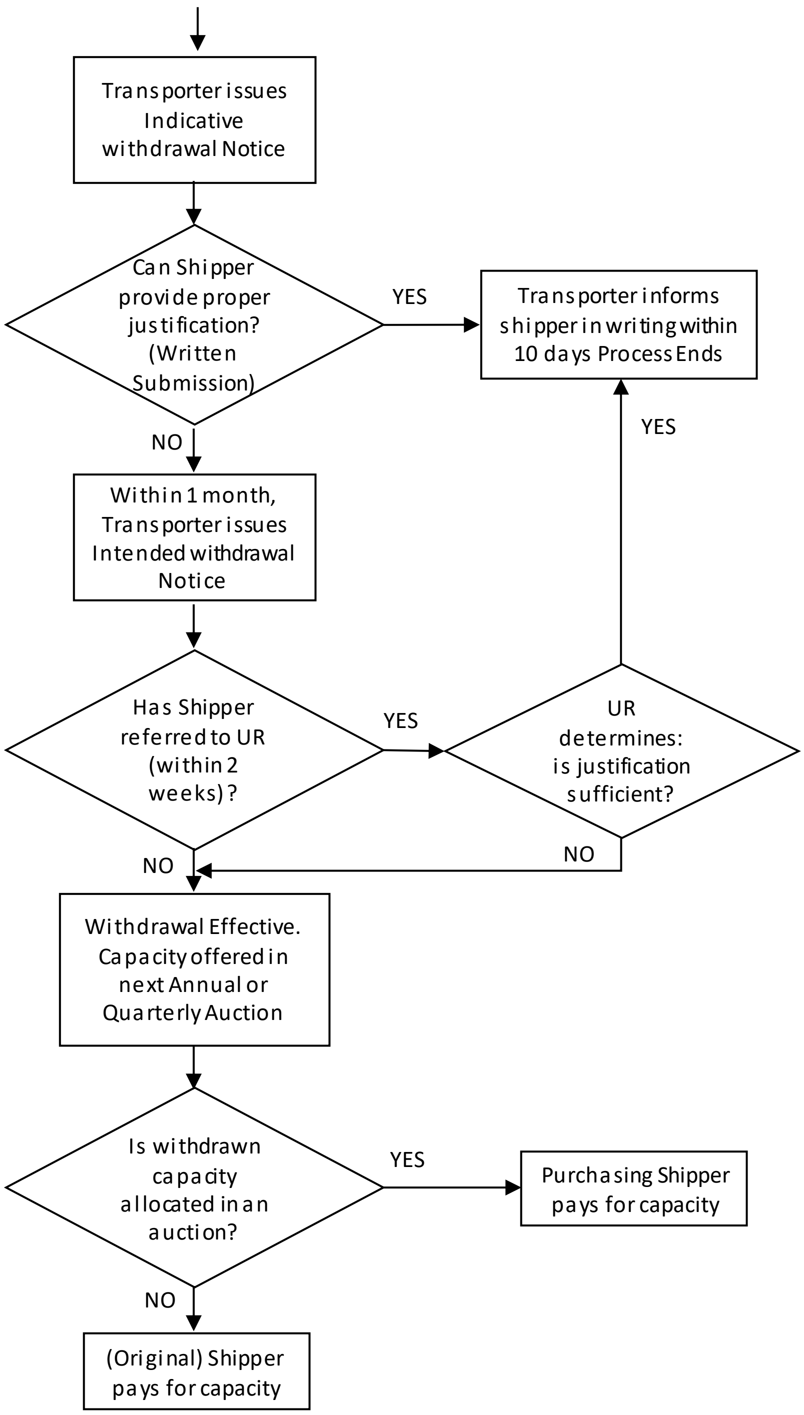
11.7.4. If LTUIOLI Capacity is not reallocated, then the original Shipper must pay for the capacity in full, and it also keeps its rights to use such capacity. If the LTUIOLI Capacity is reallocated in part, then the original Shipper must still pay for (and may still use) the remainder.

Bundled and Unbundled Capacity

11.7.5. It should be noted that the LTUIOLI rules apply regardless of whether IP Capacity is bundled or unbundled, and LTUIOLI Capacity may be either unbundled or bundled, or a combination of both. When allocating LTUIOLI Capacity in an auction, any unbundled LTUIOLI Capacity will be treated as being allocated before any bundled IP Entry Capacity.

11.8. LTUIOLI Process Summary Diagram




Transporter issues Indicative withdrawal Notice
Can Shipper provide proper justification? (Written Submission)
YES
Transporter informs shipper in writing within 10 days Process Ends
NO
Within 1 month, Transporter issues Intended withdrawal Notice
YES
Has Shipper referred to UR (within 2 weeks)?
YES
UR determines: is justification sufficient?
NO
NO
Withdrawal Effective. Capacity offered in next Annual or Quarterly Auction
Is withdrawn capacity allocated in an auction?
YES
Purchasing Shipper pays for capacity
NO
(Original) Shipper pays for capacity

Stranraer CMP Arrangements

12. Stranraer CMP Arrangements

12.1. The Moffat Non-IP Entry Point

12.1.1. In order to facilitate gas transportation to the GB distribution network at Stranraer in Scotland, there is an interoperator agreement between the distribution network operator and Premier Transmission Limited (the ‘Stranraer Interoperator Agreement’). Under that agreement, the distribution network operator (referred to as the Stranraer Shipper under the NI Network Code) has been allocated capacity at a notional point known as the Moffat Non-IP Entry Point. This capacity is ‘ringfenced’ from the IP Entry Capacity and hence is not subject to IP Capacity Auctions.

12.1.2. In order to ensure that the arrangements for the Stranraer Shipper do not disadvantage other NI Shippers at Moffat under the NI Network Code, the Transporter shall apply the CMP Arrangements described in this section. These have been designed, as far as practicable and relevant, to reflect and co-ordinate with the EU requirements for CMP at the IP Entry Point.

12.2. Non-IP Entry Point Utilisation Monitoring

12.2.1. From the date at which the Activation Test is passed, or earlier if the Transporter considers it appropriate, the Transporter shall monitor the usage of the Non-IP Entry Point. The Transporter shall produce a Usage Report for each six month period (October-March, April-September) and provide a copy to the Stranraer Shipper and the Authority.

12.2.2. The Transporter shall assess utilisation by calculating the average of the Stranraer Shipper’s final allocations at the Moffat Non-IP Entry Point (the Average Allocated Flow) for the monitoring period. Where the Stranraer Shipper’s Average Allocated Flow is less than 80% of its allocated capacity at the Moffat Non-IP Entry Point for any monitoring period, then the Transporter shall determine that Underutilisation has occurred.

12.2.3. Where Underutilisation has occurred, the Transporter shall then consider whether there is unfulfilled demand at the Moffat IP Entry Point, in accordance with the principles set out in section 11.3.1 of this document.

12.2.4. Where there is underutilisation at the Non-IP Entry Point for 2 consecutive monitoring periods and unfulfilled demand at the IP Entry Point, the Transporter shall assess whether capacity should be permanently withdrawn from the Stranraer Shipper at the Non-IP Entry Point and transferred to the IP Entry Point.

12.3. Assessing the potential for withdrawal of Non-IP Entry Point capacity and transfer to the IP Entry Point

Determination of the amount which should be the subject of an Indicative Withdrawal Notice

12.3.1. Only underutilised capacity should be withdrawn. Therefore, the Transporter will calculate the amount **under** 80% of the booked capacity, in the same way as in section 11.3.2, where the Assessed capacity level is the amount allocated to the Stranraer Shipper under the Stranraer Interoperator Agreement, as the indicative withdrawal amount.

Determination of the Indicative Withdrawal Period

12.3.2. Any capacity which is withdrawn from the Stranraer Shipper shall be withdrawn permanently i.e. until the end of the contract period.

Indicative Withdrawal and Transfer Notice and Justification

12.3.3. The Transporter shall prepare an Indicative Withdrawal and Transfer Notice and send it to the Stranraer Shipper and the Authority, notifying them of the potential for capacity to be transferred from the Non-IP Entry Point to the IP Entry Point and the relevant quantity and duration.

12.3.4. Where the Stranraer Shipper provides proper justification (in terms of forecast/actual demand, licence requirements, or other relevant developments within the Stranraer distribution network) for the Underutilisation, no withdrawal shall take place.

12.3.5. Due to the consequences for the IP Entry Point, any determination of:

(a) what constitutes proper justification:

(b) whether capacity should be withdrawn and transferred to the IP Entry Point;

shall, in this case, be made by the Authority.

12.3.6. Any capacity withdrawn under this procedure will be treated as Unsold IP Entry Capacity in accordance with NI Network Code section 2.7.3(a).

12.4. CMP for Stranraer once an Activation Test is passed for the Moffat IP Entry Point

12.4.1. Where the Activation Test for the Moffat IP Entry Point has been passed, in accordance with section 4.1.1 of this document, or the Transporter otherwise decides to implement the Oversubscription and Buyback Mechanism for the Moffat IP Entry Point in accordance with section 4.3, the Transporter shall take the following steps to incorporate unused Non-IP Entry Capacity as Oversubscription Capacity.

12.4.2. The Transporter will conduct the historical analysis as described in section 5.1 in respect of the Non-IP Entry Point Capacity, to determine whether any Non-IP Entry Point Capacity could be reasonably made available on a Day as Oversubscription Capacity at the IP Entry Point.

12.4.3. Where this can take place, the Transporter shall notify the Stranraer Shipper and all Shippers that unused Non-IP Entry Capacity may be included as Oversubscription Capacity.

12.4.4. The maximum amount of Non-IP Entry Capacity that can be included as Oversubscription Capacity shall be 5% of the Non-IP Entry Capacity allocated to the Stranraer Shipper.

12.4.5. The allocation order in section 5.3 shall apply, such that any Non-IP Entry Point Capacity shall be allocated as Oversubscription Capacity. Where Oversubscription Capacity has been made available from both IP Entry Capacity and Non-IP Entry Capacity, the IP Entry Capacity shall be treated first (at (d)) in the allocation order under section 5.3. This means that any capacity released from the Non-IP Entry Point would only be allocated once all Moffat IP Entry Capacity which had been made available as Oversubscription Capacity had been allocated.

12.4.6. For the avoidance of doubt:

(a) the Stranraer Shipper shall not be eligible to purchase IP Entry Capacity (as Oversubscription Capacity or in any other form) or to participate in the Buyback Scheme;

(b) there shall be no transfer of IP Entry Capacity to the Non-IP Entry Point under this CMP Scheme, since there is no possibility of contractual congestion at the Non-IP Entry Point;

(c) increasing the amount of capacity available for the Non-IP Entry Point (and hence reduction in the Unsold Technical IP Entry Capacity) at Moffat will only occur subject to the terms of the Stranraer Interoperator Agreement and subject to the approval of the Authority and in accordance with the Code section 27.

(d) FDAUIOLI is not relevant at the Moffat Non-IP Entry Point, since there is only one Shipper.

APPENDIX 1 – Buyback Cap Calculation Examples

In respect of a given IP where a buyback is required in any given month M, then this will be funded in the following order:

- Oldest month 1st (M-3),
- then from the 2nd oldest month (M-2), and
- lastly from the month immediately prior to the month in which the buyback is being made (M-1)

where all OS revenues are those relating to the relevant IP.

The following example illustrates how the 'Cap' will be calculated and roll-forward:

Example Starts Assuming Month M is Oct - Calculate 'Buyback Cap' for October

	Closed Months		***Available to Fund BB in Oct***				
	May	Jun	Jul	Aug	Sep		Oct
	M -5	M -4	M -3	M -2	M -1	Total	Month (M)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
OS Sales	6	15	10	15	23	48	5
Revenue used to BB	-2	-3	0	-5	0	-5	0
Net OS Revenues	4	12	10	10	23	43	5
Total 'Buyback Cap' available to fund buybacks in October					**43**		
Assume Cost of Buyback Capacity Required					**12**		
Buyback Funding Order							
1st			-10				
2nd				-2			
3rd					0		
Total					-12		

The Net OS Revenue in the Closed Months is all available for Sharing b/w TSO's & Shippers: In this example £16k being the sum of May & Jun is available.

Roll Forward Example by 1 Month - New 'Buyback Cap' Calculated for November

	Closed Months			***Available to Fund BB in Nov***				
	May	Jun	Jul	Aug	Sep	Oct		Nov
	M -6	M -5	M -4	M -3	M -2	M -1	Total	Month (M)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
OS Sales	6	15	10	15	23	5	43	8
Revenue used to BB	-2	-3	-10	-7	0	0	-7	0
Net OS Revenues	4	12	0	8	23	5	36	8
Total 'Buyback Cap' available to fund buybacks in November						**36**		
Assume Cost of Buyback Capacity Required						**20**		
Buyback Funding Order			1st	-8				
			2nd		-12			
			3rd			0		
			Total			-20		

The Net OS Revenue in the Closed Months is all available for Sharing b/w TSO's & Shippers: In this example £16k being the sum of May - Jul is available.

Roll Forward Example by another Month - New 'Buyback Cap' Calculated for December

	Closed Months				Available to Fund BB in Dec				
	May	Jun	Jul	Aug	Sep	Oct	Nov		Dec
	M -7	M -6	M -5	M -4	M -3	M -2	M -1	Total	Month (M)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
OS Sales	6	15	10	15	23	5	8	36	18
Revenue used to BB	-2	-3	-10	-15	-12	0	0	-12	0
Net OS Revenues	4	12	0	0	11	5	8	24	18

Total 'Buyback Cap' available to fund buybacks in December	**24**
Assume Cost of Buyback Capacity Required	**30**

Limit is set at 'Buyback Cap': Only **£24k** worth of Capacity bought back

Buyback Funding Order		Sep	Oct	Nov
	1st	-11		
	2nd		-5	
	3rd			-8
	Total			-24

The Net OS Revenue in the Closed Months is all available for Sharing b/w TSO's & Shippers: In this example £16k being the sum of May - Aug is available.