

10CODE OF OPERATIONS MODIFICATION PROPOSAL



MODIFICATION DETAILS				
Modification Number: A107		Modification Title: Amendment to Code of Operations to remove annual caps on non-SPC Capacity Overrun Charges		
Modification Proposer:	Modification Representative:	Modification Representative Contact Details (email address):	Date Submitted:	Proposed Implementation Date:
Gas Networks Ireland	Stephen O'Hare	Stephen.OHare@gasnetworks.ie	10 / 02 /2022	1/10/2022
Proposal (including rationale): To remove the annual caps on Capacity Overrun Charges as these Caps are never reached and it overcomplicates the calculation process				
Proposed Implementation Date: 1 October 2022				
Proposed section of the Code to be modified: Amend Sub-sections 11.3.3, 11.3.6 and 11.4.5 of Part C (<i>Capacity</i>)				
MODIFICATION MOTIVATION				
Intended Outcome of the Proposed Modification: To remove the annual caps on Capacity Overrun Charges on non SPC capacity.				
Benefits of implementing this Modification: The removal of these now irrelevant caps will remove complex coding in the billing function on GNI'S GTMS IT system which will in turn streamline the billing processes. See also attached Explanatory Memorandum.				
Consequences of not making this Modification: GNI will retain now irrelevant annual capacity overrun charge caps feature on its GTMS IT system. See attached Explanatory Memorandum.				
Illustrative Example (Please enter a scenario where the issue and solution are illustrated):				
Please see attached Explanatory Memorandum.				



CODE OF OPERATIONS

NOTICE TO SHIPPERS

PURSUANT TO THE CODE OF OPERATIONS

APPROVAL OF MODIFICATION

CODE MODIFICATION A107 –

**Amendment to Code of Operations to remove annual caps on non-SPC
Capacity Overrun Charges**

COMMISSION INSTRUCTION

Pursuant to Section 13(1) of the Gas (Interim) (Regulation) Act 2002, the Commission approves Code Modification A107 - Amendment to Code of Operations to remove annual caps on non-SPC Capacity Overrun Charges.

This modification will result in the removal of caps on the amount of monies paid by individual shippers in relation to Capacity Over-Run Charges for all capacity types other than Supply Point Capacity.

The modification deletes the applicable sections of Part C (Capacity) of the Code of Operations viz. sections 11.3.3. (c), 11.3.6 (c), 11.4.5 (c) and 11.4.5 (g).

This approved modification will come into effect on .

Signed:

Seán Mac an Bhaire
Gas Networks Manager
Issue Date:



An Coimisiun
um RialailF6ntas
**Commission for
Regulation of Utilities**

CODE OF OPERATIONS

NOTICE TO SHIPPERS

PURSUANT TO THE CODE OF OPERATIONS

APPROVAL OF MODIFICATION

CODE MODIFICATION A107 – ‘Amendment to Code of Operations to remove annual caps on non-SPC Capacity Overrun Charges’

COMMISSION RATIONALE

Pursuant to Section 13(1) of the Gas (Interim) (Regulation) Act 2002, the Commission approves Code Modification A107 – ‘Amendment to Code of Operations to remove annual caps on non-SPC Capacity Overrun Charges.’

This modification will result in the removal of caps on the amount of monies paid by individual shippers in relation to Capacity Over-Run Charges for all capacity types other than Supply Point Capacity.

This approved modification will come into effect on 11 August 2022. The background and rationale for the modification are set out below.

BACKGROUND

Prior to the inclusion of short-term capacity products in the code, the calculation of capacity overrun charges was based on a multiple of the annual capacity tariff. The multipliers ranged from 0.25 to 1.5 depending in which season the over-run occurred, summer being cheapest and winter being the most expensive. With the introduction of short-term products, the over-run charge was significantly reduced. Instead of being a multiple of the annual capacity tariff, the charge was changed to a multiple of the daily capacity tariff. The multiplier applied to the daily tariff, at the time of the introduction of short-term capacity products, was 8 for all seasons. It was subsequently reduced to 4 and

more recently has been further reduced to 1.5. This very large reduction in the quantum of capacity over-run charges has rendered the annual caps on the total amount paid for over-runs, by individual shippers, to be beyond reach. Hence these caps have become irrelevant to the capacity over-run regime.

In proposing Modification A107, GNI wish to avoid the cost of maintaining, on an ongoing basis, transportation system software and billing processes relating to annual caps on over-run charges which GNI now consider to be of no benefit to the industry.

INDUSTRY CONSULTATION

GNI circulated its Proposal for Modification A107 to industry on the 10th February 2022 together with an explanatory memorandum. The modification was on the Agenda at the Code Modification Forum Meeting on 16th February 2022. No submissions were made by industry at this meeting. The proposed changes to the legal text of the Code were circulated to industry for review on the 26th April 2022 with a closing date for comments on 20th May 2022. No submissions were received.

BRIEF OUTLINE OF THE CODE MODIFICATION.

Modification A107 will result in the removal of caps on the quantum of monies paid by individual shippers for certain Capacity Over-Run Charges. The modification applies to all capacity types other than Supply Point Capacity. The basis of calculation of all capacity over-run charges will remain unchanged as will the capping mechanism for Supply Point Capacity over-runs.

The modification will come into effect on 11 August 2022.

REASONS FOR THE APPROVAL OF THE CODE MODIFICATION

The capacity over-run regime for capacity other than Supply Point Capacity has changed significantly since 2007, when short term capacity products were first introduced in the Code. The impact of such changes has been to substantially reduce the cost of capacity over-runs. Whereas initially, capacity overruns were a multiple of up to 1.5 times the annual tariff, they are now 1.5 times the daily capacity tariff applicable on the day of the capacity over-run.

While the over-run regime has always been such as to disincentivise the under-booking of capacity, it has also been framed to provide the Transporter and the community of shippers with fair recompense for the revenue lost as a result of any under-booking of capacity by an individual shipper. The CRU is of the view that the current over-run regime continues to meet these two objectives. GNI, who continually monitor the behaviour of shippers in booking capacity, is also of the view that the current over-run charges are working effectively resulting in acceptable behaviour by shippers.

In addition, it is important that the over-run regime protects shippers from excessive and unfair penalties and accordingly caps on over-run payments were introduced at the very commencement of the Code of Operations when shippers were exposed to a multiple of the annual capacity charge for individual over-runs. The CRU is satisfied that the substantial reduction in the quantum of over-run charges has made these caps irrelevant and are also of the view that their removal, in practical terms, does not give rise to an increased risk for shippers.

The CRU also points out that the current regime for booking of capacity offers a large degree of flexibility to shippers in managing their capacity portfolios. Two aspects of the Code, introduced in relatively recent times, are worthy of mention in this regard:

- The Exit Capacity Booking window has been extended from 03:00 to 04:59. This means that Shippers can book Short Term Daily Exit Capacity much later in the Gas Day and thus minimise the risk of a capacity overrun charge at exit.
- The Matching process at the Moffat entry point is such that Shippers are allocated whole to Confirmed Quantities. Since Shippers know what the Confirmed Quantity will be, they can buy or trade capacity to match the Confirmed Quantity and again minimise the risk of a capacity overrun charge at this location.

The Gas Transportation Management System ('GTMS'), operated by GNI, enables the operation of all provisions in the Code including the application of caps to capacity over-run charges. All GTMS software is the subject of ongoing maintenance and development by GNI and it is prudent that functionality which is no longer of use should be removed from the system. Modification A107 will enable the removal of the functionality relating to caps on over-run charges from GTMS resulting in lower GTMS costs for GNI which is to the benefit of industry. GNI also maintain billing processes relating to over-runs caps and these will be simplified as a result of Modification A107.

Issue Date: 11 August 2022

11. CAPACITY OVERRUNS

11.1 General

11.1.1 IP Capacity OVERRUNS, Entry Capacity OVERRUNS and Exit Capacity OVERRUNS will apply in respect of IP Capacity, Entry Capacity and Exit Capacity.

11.1.2 Interruptible IP Capacity OVERRUNS will apply in respect of Interruptible IP Capacity.

11.1.3 Supply Point Capacity OVERRUNS will apply with respect to LDM Supply Point Capacity and DM Supply Point Capacity.

11.2 Definitions

11.2.1 For the purpose of the Code:

(a) **“Overrun Quantity”** means an IP Capacity Overrun Quantity, an Entry Capacity Overrun Quantity, a LDM Exit Capacity Overrun Quantity, a DM Exit Capacity Overrun Quantity, a Sub-Sea I/C Offtake Capacity Overrun Quantity, an Interruptible IP Capacity Overrun Quantity or a Supply Point Capacity Overrun Quantity (as the case may be);

(b) **“IP Capacity Overrun”** means where the quantity of Natural Gas allocated to an individual Shipper at an IP Entry Point at an IP VExit or at an IP CSEP or at a IP VEntry is greater than the Active IP Entry Capacity or the Active IP CSEP Offtake Capacity or the Daily Interruptible IP VEntry Capacity or the Daily Interruptible IP VExit Capacity (as the case may be) which is held by that Shipper at the IP in respect of the Day;

(c) **“IP Capacity Overrun Quantity”** means a quantity of Natural Gas that is calculated in accordance with Section 11.3;

(d) **“Entry Capacity Overrun”** means where the quantity of Natural Gas allocated to an individual Shipper at an Entry Point is greater than the Active Entry Capacity which is held by that Shipper at such Entry Point in respect of a Day;

(e) **“Entry Capacity Overrun Quantity”** means a quantity of Natural Gas calculated in accordance with Section 11.3.2;

(f) **“Exit Capacity Overrun”** means a LDM Exit Capacity Overrun or a a DM Exit Capacity Overrun (as the case may be);

(g) **“LDM Exit Capacity Overrun”** means the quantity of Natural Gas allocated to an individual Shipper at or in respect of a LDM Offtake is greater than the Active LDM Exit Capacity which is held by that Shipper at or in respect of that Offtake Point to which the allocation relates;

(h) **“DM Exit Capacity Overrun”** means the aggregate quantity of Natural Gas allocated to an individual Shipper in respect of DM Offtakes in respect of which such Shipper is registered is greater than the Aggregate Primary DM Exit Capacity which is held by that Shipper;

(i) **NOT USED**

(j) **“LDM Exit Capacity Overrun Quantity”** means the quantity of Natural Gas calculated in accordance with Section 11.4.2(c);

(k) **“DM Exit Capacity Overrun Quantity”** means a quantity of Natural Gas calculated in accordance with Section 11.4.3(b);

(l) **NOT USED**

(m) **“Supply Point Capacity Overrun”** means a LDM Supply Point Capacity Overrun or a DM Supply Point Capacity Overrun;

(n) **“LDM Supply Point Capacity Overrun”** means where the quantity of Natural Gas allocated to an individual Shipper at a LDM Supply Point is greater than the Active LDM Supply Point Capacity which is held by that Shipper at that LDM Supply Point to which the allocation relates;

(o) **“DM Supply Point Capacity Overrun”** means where the quantity of Natural Gas allocated to an individual Shipper at that DM Supply Point is greater than the DM Supply Point Capacity which is held by that Shipper at that DM Supply Point;

(p) **“Supply Point Capacity Overrun Quantity”** means a quantity of Natural Gas calculated in accordance with Section 11.6.2;

(q) **“Sub-Sea I/C Capacity Overrun”** means where the quantity of Natural Gas allocated to the Shipper at the Sub-Sea I/C Offtake is in excess of the Shippers Active Sub-Sea I/C Offtake Capacity;

(r) **“Sub-Sea I/C Offtake Capacity Overrun Quantity”** means a quantity of Natural Gas calculated in accordance with Section 11.4.2;

(s) **“Interruptible IP Capacity Overrun Quantity”** means the quantity of Natural Gas calculated in accordance with Section 11.5;

(t) **“IP Capacity Overrun”** means the quantity of Natural Gas allocated to an individual Registered Shipper at a IP VExit or IP VEntry (as the case may be) which is in excess of the Shipper’s booked IP VExit Offtake Capacity or IP VEntry Capacity (as the case may be).

11.3 IP Entry Capacity Overruns and IP CSEP Offtake Capacity Overruns

11.3.1 An IP Capacity Overrun Quantity in respect of a Shipper at each Interconnection Point shall be calculated separately in respect of IP Entry Capacity and IP CSEP Offtake Capacity in respect of a Day.

11.3.2 The IP Capacity Overrun Quantity in respect of a Shipper at an IP Entry Point and/or at an IP CSEP shall be calculated as follows:

(a) for an OBA-Day the IP Capacity Overrun Quantity for a Shipper for the Day shall be the excess of the sum of the Shipper's Final IP Entry Allocation(s) or Final IP CSEP Offtake Allocation(s) for the Day over the Shipper's Active IP Entry Capacity or IP CSEP Offtake Capacity (as the case may be) for that Day;

(b) on a Non-OBA Day the Shipper's IP Capacity Overrun Quantity for the Day shall be the lesser of:

(i) the excess of the sum of the Shipper's Final IP Entry Allocations or IP CSEP Offtake Allocations for the Day over the Shipper's IP Nomination Confirmed Quantities at the IP Entry Point or IP Nomination Confirmed Quantity at the IP CSEP for the Day; or

(ii) the excess of the sum of the Shipper's Final IP Entry Allocation(s) or Final IP CSEP Offtake Allocation(s) for the Day over the Shipper's Active IP Entry Capacity at the IP Entry Point or IP CSEP Offtake Capacity at the IP CSEP (as the case may be) for that Day in each case adjusted to take account of any applicable Entry Overrun Tolerance or Variance Percentage.

11.3.3 IP Capacity Overrun Charge

(a) A Shipper shall be liable for a charge (**“IP Capacity Overrun Charge”**) in respect of a Day when the IP Capacity Overrun Quantity in respect of the applicable IP Capacity is positive.

(b) The IP Capacity Overrun Charge in respect of IP Entry Capacity or IP CSEP Offtake Capacity at each IP will be calculated according to the following formula:

$$\text{OV Charge} = \text{IP}_{\text{OQ}} * \text{OM} * \text{T}$$

where:

OV Charge = The IP Capacity Overrun Charge.
IP_{OQ} = The IP Capacity Overrun Quantity.
OM = 4
T = The applicable IP Capacity Charge with respect to Daily IP Entry Capacity or Daily IP CSEP Offtake Capacity (as the case may be).

(c) ~~[Not Used]. a Shipper's liability in respect of the IP Capacity Overrun Charge in respect of each IP Entry Point and in respect of each IP CSEP shall be subject to a maximum yearly cap as follows:~~

~~(i) 0.5 times the applicable IP Capacity Charges in respect of IP Capacity Overrun Charges incurred in the Summer Period;~~

~~(ii) twice the applicable Annual IP Capacity Charges in respect of IP Capacity Overrun Charges incurred in the Shoulder Period; and~~

~~(iii) three times the applicable IP Capacity Charges in respect of IP Capacity Overrun Charges in any Gas Year,~~

~~and where the applicable IP Capacity Charges shall be the charges for IP Capacity which is Yearly;~~

~~The cap shall be applied to the maximum amount by which the Shippers applicable Active IP Capacity is exceeded. The caps will be reset at the start of each Gas Year.~~

(d) On a Restricted Capacity Day affecting an IP all references to Active IP Capacity in this Section 11.3 shall be references to the Shipper's Available Active IP Capacity on that Day.

11.3.4 Entry Capacity Overrun Tolerance

(a) A tolerance quantity (“**Entry Overrun Tolerance**”) will be applied at an Entry Point or (for an non-OBA Day at an IP Entry Point) as follows;

- (i) at an Entry Point which is not located at an IP and is not configured within a Bi-Directional CSP where the quantity of Natural Gas metered as delivered at the Entry Point is greater than the EODQ; and
- (ii) at an Entry Point which is configured within a Bi-Directional CSP where the Net Metered Quantity (Entry) exceeds the difference between the EODQ and the Aggregate CSEP Nomination Quantity at the Bi-Directional CSP;
- (iii) at an IP Entry Point for a Non OBA Day where the Metered Quantity or the Adjusted Metered Quantity (as applicable) exceeds the difference between the Aggregate IP Entry Confirmed Quantity and the Aggregate IP VExit Confirmed Quantity;

(b) The Entry Overrun Tolerance to be applied in respect of a Shipper on a Day shall be calculated according to the following formula:

$$\mathbf{EOT} = \mathbf{AC *VP}$$

where:

EOT = Entry Overrun Tolerance for a Shipper;

AC = Active Entry Capacity or Active IP Entry Capacity for a Shipper on a Day; and

VP = Variance Percentage;

and where the Entry Point is not configured within a Bi-Directional CSP:

$$\mathbf{VP} = \mathbf{((MeDQ - EODQ) / (EODQ)) * 100}$$

MeDQ = Metered Delivered Quantity delivered at the Entry Point;

EODQ = the End of Day Quantity at the Entry Point; or

where the Entry Point is configured within a Bi-Directional CSP:

$$VP = \left[\frac{(NMQE - (EODQ - CSEP_{NOMQ})) * 100}{EODQ - CSEP_{NOMQ}} \right]$$

where:

NMQE = the Net Metered Quantity (Entry);

EODQ = the End of Day Quantity;

CSEP_{NOMQ} = the Aggregate IP CSEP Nomination Quantity in respect of the Day; and

the Variance Percentage shall, subject to Section 11.3.4(c), be subject to a cap of 1.5 per cent; and

and in respect of an IP Entry Point

$$VP = \left[\frac{(MQ - (EQ_{EN} - CQ_{VExit}))}{EQ_{EN} - CQ_{VExit}} \times \frac{100}{1} \right]$$

MQ = the Metered Quantity or the Adjusted Metered Quantity (as applicable in respect of a Day)

EQ_{EN} = the Aggregate IP Entry Confirmed Quantity for that Day

CQ_{VExit} = the Aggregate IP VExit Confirmed Quantity for that Day.

(c) If the Metered Delivered Quantity at an Entry Point on a Day exceeds the EODQ by in excess of 1.5 per cent or the Net Metered Quantity (Entry) or exceeds the difference between the EODQ and the Aggregate CSEP Nomination Quantity at the Bi-Directional CSP by in excess of 1.5 per cent of such difference, or exceeds the difference between the Aggregate IP Entry Confirmed Quantity and the IP VExit Confirmed Quantity at the IP Entry Point the Transporter shall use reasonable endeavours to determine the reason for such excess; and

If the Transporter determines that such excess was not attributable, in whole or in part, to any act, default or

omission of the Shippers registered at the Entry Point then a cap of 1.5 per cent on the Variance Percentage (calculated in accordance with Section 11.3.1(b)) shall not apply to the extent that such excess was not so attributable to the Shippers registered at such Entry Point or IP Entry Point [or IP VExit].

11.3.5 Entry Capacity Overrun and Entry Capacity Overrun Quantity

- (a) An Entry Capacity Overrun Quantity in respect of a Shipper shall be calculated separately in respect of Entry Capacity at each Entry Point on a Day.
- (b) The Entry Capacity Overrun Quantity in respect of a Shipper at an Entry Point on a Day shall be calculated according to the following formula:

$$\mathbf{EnOQ = EnA - (AC + EOT)}$$

where:

- EnOQ = Entry Capacity Overrun Quantity for a Shipper on a Day;
- EnA = Final Entry Allocation at the Entry Point for a Shipper on a Day;
- [AC = Active Entry Capacity at the Entry Point for a Shipper on a Day;]
- EOT = Entry Overrun Tolerance as calculated in accordance with Section 11.3.4 for a Shipper on a Day.

11.3.6 Entry Capacity Overrun Charge

- (a) A Shipper shall be liable for a charge (“Entry Capacity Overrun Charge”) on a Day when the Entry Capacity Overrun Quantity is positive.
- (b) The Entry Capacity Overrun Charge will be calculated according to the following formula:

$$\mathbf{OvCharge = EnOQ * OM * EnT}$$

where:

- OvCharge = Entry Capacity Overrun Charge;

EnOQ = Entry Capacity Overrun Quantity;
OM = 4; and
EnT = applicable Daily Entry Capacity Charges with respect to Daily Entry Capacity.

(c) ~~[Not Used]. A Shipper's liability in respect of Entry Capacity Overrun Charges shall, in respect of each Entry Point, be subject to a maximum annual cap as follows;~~

~~(i) 0.5 times the applicable annual Entry Capacity Charges in respect of Entry Capacity Overrun Charges incurred in the Summer Period; and~~

~~(ii) twice the applicable annual Entry Capacity Charges in respect of Entry Capacity Overrun Charges incurred in the Shoulder Period; and~~

~~(iii) three times the applicable annual Entry Capacity Charges in respect of Entry Capacity Overrun Charges incurred in any Gas Year.~~

~~The cap will be applied to the maximum amount by which the Shipper's Active Entry Capacity is exceeded. The cap will be reset at the start of each Gas Year.~~

11.3.7 On a Restricted Entry Capacity Day all references to Active Entry Capacity in this Section 11 shall be references to the Shipper's Available Active Entry Capacity on that Day.

11.3.8 [Not used].

11.3.9 If a Shipper registered at an Entry Point demonstrates in writing to the Transporter that the Entry Capacity Overrun in respect of a Day was not attributable in any way to the act, default or omission of the Shipper then such Shipper shall be entitled to relief from the Entry Capacity Overrun Charge to the extent that the Entry Capacity Overrun was not so attributable in any way to that Shipper.

11.4 Exit Capacity Overruns

11.4.1 Restricted Capacity Days

On a Day on which a Shipper is affected by a Restricted Capacity Day all references to Active Capacity and Shipper's Active Capacity for the purpose of this Section 11.4 shall be references to the Shipper's Available Active Exit Capacity of Shipper's Available Sub-Sea I/C Offtake Capacity on the Day.

11.4.2 LDM Exit Capacity Overrun Quantity, Sub-Sea I/C Offtake Capacity Overrun Quantity

- (a) LDM Exit Capacity Overruns shall apply in respect of each individual Shipper and at individual LDM Offtake(s) where the LDM Exit Allocation for an individual Shipper at or in respect of the relevant LDM Offtake is greater than the Active LDM Exit Capacity held by that Shipper at or in respect of the relevant LDM Offtake on a Day to which the LDM Exit Allocation relates.
- (b) Sub-Sea I/C Offtake Capacity Overruns shall apply in respect of each individual Shipper at the Sub-Sea I/C Offtake where the Sub-Sea I/C Offtake Allocation for the individual Shipper at such Sub-Sea I/C Offtake is greater than the Active Sub-Sea I/C Offtake Capacity held by that Shipper at the Sub-Sea I/C Offtake on the Day to which the Sub-Sea I/C Offtake Allocation relates.
- (c) A LDM Exit Capacity Overrun Quantity or a Sub-Sea I/C Offtake Capacity Overrun Quantity in respect of a Shipper at or in respect of a LDM Offtake or a Sub-Sea I/C Offtake on a Day (as the case may be) shall be calculated according to the following formula:

$$\text{ExOQ} = (\text{ExA} - \text{AC})$$

where:

ExOQ = the Shipper's LDM Exit Capacity Overrun Quantity or Sub-Sea I/C Offtake Capacity Overrun Quantity (as the case may be) on the Day;

ExA = the Shipper's LDM Final Exit Allocation, or Sub-Sea I/C Offtake Allocation at or in respect of the LDM Offtake or the Sub-Sea I/C Offtake (as the case may be) on the Day; and

AC = the Shipper's Active LDM Exit Capacity or Active Sub-Sea I/C Offtake Capacity at or in respect of the

LDM Offtake or Sub-Sea I/C Offtake (as the case may be) on the Day.

11.4.3 DM Exit Capacity Overrun Quantity

(a) DM Exit Capacity Overruns shall apply in respect of a Shipper where the Final DM Exit Allocation in respect of such DM Offtakes for such Shipper is greater than the Aggregate Primary DM Exit Capacity held by that Shipper on a Day.

(b) A DM Exit Capacity Overrun Quantity in respect of a Shipper on a Day shall be calculated according to the following formula:

$$\text{ExOQ} = (\text{ExA} - \text{AC})$$

where:

ExOQ = the Shipper's DM Exit Capacity Overrun Quantity on the Day;

ExA = the Shipper's Final DM Exit Allocation on the Day; and

AC = the Shipper's Active Aggregate Primary DM Exit Capacity on the Day.

11.4.4 NOT USED

11.4.5 Exit Capacity Overrun Charge

(a) A Shipper shall be liable for a charge ("Exit Capacity Overrun Charge") in respect of each Exit Capacity Overrun Quantity which is positive.

(b) The Exit Capacity Overrun Charge will be calculated according to the following formula:

$$\text{OvCharge} = \text{ExOQ} * \text{OM} * \text{ExT}$$

where:

OvCharge = Exit Capacity Overrun Charge;

ExOQ = Exit Capacity Overrun Quantity;

OM = 4; and

ExT = applicable Exit Capacity Charges in respect of capacity of a Daily duration.

(c) ~~[Not Used]. The Shipper's liability in respect of Exit Capacity Overrun Charges shall be subject to a maximum annual cap as follows;~~

~~(i) 0.5 times the applicable annual Exit Capacity Charges in respect of Exit Capacity Overrun Charges incurred in the Summer Period; and~~

~~(ii) twice the applicable annual Exit Capacity Charges in respect of Exit Capacity Overrun Charges incurred in the Shoulder Period; and~~

~~(iii) three times the applicable annual Exit Capacity Charges in respect of Exit Capacity Overrun Charges incurred in any Gas Year.~~

~~The cap refers to the limit of the number of multiples of the applicable annual Exit Capacity Charges that will be applied in that Gas Year in respect of the relevant LDM Exit Capacity at or in respect of each LDM Offtake and Aggregate Primary DM Exit Capacity for each Shipper. The cap will be applied to the maximum amount by which the Active Exit Capacity at the applicable LDM Offtake or the Aggregate Primary DM Exit Capacity of the Shipper is exceeded. The cap will be reset at the start of each Gas Year.~~

(d) A Shipper shall be liable for a charge ("**Sub-Sea I/C Offtake Capacity Overrun Charge**") in respect of each Sub-Sea I/C Offtake Overrun Quantity which is positive.

(e) The Sub-Sea I/C Offtake Capacity Overrun Charge will be calculated according to the following formula:

$$\text{OV Charge} = \text{I/C}_{\text{off}} \text{ OQ} * \text{OM} * \text{ExT}$$

where:

OV Charge = Sub-Sea I/C Offtake Capacity Overrun Charge

I/C_{off} OQ = the Sub-Sea I/C Offtake Capacity
 Overrun Quantity

OM = 4; and

ExT = the Exit Capacity Charges in respect
 of capacity of a daily duration.

(f) [Not used.]

~~(g) The provisions of Section 11.4.5(e) shall apply mutatus mutandis to the Shipper's liability in respect of Sub-Sea I/C Offtake Capacity Overrun Charges.~~

Formatted: Body Text 3, Line spacing: single

Formatted: Font: CG Times

11.5 IP VExit Overrun Quantity, IP VEntry Overrun Quantity and Charges

11.5.1 On a day in respect of which the Transporter issues a IP VEntry or IP VExit Capacity Interruption Notice with respect to a IP VEntry or IP VExit as the case may be, all references to a Shippers booked. Daily Interruptible IP VEntry Capacity or booked Daily Interruptible IP VExit Capacity shall for the purpose of this Section 11 be references to the Shippers reduced Daily Interruptible IP VEntry Capacity or to the Shippers reduced Daily Interruptible IP VExit Capacity (as the case may be).

11.5.2 Interruptible IP Capacity Overruns shall apply in respect of each individual Registered Shipper:

(a) at the IP VEntry when the IP VEntry Allocation for such Shipper at the IP VEntry is greater than the booked Daily Interruptible IP VEntry Capacity held by the Shipper on the Day to which the IP VEntry Allocation relates; or

(b) at the IP VExit where the IP VExit Allocation for such a Shipper at the IP VExit is greater than the booked Daily Interruptible IP VExit Capacity held by the Shipper on the Day to which the VExitP Allocation relates.

11.5.3 An IP VEntry Capacity Overrun Quantity or IP VExit Capacity Overrun Quantity in respect of a Registered Shipper at the IP VEntry or IP VExitP on or in respect of a Day will be calculated according to the following formula:

$$IOQ = (VA - VP_{cap})$$

Where:

IOQ = the Shippers IP VExit or IP VEntry
Overrun Quantity (as the case may
be)

VA = the Shippers Final Daily Interruptible
IP VEntry Allocation or Final Daily
Interruptible IP VExit Allocation at
or in respect of the IP VEntry or IP
VExit as the case may be on the Day.

VPcap = the Shippers booked IP VEntry
Capacity or the Shipper's booked IP
VExit Capacity at the IP VEntry or at
the IP VExit on the Day.

11.5.4 A Shipper shall be liable for a charge (“**IP Interruptible Capacity Overrun Charge**”) in respect of each VEntry and/or VExit Capacity Overrun Quantity.

11.5.5 The IP Interruptible Capacity Overrun Charge will be calculated in accordance with the following formula:

$$\text{OvCharge} = \text{IOQ} * \text{OM} * \text{VXT}$$

Where:

OvCharge = the IP Interruptible Capacity
Overrun Charge

IOQ = the IP VEntry Capacity Overrun
Quantity or the IP VExit Capacity
Overrun Quantity (or applicable)

OM = 4

VXT = the applicable Daily IP Capacity
Charges with respect to Daily IP
Capacity at the IP at which the IP
VEntry or IP VExit is located.

11.5.6 The application of Sections 11.5.1 to 11.5.5 (both inclusive) is suspended until such date as shall be notified by the Transporter with the approval of the Commission;

11.6 Supply Point Capacity Overruns

11.6.1 General

- (a) Supply Point Capacity Overruns will not apply to NDM Supply Points.
- (b) All references in Sections 11.6.2 and 11.6.3 to Active Supply Point Capacity shall, on a Restricted Capacity Day, be construed as references to Available Active Supply Point Capacity on a Day on which a Shipper's Active Supply Point Capacity is restricted in accordance with Part H (*Operations*) Section 2 (*Congestion Management*).

11.6.2 Supply Point Overrun Quantities

A Supply Point Capacity Overrun Quantity on a Day shall be calculated according to the following formula:

$$\text{SPOQ} = (\text{SPA} - \text{SPC})$$

where:

- SPOQ = the Shipper's Supply Point Capacity Overrun Quantity on the Day;
- SPA = the Shipper's Final Supply Point Allocation at the LDM Supply Point or DM Supply Point on the Day; and
- SPC = Supply Point Capacity held by the Shipper at the Supply Point or Active Supply Point Capacity in the case of a Multiple Shipper LDM Supply Point on the Day.

For the avoidance of doubt the Supply Point Capacity Overrun Quantity shall be calculated separately by reference to each Registered Shipper at each LDM Supply Point on each Day.

11.6.3 Supply Point Capacity Overrun Charges

- (a) A Shipper shall be liable for a charge ("**Supply Point Capacity Overrun Charge**") in respect of each LDM Supply Point Capacity Overrun and each DM Supply Point Capacity Overrun when the Supply Point Capacity Overrun Quantity is positive.

(b) The Supply Point Capacity Overrun Charge shall be a multiple of the applicable annual Tariff applying to the relevant LDM and/or DM Supply Point Capacity reserved by a Shipper, subject to a maximum annual cap.

(c) The Supply Point Capacity Overrun Charge will be calculated according to the following formula:

$$\text{SPOCharge} = \text{SPOQ} * \text{OM} * \text{SPT}$$

where:

SPOCharge = Supply Point Capacity Overrun Charge;

SPOQ = the Shipper's LDM and/or DM Supply Point Overrun Quantity on the Day;

OM = overrun multiplier, referred to in Section 11.6.3(d); and

SPT = applicable annual Tariff.

(d) Different multipliers shall apply relative to the level of Supply Point Capacity that is reserved by the Shipper as follows:

(i) where:

(1) at a LDM Supply Point, the Shipper has at the commencement of the LDM Capacity Booking Period reserved a level of Primary LDM Supply Point Capacity that is less than the Transporter Recommended LDM Supply Point Capacity; or

(2) at a Multiple Shipper LDM Supply Point, the Shippers registered at such Multiple Shipper LDM Supply Point have reserved in aggregate a level of LDM Supply Point Capacity that is less than the Transporter Recommended LDM Supply Point Capacity or

(3) at a DM Supply Point during a DM Supply Point Capacity Reduction Period unless a DM Supply Point Capacity Revision Request to increase the level of

capacity above that reserved at the relevant DM Supply Point prior to the DM Supply Point Capacity Reduction Effective Date has been accepted by the Transporter to take effect during that DM Supply Point Capacity Reduction Period,

then the overrun multiplier shall be as set out in Section 11.6.3(f); or

(ii) where:

- (1) at a LDM Supply Point, the Shipper has reserved a level of LDM Supply Point Capacity that is greater than or equal to the Transporter Recommended LDM Supply Point Capacity;
- (2) at a Multiple Shipper LDM Supply Point, the Shippers registered at such Multiple Shipper LDM Supply Point have reserved in aggregate a level of LDM Supply Point Capacity that is greater than or equal to the Transporter Recommended LDM Supply Point Capacity; or
- (3) any Supply Point Capacity Overrun occurs at a DM Supply Point other than at a DM Supply Point as identified at Section 11.6.3(i)(3) above,

then the overrun multiplier shall be as set out in Section 11.6.3(g).

(e) A Shipper shall be deemed for the purpose of calculation of Supply Point Capacity Overrun Charges to have reserved the Transporter Recommended LDM Supply Point Capacity for the duration of the LDM Capacity Booking Period where the Shipper has reserved the Transporter Recommended LDM Supply Point Capacity on the first day of such LDM Capacity Booking Period notwithstanding any variations to the Transporter Recommended LDM Supply Point Capacity pursuant to Section [Error! Reference source not found.8.3.](#)

(f) The multiplier for Supply Point Capacity Overruns, where the Supply Point Capacity reserved by the Shipper at a LDM Supply Point and/or by all Shippers in

aggregate at a Multiple Shipper LDM Supply Point, is less than the Transporter Recommended LDM Supply Point Capacity, or at a DM Supply Point as identified at Section 11.6.3(d)(i)(3) above, shall be as follows:

Period	Multiplier	Cap
Gas Year	1.5	3

On a Day declared by the Transporter as a Difficult Day and/or Restricted Capacity Day, the multiplier will be two times that shown above.

(g) The multiplier for Supply Point Capacity Overruns, where the Supply Point Capacity reserved by the Shipper at a LDM Supply Point and/or by all Shippers in aggregate at a Multiple Shipper LDM Supply Point, is greater than or equal to the Transporter Recommended LDM Supply Point Capacity and/or at a DM Supply Point, other than at a DM Supply Point as identified at Section 11.6.3 (d)(i)(3)above, shall be as follows:

Period	Multiplier	Cap
Gas Year	1	1

(h) For the avoidance of doubt, the cap in Sections 11.6.3(f) and 11.6.3(g) above refers to the limit of the number of multiples of the capacity component of the applicable annual Tariff that will be applied in that Gas Year in respect of each Shipper in respect of each LDM Offtake and/or in respect of each DM Supply Point. The cap will be applied to the maximum amount by which the Supply Point Capacity is exceeded.

- (i) The applicable annual Tariff payable by a Shipper in respect of Supply Point Capacity at a Supply Point shall not be affected, varied or otherwise amended solely as a result of a Supply Point Capacity Overrun at such Supply Point.
- (j) The Supply Point Capacity Overrun Charge shall be incurred by a Shipper on the Day on which the applicable Supply Point Capacity Overrun occurs. The Supply Point Capacity Overrun Charge shall be calculated in accordance with Section 11.6.3 and

shall be invoiced by the Transporter and payable by the Shipper in accordance with the provisions of Section 11.7.1 below.

11.7 Invoicing of Supply Point Capacity Overrun Charge

11.7.1 Supply Point Capacity Overrun Charge calculated in accordance with Section 10.6.3 shall be invoiced as follows:

(a) where the Supply Point Capacity Overrun Charge relates to an overrun at a LDM Offtake the Overrun Charge shall be included in the Monthly Invoice issued (pursuant to Part I (*Legal and General*) Section 11 (*Invoicing and Payment*)) in respect of the Month in which the Overrun Charge was incurred; and

(b) where the Overrun Charge relates to an overrun at a DM Supply Point the Overrun Charge shall be invoiced as follows:

- (i) in the Month immediately following the Month in which the Overrun Charge was incurred the Monthly Invoice shall include an Invoice Item in respect of that proportion of the Overrun Charge attributable to the period of the Gas Year up to and including the last Day of the Month in which the Overrun Charge was incurred; and
- (ii) the Monthly Invoice in respect of each subsequent Month of the Gas Year shall include an Invoice Item with respect to the Overrun Charge attributable to each Day of the Month to which the Monthly Invoice relates.

11.7.2 Relief from Overrun Charges in respect of DM Supply Point Capacity Overruns:

(a) if the Transporter Determined Supply Point Capacity is increased in accordance with Section 7.5.5(b) the Shipper shall be relieved of the liability to pay the Overrun Charge in respect of those Months of the Gas Year in respect of which the Transporter Determined Supply Point Capacity is so increased and paid for by the Shipper and to the extent to which the Transporter Determined Supply Point Capacity is so increased and for the avoidance of doubt where the Supply Point Capacity is increased in part only the relief from the Supply Point Capacity Overrun Charge shall reflect the extent of such increase; and

(b) if the Transporter Determined Supply Point Capacity is increased following application by the Shipper to undertake physical works as referred to in Section [Error! Reference source not found.](#)~~8.5.5(a)~~ then the Shipper shall be relieved of the amount of the Supply Point Capacity Overrun Charge in respect of each Day of each Month in respect of which the Transporter Determined Supply Point Capacity is increased and paid for by the Shipper following completion of the physical works so requested;

(c) where a NDM Supply Point is reclassified as a DM Supply Point the Shipper registered at such DM Supply Point shall be relieved of the liability to pay Supply Point Capacity Overrun Charges in respect of Overruns at the reclassified DM Supply Point where such Overruns occur within a period of twelve months from the date on which such DM Supply Point reclassification takes effect; and

(d) where a Proposed DM Offtake Point becomes a DM Supply Point the Shipper registered at such DM Supply Point shall be relieved of the liability to pay DM Supply Point Capacity Overrun Charges in respect of Overruns at the relevant DM Supply Point, where such Overruns occur within a period of twelve months from the date on which the Proposed DM Offtake Point becomes a DM Supply Point.

11.7.3 Relief from Overrun Charges in respect of LDM Supply Point Capacity Overruns:

Where a Proposed LDM Offtake becomes a LDM Supply Point the Shipper registered at such LDM Supply Point shall be relieved of the liability to pay LDM Supply Point Capacity Overrun Charges in respect of Overruns at the relevant LDM Supply Point provided:

(a) the Supply Point Capacity reserved by the Shipper in respect of that LDM Supply Point is greater than or equal to the Transporter Recommended LDM Supply Point Capacity; and

(b) such Overruns occur within a period of twelve months from the date on which the Proposed LDM Offtake becomes a LDM Supply Point.

Provided always that such relief shall not apply with respect to a Proposed LDM Offtake which has been previously classified as a LDM Supply Point and has ceased to be classified as such and/or become a Proposed LDM Offtake on the basis that previous Capacity Bookings at the particular offtake have been terminated

or expired and have not been renewed or on the reclassification of an NDM Supply Point or DM Supply Point as an LDM Supply Point.