ALLOCATION PROCEDURES

1. Introduction

This Appendix 6 defines the procedures *GTS* follows in respect of allocation within the ***national grid***. The allocation process performed by *GTS* is part of the ISO 9001:2000-certificated billing process for the ***national grid***. These allocation procedures are consistent with and supplemental to the procedures as formulated in the *gas conditions.*

2. Allocation role

Allocation of the measured volume will be performed on the basis of the allocation roles assigned to ***shippers*** and in accordance with the allocation rules set forth in Article 4 of this Appendix 6. At each ***entry point*** and ***exit point***, not being an ***exit point*** connected to a ***distribution network***, at which ***shipper*** delivers or receives ***gas***, ***shipper*** will have one of the following allocation roles.

- Balancing
  The difference between the measured volume and the sum of the ***confirmations*** to the proportional ***shippers*** (including those using counter flow, defined as a non-physical flow opposite to the physical flow direction) is allocated to balancing ***shipper***.

- Max Balancing
  The difference between the measured volume and the sum of the ***confirmations*** to the proportional ***shippers*** up to the contracted capacity of ***shipper*** with the max balancing role is allocated to max balancing ***shipper***. A max balancing role is only applicable for domestic industrial ***exit points*** and will be available from the moment of publication on the *website*. The max balancing role is a special type of balancing role.

- Proportional
  In case the ***gas*** is delivered in the forward flow direction, the confirmed volume will in principle be allocated to the proportional ***shipper***. In case the difference between the measured volume and the sum of the ***confirmations*** to the proportional ***shippers*** has not been allocated to one or more balancing ***shippers***, this difference will also be allocated to proportional ***shippers***. In case the ***gas*** is delivered as counter flow the amount confirmed to ***shipper*** will be allocated to ***shipper.***

- No allocation
  No quantities will be allocated to ***shipper.*** This allocation role will be applied if a ***shipper*** informs *GTS* that the existing (non-zero) ***entry*** or ***exit capacity*** will not be used during a specified period, under the condition that GTS can allocate the measured quantities to another party.

If a ***shipper*** contracts ***entry*** or ***exit capacity***, ***shipper*** shall indicate the desired allocation role. In case *GTS* does not receive such information five ***business days*** in advance of the *start date* of the service the allocation role will be proportional, unless this ***shipper*** is the only party, in which case the balancing role will be the default allocation.

If ***shipper*** chooses the balancing role with another balancing ***shipper*** already present, *GTS* will inform both the new ***shipper*** and the existing balancing ***shipper***. This communication will have to lead to either of the following situations:

- Both parties will obtain the balancing role, and both will nominate;
- One of the parties will change its role into proportional, and will nominate;
- One of the parties will change its role into no allocation.

In case of transfer of all capacity rights or usage rights, the allocation role of ***shipper*** discharging of the rights concerned shall be transferred to the receiving ***shipper***, unless the receiving ***shipper*** indicates otherwise. In case of transfer of part of the capacity rights or usage rights, both aforementioned parties will indicate their individual allocation role. If capacity rights or usage rights are transferred to parties that were already present at the relevant ***entry*** or ***exit point***, the existing allocation role will be applied to the additional capacities, unless indicated otherwise.

If the above-mentioned process does not lead to an executable allocation algorithm within five ***business days*** in advance of *start date* of the service, *GTS* will take a decision on the allocation roles and inform ***shippers***.

3. Change of allocation role

A ***shipper*** is entitled to change its allocation role at an ***entry*** or ***exit point***, subject to the following rules.

Shipper shall notify *GTS* in writing of its new allocation role. The new allocation role will take effect on the first day of the following ***gas month***, allowing a waiting period of five ***business days*** after receipt by *GTS* of written notification to that effect, unless agreed otherwise in writing with *GTS*.

If, as a result of the change of ***shipper's*** allocation role, or as a result of the end of a balancing ***shipper's*** *contract period*, there will no longer be a balancing ***shipper*** at an ***entry*** or ***exit point***, *GTS* will notify the other ***shippers*** in writing thereof at least three ***business days*** before the date on which the change takes effect.

If, as a result of the change of ***shipper's*** allocation role, or as a result of the start of a balancing ***shipper's*** *contract period*, a balancing ***shipper*** is commencing transport at an ***entry*** or ***exit point***, *GTS* will notify the other ***shippers*** in writing thereof at least three ***business days*** before the date on which the change takes effect.

GTS will keep a register of current allocation roles at ***entry*** and ***exit points***. Via the *GTS* account manager, ***shippers*** may request information from the register on the current allocation roles at an ***entry*** or ***exit point***, on a need-to-know basis and preserving the anonymity of ***shippers***.

4. Allocation rules

The following allocation rules apply at ***entry points*** and ***exit points*** not connected to a ***distribution network***.

A positive or negative difference[1] between the measured volume and the sum of the ***confirmations*** of proportional ***shippers*** will be allocated to the balancing ***shipper*** when

[1] Difference is defined as: measured volume – sum (***confirmations***)

the balancing ***shipper*** has contracted ***exit*** or ***entry capacity*** respectively. If there is more than one balancing ***shipper*** in a certain direction (entry or exit), the difference will be allocated to the balancing ***shippers*** in proportion to the ***confirmations***.

In case of a max balancing role, the remaining difference between the measured volume and the sum of the ***confirmations*** to the proportional ***shippers*** exceeding the contracted capacity of ***shipper*** with the max balancing role will be allocated:

- to the balancing ***shipper***, or, if there is no balancing ***shipper*** at the ***exit point***,
- to ***shipper*** with which ***shippers*** active at the ***exit point*** have agreed to allocate the remaining difference to, or
- to all ***shippers*** active at the ***exit point*** in proportion to the ***confirmations*** and the contracted capacity of ***shipper*** with the max balancing role.

The allocation may, with the consent of *GTS*, be performed by a *neighbouring network operator* or other third party. Where allocation is performed by a third party, ***shipper*** (or third party) must give notification of the ***hourly*** allocations promptly in an agreed format. *GTS* will take the ***hourly*** allocations and check whether the sum of the ***hourly*** allocations equals the available ***hourly*** measured volume. If there is any discrepancy, *GTS* will ask ***shipper*** (or third party) to amend the ***hourly*** allocations. If ***hourly*** allocations are not submitted promptly within six ***business days*** of the end of the ***gas month*** to which they relate, unless otherwise agreed in writing by one of ***shippers*** or a third party, or if the ***hourly*** allocations are not amended promptly within four ***business days*** of receipt of a written request to that effect, unless otherwise agreed in writing, thus enabling the sum of the ***hourly*** allocations to be reconciled with the ***hourly*** measured volume, *GTS* will be entitled to perform the allocation itself by making an educated guess on the basis of the allocation roles assigned to ***shippers*** and other relevant circumstances such as historical information or information supplied by ***shippers***.

5. Allocation rules at the *TTF*

In case quantities of ***gas*** are nominated at the *TTF* and are confirmed by *GTS*, the allocation is equal to the ***confirmation***.

With respect to balancing relations at the *TTF* the following applies.

The ex ante undetermined quantity of ***gas*** is determined, without application of the *hourly tolerance* attached to the relevant ***exit points***, by the sum of the allocations to ***shipper*** as the receiving ***shipper*** ('shipper B') in the balancing relation for all *user categories* at industrial ***exit*** and ***exit points*** connected to a ***distribution network***, and reduced by the quantity of ***gas*** nominated by and allocated to ***shipper*** as 'OWNUSE' and/or an allocation regarding a deemed entry ***nomination*** for ***shipper*** for explicitly indicated *user categories* at the *TTF.* The resulting sum of the allocations will be allocated to the supplying ***shipper*** ('shipper A').

In case the balancing relation has only been agreed upon for a particular *user category*, as specified in a ***nomination***, only the resulting sum of the allocations for this *user category* will be allocated to the supplying ***shipper*** ('shipper A') as an exit allocation and to the receiving ***shipper*** ('shipper B') as an entry allocation.

In case ***shipper***, in the role of the supplying party of a balancing relation ('shipper A') , has engaged in a balancing relation with another ***shipper*** ('shipper B'), the resulting sum of the allocations to the receiving ***shipper*** ('shipper B') in the balancing relation will be allocated to the supplying ***shipper*** ('shipper A') in the balancing relation as an exit

allocation, previous to the application of Article 4.A of the *general conditions* to the supplying ***shipper***'s own ***portfolio***.

6. Allocation under an *Operational Balancing Agreement*

At ***entry*** or ***exit points*** where an *OBA* is in force all ***shippers*** need to nominate.

Differences between the sum of the ***confirmations*** on the one hand and the measured volumes which are attributable to operational constraints on the network operators on the other hand, may be allocated to a balancing account between the network operators.

Differences which arise as a result of incorrect action by ***shippers*** or *neighbouring network operator* will not be allocated to the balancing account. The allocation rules will be applied to volumes that remain after application of the *OBA*.

7. Allocation of remaining volume

If, as a result of technical faults in measurement or data acquisition equipment, it is not possible retrospectively to determine the ***hours*** to which an adjustment (for the 'remaining volume') should be applied, the following allocation rules will be applied with regard to the remaining volume:

- The remaining volume will not affect previously determined ***hourly*** allocations for the ***entry*** or ***exit point*** in question or any financial consequences thereof.
- The remaining volume will be allocated as commodity as a ***monthly*** volume to the balancing ***shippers*** at the ***entry*** or ***exit point*** in question during that entire ***gas month*** in proportion to the total volume already allocated to ***shippers*** in the ***gas month*** concerned and a financial settlement will be made on that basis.
- In case an *OBA* is in place, the remaining volume will be allocated to the balancing account between the network operators.
- In case there is no balancing ***shipper*** at an ***entry*** or ***exit point*** or if allocation to the balancing account of an *OBA* is not or not entirely possible, the remaining volume will be allocated as commodity in proportion to the total volume already allocated to ***shippers*** in the ***gas month*** concerned, and a financial settlement will be made by application of the monthly average of the day ahead index for *TTF.*

The party responsible for allocations will also be responsible for the allocation of the remaining volume and will deliver the data to *GTS.*

8. Allocation in the case of existing agreements

If the above allocation rules with respect to an ***entry*** or ***exit point*** cannot be applied or cannot be applied in full by virtue of the operation of existing allocation agreements between two or more parties, *GTS* and ***shipper(s)*** to which the present allocation rules should apply will seek to formulate provisional allocation rules for the ***entry*** or ***exit point*** in question which are as far as possible consistent with the present allocation rules and to apply the present allocation rules in full as soon as possible. Provisional allocation rules as referred to in this Article will in all cases include the existing agreements relating to the ***entry*** or ***exit point*** in question.