



**Draft for Information Only**  
**Implicit Allocation Guidance Document**

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This document (the “IA Guidance Document”), together with Annex B-3 of the IUK Access Code (the “Implicit Allocation Rules”), sets out the rules that apply to the Implicit Allocation of Capacity.

Terms defined in the IUK Access Agreement and IUK Access Code shall have the same meaning when used in this IA Guidance Document.

The limitations and capacity products described in this document may be amended by us from time to time.

### **IUK’s Implicit Allocation Partner**

We have designated [XXX] [and [XXX]] as our Implicit Allocation Partner(s) to implicitly allocate Offered Capacity when it has been made available for sale through an Implicit Allocation Mechanism.

We have also designated [YYY] as the Implicit Allocation Platform to ensure that Offered Capacity sold through the Implicit Allocation Partner is displayed in a clear and transparent manner.

Details, including relevant fees and contractual information, for the Implicit Allocation Partner and the Implicit Allocation Platform can be found here: [www.XXX.com](http://www.XXX.com) and [www.YYY.com](http://www.YYY.com). Appendix 1 contains a process diagram that shows the roles of the Implicit Allocation Partner and the Implicit Allocation Platform.

### **Capacity Products sold through Implicit Allocation**

#### **General**

We will make Firm Capacity Products available for sale through the Implicit Allocation Mechanism. All Offered Capacity which is made available for sale through Implicit Allocation will be Unbundled.

Subject to available capacity, all of the Firm Capacity Products offered through Implicit Allocation will be available for sale at each Entry Point and each Exit Point within the IUK Transportation System.

#### **Publication: available capacity and pricing**

On a daily basis we will publish on our website the quantity of Offered Capacity that will be made available for sale through Implicit Allocation each Gas Day.

Products released for sale by Implicit Allocation will be priced in accordance with the IUK Charging Statement and published here: [www.interconnector.com/\[XXX\]](http://www.interconnector.com/[XXX]) in advance of the Gas Day on which it is offered for sale through this mechanism.

We will also maintain and publish on our website a log of capacity sold through Implicit Allocation and through the CAM NC auctions on PRISMA. This will include information on total contracted Firm and Interruptible Capacity sold in both directions.

#### **Interaction with the PRISMA auctions and restrictions**

Prior to a capacity auction on the joint booking platform, PRISMA, we will withdraw the relevant Offered Capacity from being available for sale through Implicit Allocation whilst it is advertised and offered on PRISMA. We will provide a three month forward look at when Implicit Allocation will be suspended due to the PRISMA auction process. This will be maintained on a rolling monthly basis and is available here: [www.interconnector.com/\[XXX\]](http://www.interconnector.com/[XXX]).

The following table provides an overview of the Implicit Allocation Capacity Products.

Product length	Offered through IAM	Restrictions
<b>Annual</b>	Any time during the 15 years in advance of the period Any 4 Standard Quarters (as per CAM NC definition <sup>1</sup> )	0-50%* offered Profiling: Yearly granularity for years 4-15, 6 monthly granularity in years 1-3
<b>6 monthly</b>	Any time during the 3 years in advance of the period Any 2 Standard Quarters	0-50%* offered Profiling: 6 monthly granularity for years 2-3, quarterly granularity in the first year
<b>Quarterly</b>	Any time during 1 year in advance of the period Any Standard Quarter	0-50%* offered Profiling: Quarterly granularity
<b>Monthly</b>	Any time during the 3 months in advance of the period Any calendar month	0-50%* offered Profiling: Monthly granularity
<b>Day-ahead</b>	Any time after Monthly auction on PRISMA	0-50%* offered Profiling: Daily granularity

*\*The quantity of capacity offered through Implicit Allocation every day can vary between 0 and 50% of the available technical capacity. This will be published on the IUK website as described above.*

Please note that Offered Capacity that has not been sold through the Day Ahead PRISMA auction will only be released into the Within Day PRISMA auction and not made available for sale through Implicit Allocation.

After the completion of the relevant Monthly PRISMA auction, an IAA Shipper may purchase Offered Capacity for the remainder of the month for which the PRISMA auction was offering capacity.

**Example product durations**

- 6 Monthly IAM Capacity may be purchased 3 years in advance of the period, for example a Shipper buying a 6 Monthly IAM product in November 2018 would be able to purchase capacity for use until 30 September 2021 i.e. end Q3-21.
- Quarterly IAM Capacity may be purchased one year in advance of the period, so a Shipper buying Quarterly IAM Capacity in October 2018 would be able to buy capacity for Q1-19, Q2-19 and Q3-19.
- Monthly IAM Capacity may be purchased 3 months in advance of the period, so a Shipper buying capacity in December 2018 would be able to buy capacity for use until 31 March 2019.

**What constitutes a Matched Product**

Offered Capacity may only be allocated by the Implicit Allocation Partner at or around the same time<sup>2</sup> as a corresponding quantity of Natural Gas for a corresponding period of time, and:

<sup>1</sup> Quarterly capacity sold through Implicit Allocation must align with the periods sold via the CAM NC auctions on PRISMA, Q1 Oct – Dec, Q 2 Jan – Mar, Q3 Apr – Jun and Q4 Jul – Sep.

<sup>2</sup> The Implicit Allocation Partner shall endeavour to allocate the matched Natural Gas Product and the Offered Capacity at the same time, however IUK acknowledge that computer software constraints may mean that without significant system developments the matching of the Natural Gas Product and the Offered Capacity may not be instantaneous.

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- a) the purchase of the Natural Gas must be made between a client of the Implicit Allocation Partner and the IAA Shipper and shall be physically settled at a specified price; and
- b) the Offered Capacity must correspond to the quantity and period of the Natural Gas product.
- c) the Natural Gas product must be purchased at a delivery point or hub within North West Europe.<sup>3</sup>

Together the Offered Capacity and the Natural Gas product form a “**Matched Product**”.

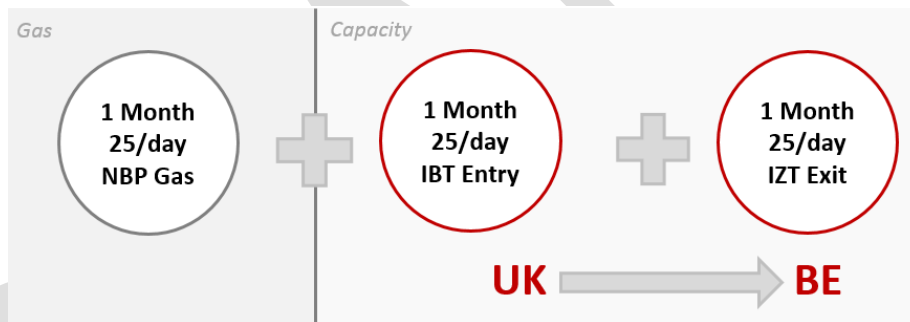
The matching of the Natural Gas product and the Offered Capacity will result in two bilateral transactions; one for the Natural Gas product between the IAA Shipper and the counterparty selling the Natural Gas product, and one for the Offered Capacity between IUK and the same IAA Shipper.

We will have no knowledge of the Natural Gas transaction.

**Examples of Matched Products include:**

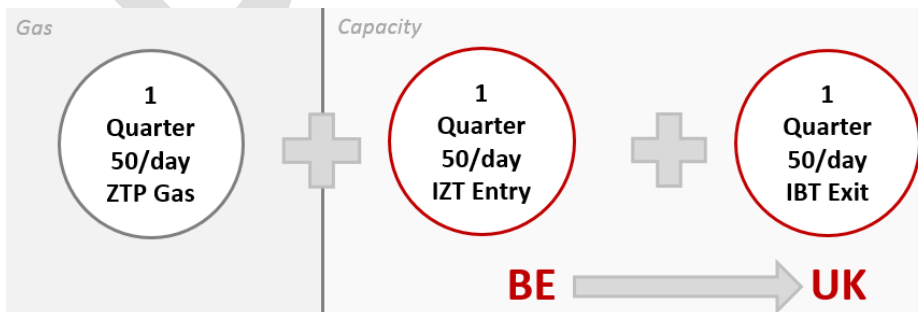
Monthly Gas + Monthly Capacity UK-BE

NBP one month product for gas delivered at a rate of xx/day plus one month of IUK Entry Capacity at Bacton at a rate of xx/day plus one month of IUK Exit Capacity at Zeebrugge at a rate of xx/day. The below diagram uses an indicative rate of 25/day:



Quarterly Gas + Quarterly Capacity BE-UK

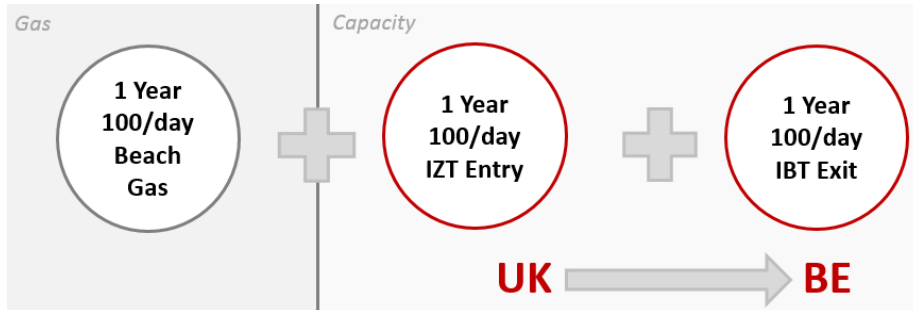
ZTP quarterly product for gas delivered at a rate of xx/day plus one quarter of IUK Entry Capacity at Zeebrugge at a rate of xx/day plus one quarter of IUK Exit Capacity at Bacton at a rate of xx/day. The below diagram uses an indicative rate of 50/day:



<sup>3</sup> Including Delivery Points and Hubs in the UK, Belgium, France, The Netherlands, Germany, Denmark, Italy and Austria.

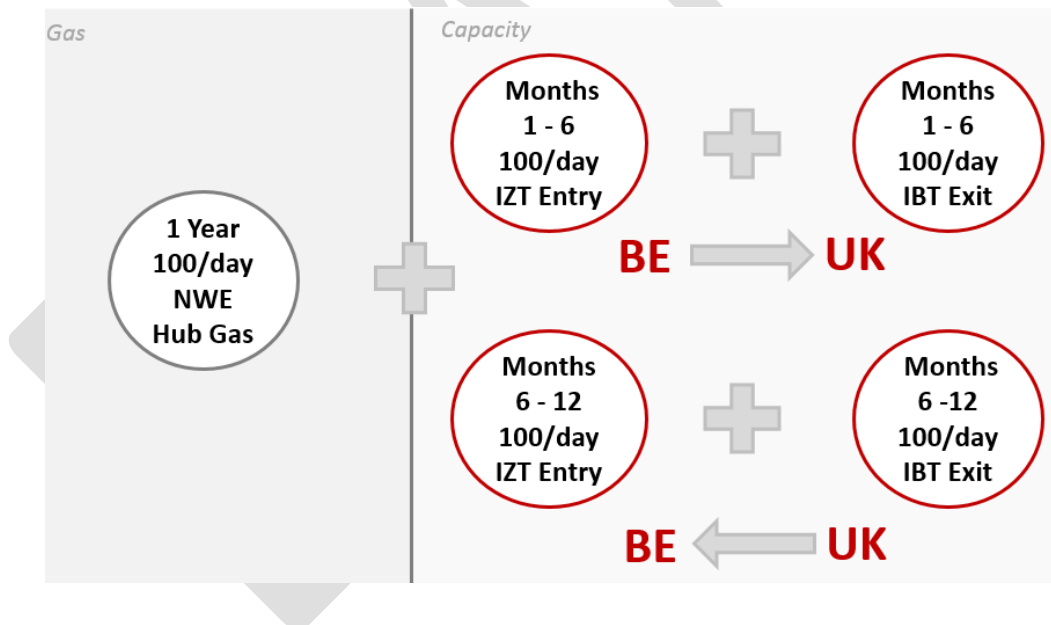
1 Year Gas + 1 Year Capacity UK-BE

Beach entry product for one Gas Year delivered at a rate of xx/day plus one Gas Year of IUK Entry Capacity at Bacton at a rate of xx/day plus one Gas Year of IUK Exit Capacity at Zeebrugge at a rate of xx/day. The below diagram uses an indicative rate of 100/day:



1 Year Gas + 6 Month Capacity BE-UK and 6 Month Capacity UK-BE

Annual gas product at any NWE hub for a Gas Year within the next 3 years, delivered at a rate of xx/day plus first 6 months of IUK Entry Capacity at Zeebrugge at a rate of xx/day plus first 6 months IUK Exit Capacity at Bacton at a rate of xx/day then second 6 months of IUK Entry Capacity at Bacton at a rate of xx/day plus second 6 months IUK Exit Capacity at Zeebrugge at a rate of xx/day. The below diagram uses an indicative rate of 100/day:



**Appendix 1: Process Diagram of the Implicit Allocation of IUK Capacity**

