



## **NATURAL GAS TRANSPORTATION SERVICES PROVIDED BY IUK BETWEEN UK AND BELGIUM**

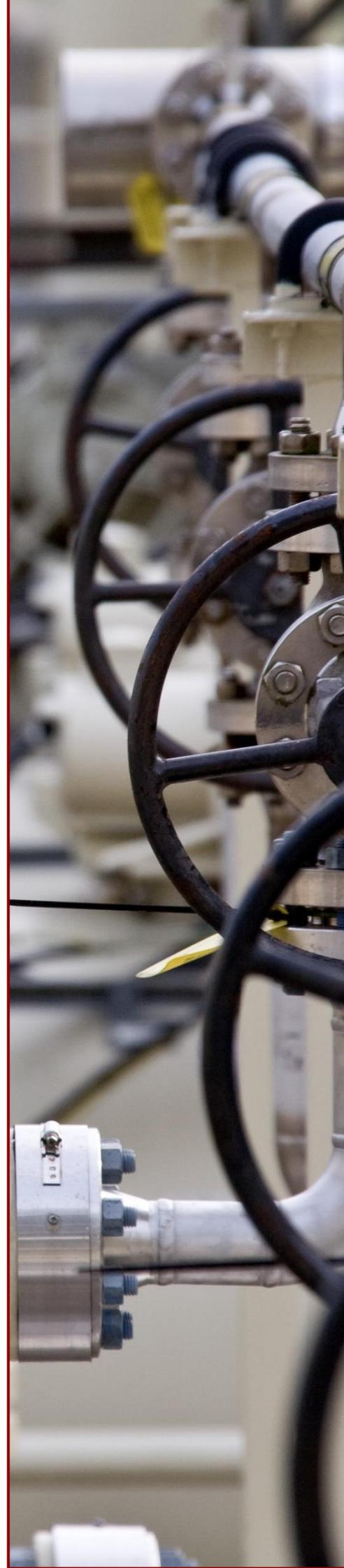


## DISCLAIMER

This IUK Access Agreement Summary (“IAAS”) has been prepared by Interconnector (UK) Limited (“IUK”). It describes the transportation model and the related services offered by IUK under the IUK Access Agreement (“IAA”).

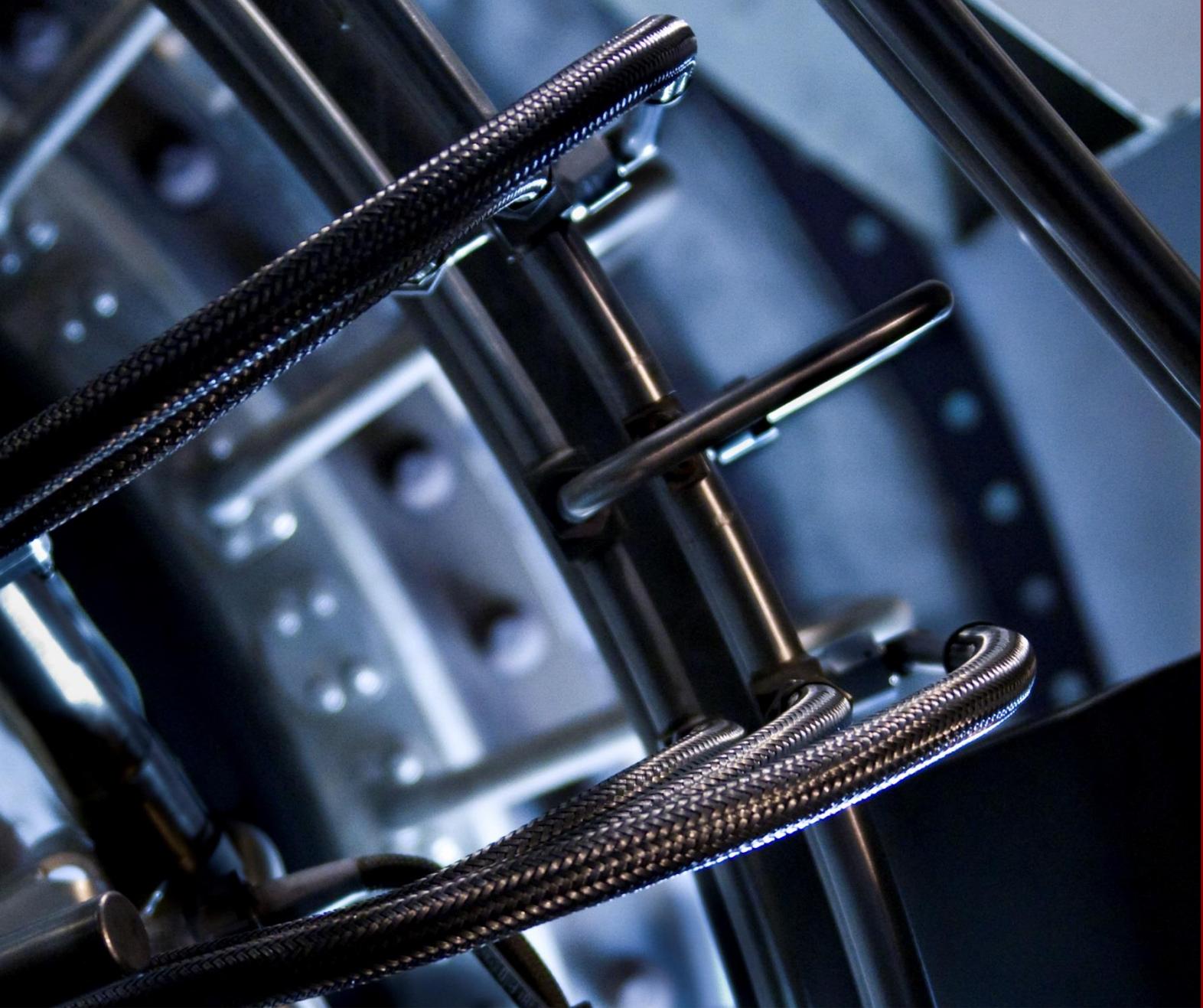
The IAAS is provided to assist potential Shippers in deciding whether or not they wish to partake in the services offered by IUK under the IAA. As such, the IAAS should not be construed as an offer or inducement to enter into or as giving rise to any contractual relationship between IUK (or any of its affiliated entities) and any other party for the provision of services by IUK. This summary is only a description of the services offered by IUK under the IAA and any potential Shipper should read both the IAA and IUK Access Code (“IAC”) before signing up and not rely solely on the IAAS. IUK is not liable to any Shipper who enters into the IAA and IAC without reading and understanding them.

The IAAS may be amended from time to time to reflect changing regulatory requirements and other modifications to the model and/or services on offer. IUK aims to ensure the IAAS is up to date and a comprehensive description of the services provided, but on occasion the IAAS may not reflect the most recent changes to the services provided under the IAA and IAC.

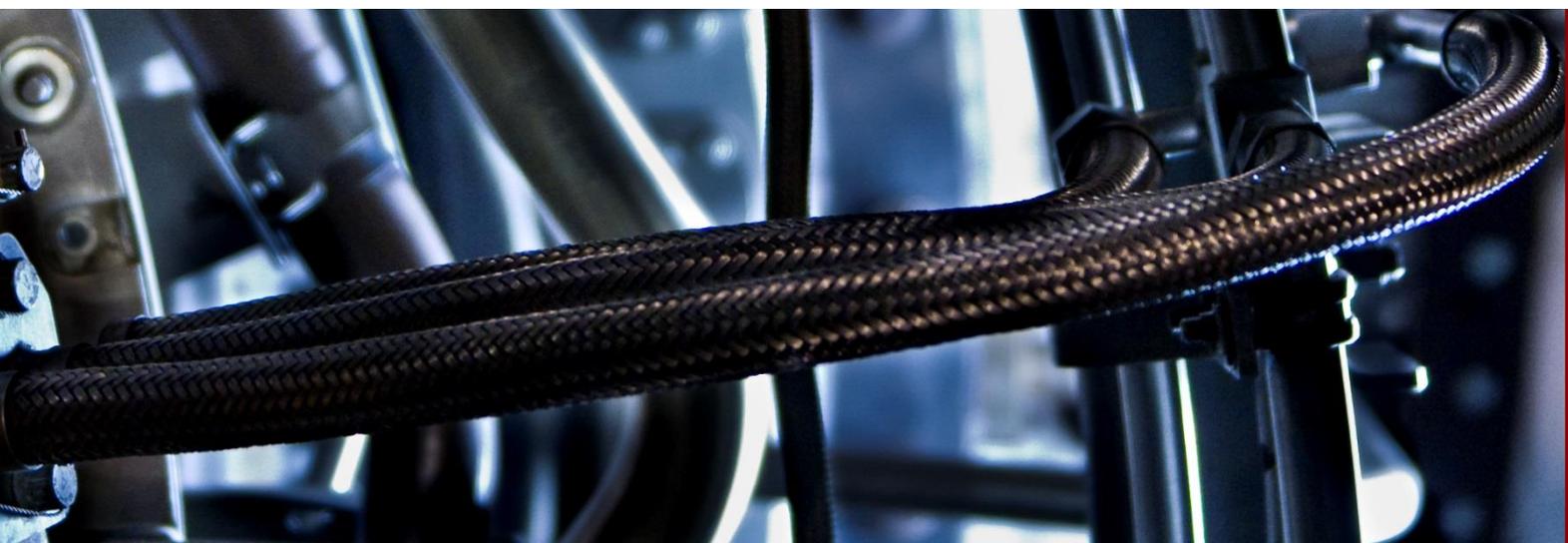


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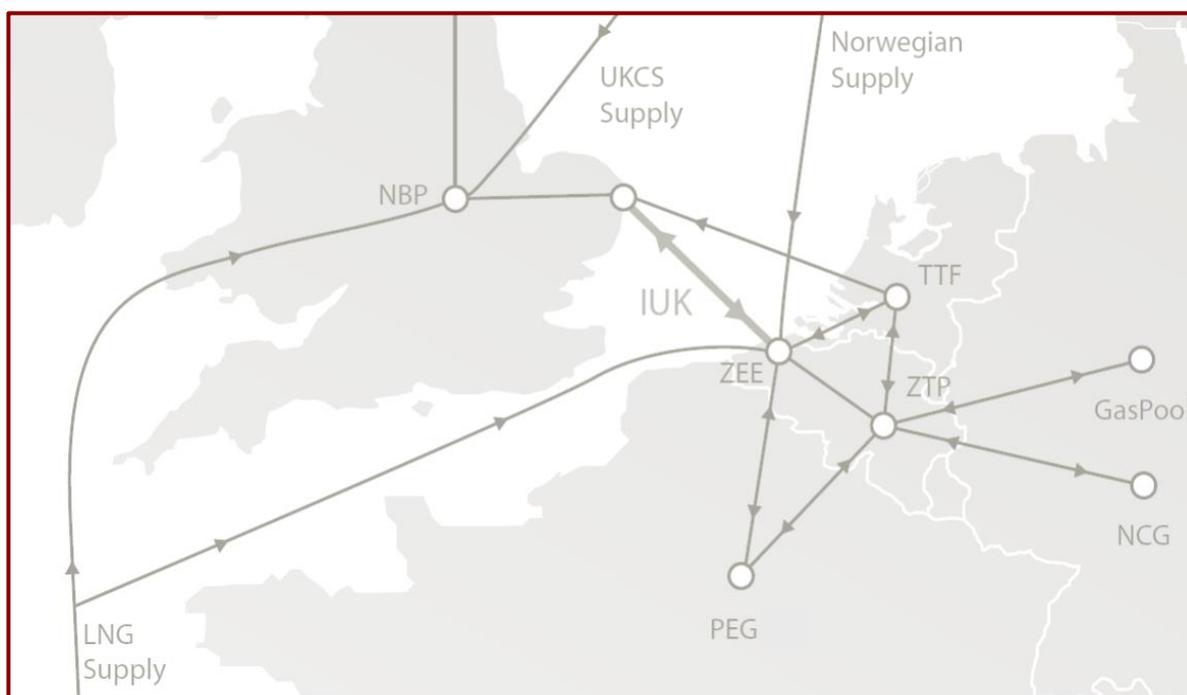


# 1. INTRODUCTION



## 1.1. The Interconnector

IUK owns and operates the Interconnector gas pipeline, linking the UK and Belgian markets and offering trading opportunities across the North West European market areas as indicated in the map below.



Since its inauguration in October 1998, the Interconnector has been a major catalyst in the creation of the spot gas market within Europe and a key factor in the liberalisation of energy markets.

Ours is the only facility to offer a fully flexible commercial and physical bi-directional service between UK and mainland Europe. As such, we provide important security of supply across the region.

## 1.2. Service Provision

IUK offers gas transportation services directly under the IUK Access Agreement (“IAA”).

The IAA enables Shippers to buy both long-term and short-term capacity, dependent on availability. Unsold technical capacity will be available to buy from IUK<sup>1</sup> and will be offered in regular auctions held on the European joint booking platform, PRISMA, and via Implicit Allocation (see section 3). This document provides the reader with an overview of the

services offered under the IAA. Any references to Shippers are to those who have signed an IAA.

## 1.3. Our Regulatory Obligations

IUK is certified as a Transmission System Operator (“TSO”) by the National Regulatory Authorities (“NRAs”) of UK and Belgium: Ofgem<sup>2</sup> and CREG.<sup>3</sup> Together with our NRAs and connected transporters, National Grid Gas (“NGG”) and Fluxys Belgium, we are helping to harmonise the European Energy Market through

<sup>1</sup> Subject to, among other things, the availability of the facilities, contractual terms and conditions and the prevailing regulatory conditions.

<sup>2</sup> Office of Gas and Electricity Markets.

<sup>3</sup> La Commission de Régulation de l'Electricité et du Gaz.

the implementation of the Third Energy Package and associated legislation.

In this document, you will see references to the Capacity Allocation Mechanism (“CAM NC”) Network Code<sup>4</sup> and the Congestion Management Procedure (“CMP”) guidelines (Annex 1 to Regulation 715/2009).<sup>5</sup> These contain provisions designed to facilitate cross-border trade and increase market liquidity.

Specifically, the CAM NC contains rules to ensure efficient, transparent and non-discriminatory

access to infrastructure networks such as our own. The CAM NC details a number of standardised capacity products and the auction rules for TSOs to apply when allocating the capacity and also allows for Implicit Allocation. In addition, CMP sets out rules to ensure that when Shippers are not using contracted capacity it can be offered to other Shippers who may be able to use that capacity.

IUK is also subject to other Network Codes covering Balancing, Interoperability and Tariffs but these are not covered in this IAAS.



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<sup>4</sup><http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0459&qid=1500456001171&from=EN>

<sup>5</sup><http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02009R0715-20150525&from=EN>

# 2. THE IUK TRANSPORTATION SYSTEM

## 2.1. Physical Operations

The IUK transportation system comprises:

- A compression/reception terminal at Bacton, UK, with a connection to the NGG transportation system
- A compression/reception terminal at Zeebrugge, Belgium, with a connection to the Fluxys Belgium transportation system
- A 235 kilometre pipeline between the two terminals, within the UK and Belgium sectors of the southern North Sea.

IUK carries out regular maintenance to ensure the continued safe and efficient operations of these facilities.<sup>6</sup>

## 2.2. Capacity

These facilities are used to transport gas between the UK and Belgian gas markets.

We can transport an equivalent of up to 651.7 GWh/d of energy from UK to Belgium and 803.4 GWh/d from Belgium to UK.<sup>7</sup>

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<sup>6</sup> Some maintenance can only be safely carried out when the system is not in use, and the IAA provides that IUK can cease operations to carry out this work for up to 15 days each Gas Year. These days do not have to be consecutive and IUK will consult the market and adjacent TSOs when selecting dates for this work, and Shippers will be provided with sufficient notice of any maintenance period. See also:

<https://www.interconnector.com/transparency/maintenance-activity/>

<sup>7</sup> This is the technical capacity based on average operating conditions, for further details see:

<https://www.interconnector.com/access-services/products-services/technical-capacity/>

# 3. THE IAA SERVICE



### 3.1. Becoming a Shipper

To become a Shipper, a party has to:

- (a) become a signatory to the IAA, which includes the access rules in the IUK Access Code (“IAC”);
- (b) demonstrate creditworthiness to IUK;
- (c) register with the PRISMA platform<sup>8</sup>, to be able to bid for any capacity offered by IUK in the standard auction processes;
- (d) register with IUK’s Implicit Allocation Partners, to be able to purchase capacity offered by IUK through the Implicit Allocation Mechanism<sup>9</sup>.

### 3.2. Credit Criteria

#### 3.2.1. Initial credit check

Once an IAA has been signed, IUK will check how the Shipper can comply with IUK’s credit criteria. There are two ways a Shipper can be considered credit worthy:

- (a) have a formal credit rating issued by one of the recognised credit rating agencies of at least-
    - (i) Standard and Poor BBB+, or
    - (ii) Moody Baa1, or
    - (iii) Fitch BBB+
- or
- (b) provide acceptable credit support in the form of-
    - (i) a guarantee backed by a company acceptable to IUK that meets the ratings test above, or
    - (ii) a standby letter of credit issued by an international bank that is acceptable to IUK and meets the ratings test above, or
    - (iii) cash

The amount of acceptable credit support will vary depending on how much capacity a Shipper buys or expects to buy. IUK will estimate the Shipper’s exposure to IUK as the greater of:

- (a) £100,000, and
- (b) the estimated highest monthly charges for any two months that the shipper holds capacity (mainly capacity and commodity charges).

As part of the sign up process, IUK will inform the new Shipper of the initial credit check and if unrated, then advise that a form of acceptable credit support will be required. IUK would encourage a Shipper to put credit support arrangements in place as soon as possible after signing an IAA. In any event, IUK requires a Shipper to meet the credit criteria before any capacity can be utilised, with any credit

Example of Credit Criteria timings for buying capacity with a start date of 1 October



<sup>8</sup> See <https://www.prisma-capacity.eu> for further information.

<sup>9</sup> See <https://www.interconnector.com/access-services/available-capacity/implicit-allocation/>

support required to be provided within 5 business days of a capacity purchase or the day ahead of utilisation in the case of daily or within day capacity, as illustrated in the following example:

### **3.2.2. Ongoing credit management**

IUK will continually monitor a Shipper's credit position and request changes in the acceptable credit support, particularly if:

- (a) a Shipper's credit rating falls below the ratings test above;
- (b) there is an increase in the Shipper's estimated exposure, for example on the purchase of additional capacity;
- (c) the acceptable credit support is nearing expiry or ceasing to be valid;
- (d) the credit support provider ceases to be acceptable or fails to comply with its obligations.

If requested, a Shipper must provide the updated credit support within 5 business days. If the Shipper fails to comply with the credit terms, then IUK will suspend access to the transportation services, and ultimately terminate the IAA in the event of non-remediation by the Shipper.

## **3.3. Transportation Model**

IUK offers Entry and Exit Capacity under the IAA. Bacton and Zeebrugge are Entry and Exit Points, and Shippers can purchase corresponding Entry and Exit capacities.

Entry services enable gas to be delivered into the IUK transportation system at a specified Entry Point. Exit services enable gas to be withdrawn from the IUK transportation system at a specified Exit Point.

These capacities can be purchased independently so that a Shipper can transport gas through the pipeline:

- between UK and Belgium by purchasing Bacton Entry with Zeebrugge Exit, or
- between Belgium and UK by purchasing Zeebrugge Entry with Bacton Exit.

## **3.4. Acquiring Capacity**

IUK offers capacity in kWh/h to the market via a number of allocation mechanisms, including auctions and implicit allocation mechanisms and at its discretion and with approval of applicable NRAs, ad hoc subscription processes.

### **3.4.1. Auctions**

Bacton and Zeebrugge are Interconnection Points subject to the CAM Network Code. This means that we offer the CAM NC Standard Capacity Products via the prescribed auction processes on the European capacity platform, PRISMA. Subject to availability, IUK will offer the following products as firm and conditional firm capacity:

- (a) Annual – for a set amount for each hour in a Gas Year, starting on 1 October;
- (b) Quarterly – for the quarters in the upcoming Gas Year, starting on 1 October, 1 January, 1 April or 1 July;
- (c) Monthly – for the upcoming month;
- (d) Daily – offered day-ahead for the next Gas Day;
- (e) Within Day – for any hours remaining in the current Gas Day.

PRISMA will run the auctions according to the timetable published annually by the European Network of Transmission Systems Operators for Gas (“ENTSOG”).<sup>10</sup>

### 3.4.2. *Conditional Firm*

IUK may offer conditional firm capacity alongside the firm capacity in the timetabled auctions on PRISMA and through the Implicit Allocation Mechanism. We have defined a specific Conditional Firm CF1 product which is characterised by its pricing exposure if our Electricity Supplier calls a Demand Response Event (“DR Event”).<sup>11</sup>

On a Gas Day where a demand response event has been called, holders of this product will receive a rebate against the capacity charge. They will also have the choice to reduce their nominations or flow through the Demand Response Event; flowing through the DR Event will result in an additional charge. This CF1 product is available for capacity including or falling within Q1 or Q4 of any calendar year.

### 3.4.3. *Interruptible Capacity*

Subject to the CAM NC rules, IUK may offer interruptible capacity in addition to firm capacity via the timetabled auctions on PRISMA. We aim to meet all nominations, however interruptions to interruptible capacity may occur under certain circumstances.<sup>12</sup>

### 3.4.4. *Bundling*

Under the CAM NC, adjacent TSOs must jointly offer bundled capacity where possible for firm products (underpinned by individual contracts within the relevant contractual framework of the respective TSOs, in IUK’s case the IAA).<sup>13</sup>

IUK will upload available firm capacity to PRISMA in advance of each auction and PRISMA will bundle this with any matching quantities of capacity with our adjacent TSOs. Therefore, at Bacton, IUK capacity will be bundled with NGG capacity at their Bacton Interconnection Point (“IP”). At Zeebrugge, IUK capacity will be bundled with Fluxys Belgium capacity; Shippers can choose whether to buy a bundle to/from ZTP or Zeebrugge Beach (ZTP Physical).

### 3.4.5. *Implicit Allocation*

IUK has also implemented Implicit Allocation so that it is able to offer capacity at a fixed price, at any time within the operating hours of the Implicit Allocation Partner and outside of the CAM NC auction timetable, for any duration (subject to certain limitations) and unbundled.

Implicit Allocation is defined in the CAM NC as a capacity allocation method where “both transmission capacity and a corresponding quantity of gas are allocated at the same time”. IUK as a pipeline operator has capacity to offer to the market but not natural gas, so in order to offer capacity through Implicit Allocation, IUK works with a third party that offers and allocates gas products to the market through a transparent, non-discriminatory mechanism. Details of IUK’s Implicit Allocation Partners,

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<sup>10</sup> See <https://www.entsog.eu/>.

<sup>11</sup> A Demand Response event is a period of 3 consecutive hours on a calendar day, with a possibility for a second activation of 3 consecutive hours, more information is available via the attached link. <https://www.interconnector.com/media/126980/update-on-iuk-capacity-offering-01-november-2018.pdf>

<sup>12</sup> Reasons for interruptions include, but are not limited to, gas quality, pressure, temperature, flow patterns, utilisation of firm capacity, maintenance, upstream or downstream constraints.

<sup>13</sup> Any unmatched capacity on either side will be offered as unbundled capacity. Any interruptible capacity will be offered unbundled.

which may be a European Exchange and/or a Broker using a Communication Platform can be found on IUK's website.

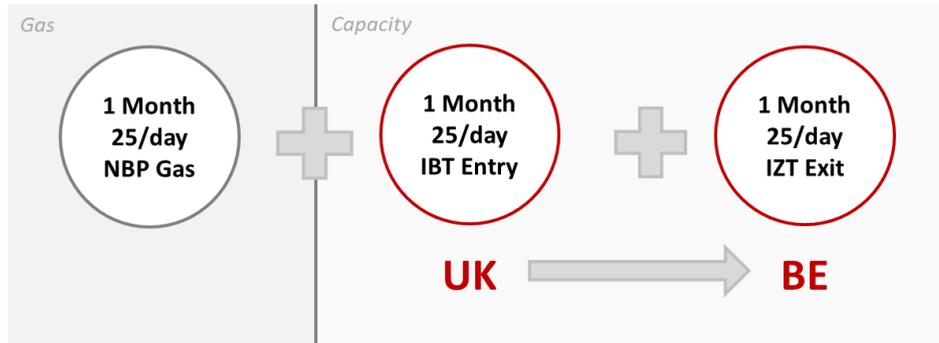
The IUK capacity purchased through the Implicit Allocation Partner is required to match up with a corresponding quantity of gas. A Shipper would choose to purchase IUK capacity along with their gas trade (either a gas sale or a gas purchase) and this would result in two separate transactions: one between the Shipper and its counterparty for the gas transaction and another between the Shipper and IUK. IUK has no knowledge of the gas transaction and there is no other link between the gas transaction and the capacity transaction apart from the fact that the quantities match at the moment of the simultaneous allocation. The Implicit Allocation Partner notifies IUK of the capacity sale and this becomes a transaction under the IAA held between IUK and the purchasing Shipper. Payment and settlement for IUK capacity is subject to the terms defined in the IAC.

### Examples of Matched Products

The following gives several examples of matched products for illustration:

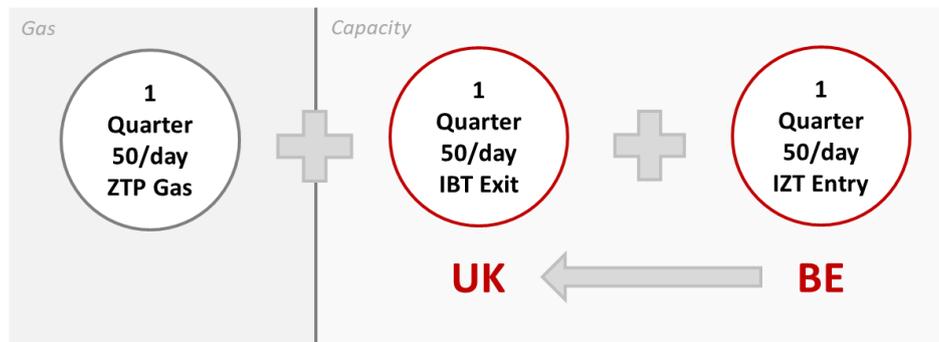
#### Monthly Gas Purchase + Monthly Capacity UK-BE

Purchase of a 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:



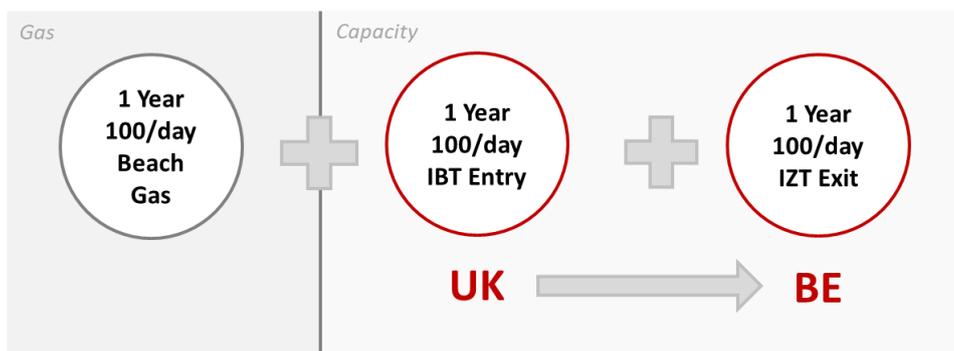
#### Quarterly Gas Sale + Quarterly Capacity BE-UK

Sale of a 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:



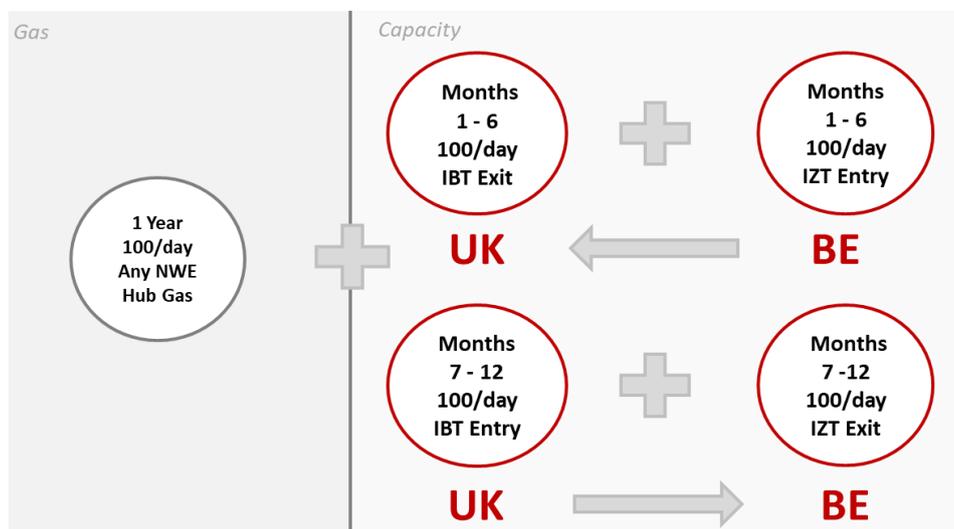
#### 1 Year Gas Purchase + 1 Year Capacity UK-BE

Purchase of a 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 Sale + 6 Month Capacity BE-UK and 6 Month Capacity UK-BE

Sale of an Annual gas product at any NWE hub for a Gas Year within the next 15 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:



Any particular hour of capacity will only be offered via one allocation method at any given time in order to guarantee that capacity cannot be inadvertently sold twice. IUK's website provides a rolling three month forward view of when Implicit Allocation will be suspended due to the PRISMA auction process.

In addition, the following timings and limitations are in place for any capacity offered through Implicit Allocation in order to limit the possibility of market manipulation and gaming:

- IUK will update the quantity of capacity offered through Implicit Allocation every day using a maximum of 75% and minimum of 0% of the firm capacity. This quantity will be published on the IUK website.  
Example: 45% of IUK's firm capacity is sold for each Gas Day in Q1 through Implicit Allocation. This leaves a balance of 30% of firm capacity available for sale in Q1 (through Quarterly, Monthly or Daily Capacity Products) under Implicit Allocation.
- As required by CAM, IUK will retain 20% of capacity for short-term auctions<sup>14</sup> under PRISMA.
- IUK is not currently offering day-ahead or within-day capacity via Implicit Allocation. It is possible however that this may change as we gain experience going forward.
- Table 1 sets out the timings of when products of different 'standard' durations can be purchased through Implicit Allocation. Non-standard products may be created by combining standard capacity products together:

<sup>14</sup> 20% of technical capacity will be set aside and not be offered in the annual yearly auctions beyond 5 years out; 10% of the technical capacity will be retained for the quarterly, monthly and daily auctions.

Product length	What will be offered?	When will capacity be offered?
Annual	A Gas Year	Any time <sup>15</sup> during the 15 years in advance of the period
6 monthly	Any 2 Consecutive Quarters	Any time during the 15 years in advance of the period
Quarterly	Any Quarter	Any of the next Quarters in the next 15 years
Monthly	Any Month	Any time during the 8 months in advance of the period
Daily	To match commodity products e.g. BOM (Balance Of Month), WDNW (Week Days Next Week)	Any time after Monthly auction on PRISMA

*Table 1: Implicit Allocation Standard Product Limitations*

#### *Example product durations*

- 6 Monthly Capacity may be purchased through Implicit Allocation 15 years in advance of the period. For example a Shipper who buys a 6 Monthly Capacity Product in November 2019 is able to purchase 6 Monthly Capacity for use until 30 September 2034 i.e. end Q3-34.
- Quarterly Capacity may be purchased through Implicit Allocation for the next 15 years so a Shipper buying a Quarterly Capacity Product in October 2019 is able to buy Quarterly Capacity from Q4 19 to Q3 34.
- Monthly Capacity may be purchased through Implicit Allocation 8 months in advance of the period, so a Shipper buying Monthly Capacity in December 2019 is able to buy Monthly Capacity for use until 31 August 2020.

#### *3.4.6. Secondary Market Mechanisms*

IUK supports secondary market mechanisms in the IAA. Currently Shippers can trade capacity amongst themselves via the secondary trading functions on PRISMA.

#### *3.4.7. Capacity Conversion Service*

Where a Shipper holds unbundled capacity with IUK and can only purchase capacity on PRISMA in an adjacent TSO system as a bundle with IUK capacity, IUK offers a capacity conversion service to convert the existing unbundled capacity into the new bundle, and release the quantity converted back to IUK. This prevents a Shipper having to purchase unnecessary duplicate IUK capacity.

### **3.5. Capacity Transactions**

When a Shipper has been successful in bidding in an auction or has acquired capacity through Implicit Allocation, IUK will confirm the details in a Capacity Transaction and include the capacity in the Registered Capacity of that Shipper on the IUK information system. The Registered Capacity is effectively the working capacity that the Shipper can use to nominate for Entry and Exit services, transfer and surrender under the terms in the IAA.

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<sup>15</sup> Any time within the operating hours of the Implicit Allocation Partner and outside of the CAM NC auction timetable

# 4. USING YOUR CAPACITY

## 4.1. Nominations

Nominations specify the quantity of gas that the Shipper wishes to flow into or out of the IUK transportation system at each Entry or Exit point. Renominations can also be submitted should a Shipper's flow requirements change.

Shippers can nominate gas to flow in either direction at any time. IUK manages net flows to ensure individual nominations are met.

A nomination takes the form of a standardised electronic message entered on the IUK information system. The message relates to a particular Gas Day (which begins at 06:00 CET and terminates at 06:00 CET the following day) and to a specific point, and provides for each hour of the relevant Gas Day the quantities of gas, expressed in kWh, that the Shipper wishes to deliver or offtake under its subscribed services at the relevant point.

The nomination process comprises the following steps:

- A Shipper sends nominations to IUK;
- Nominations are then processed by IUK and matched with nominations in the adjacent system;
- IUK calculates the confirmed quantities to be delivered/offtaken to/from the IUK transportation system;
- IUK sends a confirmation message to communicate to the Shipper the results of the process.

IUK supports both double sided nominations and single sided nominations. In double sided nominations, matching nominations have to be submitted to both IUK and the adjacent TSO at that IP. Where a Shipper has capacity on both sides of an IP, either Bacton or Zeebrugge, they are able to submit a single nomination to cover their gas flows on both sides of the relevant IP. At Bacton, the nomination must be submitted to NGG; at Zeebrugge, the nomination must be submitted to Fluxys Belgium. The TSOs will cooperate to process this nomination and provide a confirmed nomination quantity to the Shipper.

Shippers may revise their nominations on a day-ahead or intraday basis by sending renominations, with a lead time of at least 2 whole hours.

## 4.2. Trade Notifications

Shippers may also submit Trade Notifications to inform IUK of a transfer of gas in the IUK transportation system to another Shipper.

## 4.3. Balancing the System

To ensure the reliable and efficient operation of the IUK transportation system, the total quantities of gas entering the system must, on an hourly basis, be in balance with the total quantities of gas leaving the system. Shippers are responsible for ensuring that their nominations are balanced across the system every hour of the day.

## 4.4. Allocation and Operational Balancing Agreement

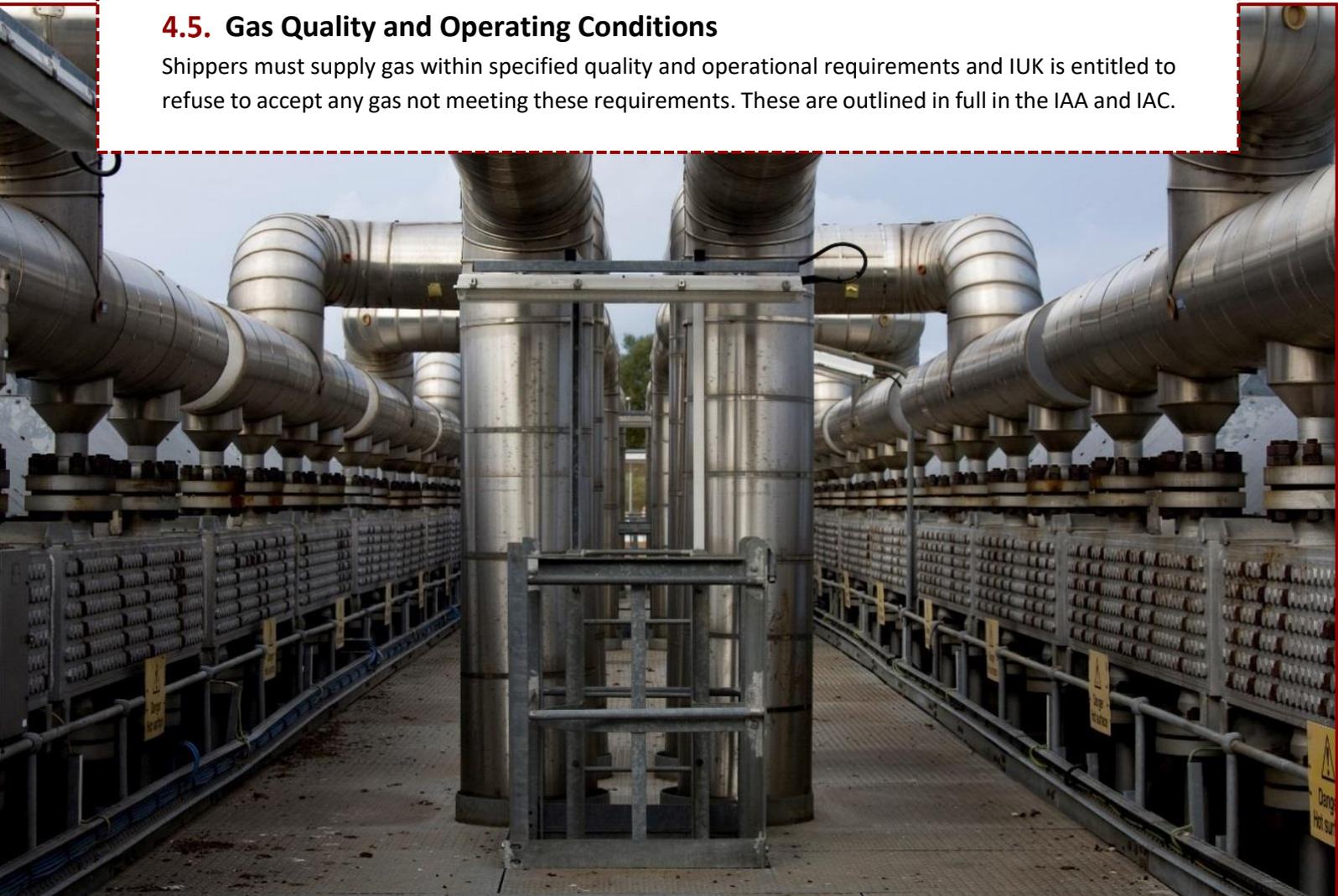
Gas is allocated at each Entry and Exit Point on an hourly basis. This data is provided to the relevant Shipper in kWh.

We work closely with our neighbouring transporters to allow us to meet nominations exactly and provide additional flexibility to ensure operations are run in the most efficient manner without impacting Shipper confirmed nomination quantities.

IUK makes use of an Operational Balancing Agreement (“OBA”) with each adjacent transporter at Bacton and Zeebrugge. An OBA ensures that allocations on each side of an IP are deemed to equal nominations (commonly known as “allocate as nominate”), except under exceptional circumstances.

## 4.5. Gas Quality and Operating Conditions

Shippers must supply gas within specified quality and operational requirements and IUK is entitled to refuse to accept any gas not meeting these requirements. These are outlined in full in the IAA and IAC.



# 5. CONGESTION MANAGEMENT PROCEDURES



IUK has developed several mechanisms to make additional capacity available for the market over and above technical capacity, in response to the CMP guidelines:

- (a) Oversubscription Capacity (“OS Capacity”);
- (b) Voluntary Surrender;
- (c) Long Term Use It or Lose It (“LTUIOLI”).

These mechanisms are primarily to be used when the IUK transportation system is contractually congested, i.e. if IUK has sold all the technical capacity.

### **5.1. Oversubscription Capacity**

The OS mechanism is based on the idea that the right to use capacity can be ‘oversold’ (in comparison to the technical maximum capacity) with an expectation that not all Shippers will exercise their right to use the capacity at the same time. IUK will decide each day about how much OS capacity it can make available for the following day. Should difficulties arise in meeting the resulting aggregate net nomination, a market based mechanism is in place for capacity to be bought back by IUK to reduce the aggregate net nomination to within the system capability.

The quantity of OS Capacity made available is at the discretion of IUK; whilst the quantity will be based upon today’s flowrates, IUK may deem it prudent to reduce the quantity of OS Capacity made available tomorrow, given additional market information, to ensure safe and efficient operations. Currently IUK does not make OS Capacity available in the

prevailing flow direction when demand is forecast to exceed 75%, reflecting the fact that Shippers’ nominations can change considerably within-day in response to events and/or pricing signals, and consequently ensures that the requirement to buy back will not be excessive.

### **5.2. Voluntary Surrender**

In accordance with CMP, Shippers are able to voluntarily surrender capacity to IUK for a specified period of time, not less than one day. IUK will then endeavour to sell this capacity via its regular capacity auctions.

Any revenue IUK receives from the reallocation of such surrendered capacity will be returned to the surrendering Shipper.

### **5.3. Long Term Use It Or Lose It**

Also in accordance with CMP, IUK undertakes to review long-term capacity utilisation if other parties are unable to obtain capacity in the IUK transportation system after taking reasonable steps to acquire it, with a view to determining if systematically underutilised capacity exists according to the definitions of CMP. Utilisation will include a Shipper’s nominations, plus any capacity they advertise for sale on the secondary market or successfully sell to another party.

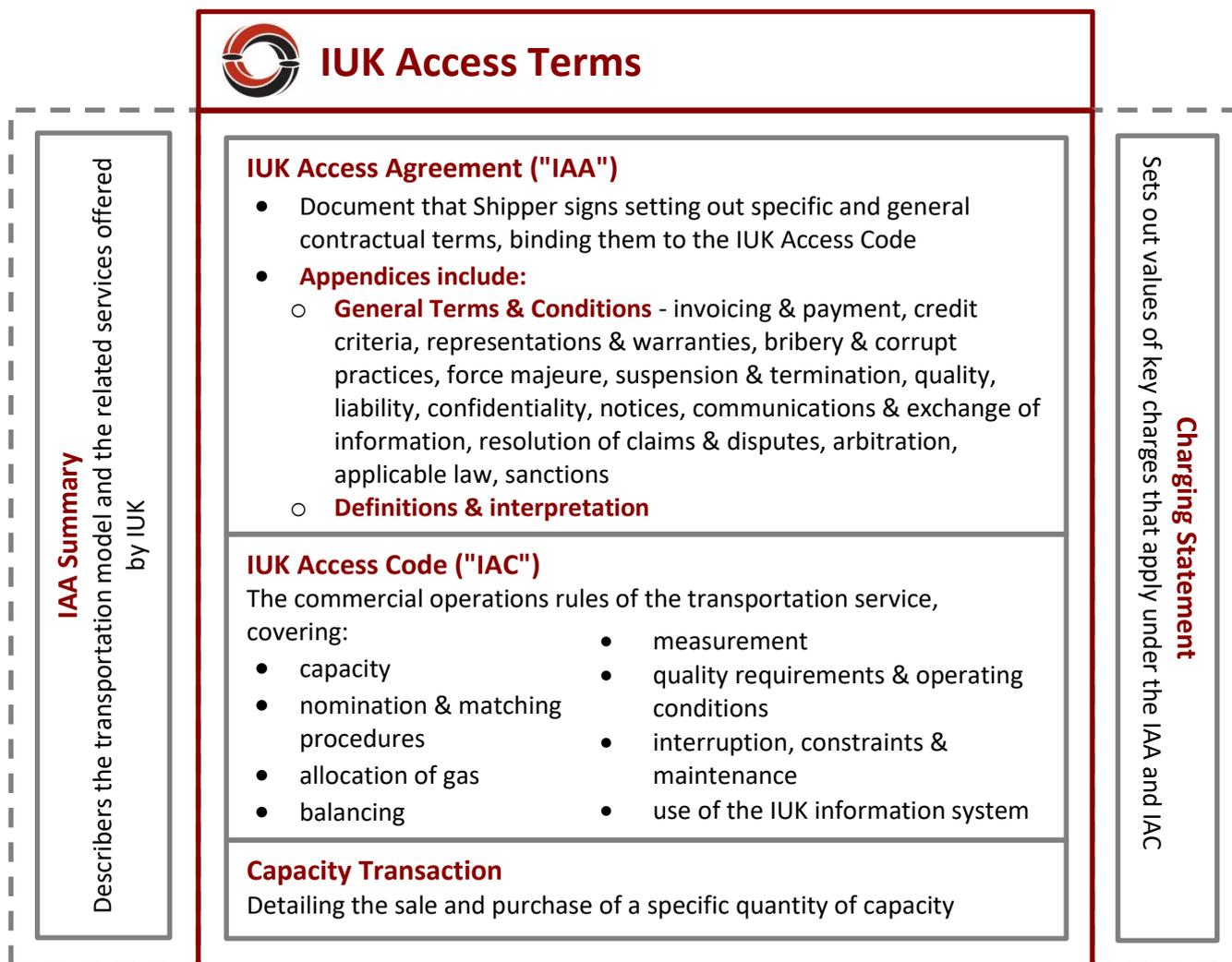
IUK’s NRAs may ultimately instruct IUK to withdraw capacity from a Shipper if they consider the Shipper to be systematically underutilising capacity. This capacity would then be made available to other parties. Any revenue received from the sale of this capacity would be returned to the Shipper from whom the capacity had been withdrawn, up to a limit of their relevant payment obligations for such capacity.



# 6. THE CONTRACTUAL FRAMEWORK



In order to subscribe to the services outlined above, a party must first sign the IAA and adhere to the capacity utilisation rules contained therein, illustrated below:



The IAA is approved by the NRAs and is offered on the same terms to all Shippers. No negotiation or changes can be made for individual Shippers. Once signed, it is concluded for an indefinite period, with termination rights defined.

### 6.1. Changes

IUK will regularly review the access rules set out in the IAA to ensure they meet the needs of customers and comply with legislative changes. Changes will only be made following completion of the required public consultation process and approvals from the NRAs.

# 7. COSTS AND INVOICING

## 7.1. Cost of Transporting Gas

IUK publishes a Charging Statement<sup>16</sup>, which outlines and explains the various costs associated with using the IUK transportation system, including:

- Monthly Administration Fee;
- Reserve Prices for all auctions and Implicit Allocation Prices;
- ‘Large Price Steps’ and ‘Small Price Steps’ applicable to Ascending Clock auctions;
- Commodity Unit Costs
- Exceptional Commodity Unit Costs
- Percentage Rebate for Conditional Firm Capacity Products
- Maximum Buy-back Price;
- Forced Buy-back Price;
- Maximum Buy-back Deficit;
- Net Revenue Share to be distributed to Shippers for a Gas Year;
- Balancing Allowed Tolerance.

## 7.2. Invoicing Process

Shippers will be invoiced on a monthly basis in arrears for the following:

1. Monthly Administration Fee;
2. Entry Capacity Charges;
3. Exit Capacity Charges;
4. Balancing Charges associated with any negative imbalances, in exceptional circumstances;
5. Commodity Charges;  
*less*
6. Re-allocated Capacity Payments (through the successful sale of surrendered capacity);
7. Buy-back Payments;
8. Balancing Charges associated with any positive imbalances, in exceptional circumstances;
9. Any reduction in the Capacity Charges due to Lost Capacity, in exceptional circumstances;
10. Any Capacity Conversion or Conditional Firm Rebates.

## 7.3. Revenue

Shippers will also receive a share of any net revenue from the sale of OS Capacity in proportion to their use of the transportation system throughout the relevant Gas Year.

## 7.4. Commodity Charges

When gas is physically entering the system at Bacton, fuel gas is used principally by the gas turbines that power the compressors located at Bacton. When gas is physically entering the system at

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<sup>16</sup> see <https://www.interconnector.com/access-services/iaa-contract/costs/>

Zeebrugge, electricity is used by the electric motors that power the compressors located at Zeebrugge. A small amount of fuel gas is also consumed in heating gas exiting the IUK transportation system.

IUK will enter into agreements with suppliers for fuel gas and electricity and will recover its costs of usage through commodity charges based on a Shipper's Entry Allocations of gas at Bacton and Zeebrugge. The commodity unit costs will be updated regularly and published on IUK's website<sup>17</sup>.

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<sup>17</sup> see <https://www.interconnector.com/access-services/iaa-contract/costs/>

# 8. DATA

## TRANSPARENCY

IUK operates in a transparent manner. As is required by EU Regulation 715/2009, we publish the following information on our website and, where necessary, the ENTSOG Transparency Platform:

- Nominations and Allocations at an aggregate level;
- Historical flows through the pipeline;
- Gas quality parameters – GCV and Wobbe Index;
- Quantity of gas in the IUK transportation system;
- Contracted firm and interruptible capacity;
- Available capacity and quantity to be offered in each of the upcoming auctions, according to the timeline outlined in the CAM NC;
- Planned and actual interruptions of interruptible capacity;
- Buy-back notifications, as necessary;
- The number and volume of unsuccessful, valid requests for Firm Capacity with a duration of one month or longer, on a bi-annual basis;
- The total capacity made available through each of the CMP mechanisms, on a rolling monthly basis.
- Additionally, IUK is required to publish certain information under REMIT. In particular, IUK will publish any urgent market messages and events leading to a reduction in firm capacity on the Transparency pages<sup>18</sup> of the IUK website.

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<sup>18</sup> <http://www.interconnector.com/transparency/>

# 9. HOW TO CONTACT US

The service provisions contained within the IAA have been developed in co-ordination with our stakeholders and are designed to meet a real market need at the same time being compliant with all regulations.

As a valued stakeholder, we are keen to help you understand these provisions and hear your views on the continued development of our service.

If you would like to contact us about any aspect of the service, please do not hesitate to call us, on +44 (0)20 3621 7800, or email [sales@interconnector.com](mailto:sales@interconnector.com).

## 9.1. Further Reading

The following documents, which make up IUK's Access Terms, are available on IUK's website at: <https://www.interconnector.com>

**IUK Access Agreement**

**IUK Access Code**

**Charging Methodology**

**Charging Statement**

## 9.2. Useful Links

**PRISMA** : <https://platform.prisma-capacity.eu>

The joint capacity booking platform on which IUK offers capacity through the CAM NC auction process.

**ENTSOG** : <https://www.entsog.eu/>

The European network of transmission system operators for gas

*Adjacent Transmission System Operators*

**National Grid Gas** : <https://www.nationalgridgas.com/>

**Fluxys Belgium** : <https://www.fluxys.com/belgium/en>

