

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 9001:2008-certificated billing process for the ***national grid***. These allocation procedures are consistent with and supplemental to the procedures as formulated in the *Dutch Network Code*.

2. Allocation role

Allocation roles applicable in the national grid are described in the *Dutch Network Code* (articles 4.0 and 4a.2 of the *Allocatievoorwaarden Gas*). 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.

If a ***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:

- o Both parties will obtain the balancing role, and both will nominate;
- o One of the parties will change its role into proportional, and will nominate (this situation is not allowed for ***exit points*** connected to an *end user*);
- o One of the parties will change its role into no allocation.

At an ***exit point*** connected to an *end user* the following procedure is applicable:

In case of a short notice booking (start date is within two business days) parties should take into account that *GTS* needs two ***business days*** after the receipt of the request to set the allocation role in accordance with article 3.

During the period from the start date of the booking the allocation roles remain unchanged for two ***business days***. After that period the allocations roles will be changed according to article 3. ***Shipper*** will be informed by *GTS* if their allocation role changes on the first ***business day*** after receipt of the request.

3. Allocation rules

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

A positive or negative difference¹ between the measured volume and the sum of the ***confirmations*** of proportional ***shippers*** will be allocated to the balancing ***shipper*** when 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***.

If *GTS* is not able to determine the allocation due to insufficient or incorrect information by the ***shipper***, *GTS* will determine the allocation on its own discretion.

The near-real-time and off line allocation, as referred to in the *Dutch Network Code* (article 4.a.3 of the *Allocatievoorwaarden Gas*) may, with the consent of *GTS*, be

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

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*.

The allocation is performed by a *neighbouring network operator* or other third party at the following *entry-* and *exit points*:

| MP | MP description |
|--------|----------------------|
| 301071 | BALGZAND (NAM-HC) |
| 301073 | BALGZAND (NAM-NOGAT) |
| 301094 | UITHUIZEN (NGT) |
| 301312 | ZANDVLIET (WINGAS-H) |

4. Allocation rules at the *TTF* and *TTFB*

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 *TTFB* the following applies.

The ex ante undetermined quantity of *gas* is determined by the sum of the allocations to *shipper* as the receiving *shipper* ('Shipper B') in the balancing relation for the specified *user category* at industrial *exit points* and *exit points* connected to a *distribution network*. The resulting sum of the allocations will be allocated to the supplying *shipper* ('Shipper A').

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 calculation of the portfolio imbalance signal (POS) of the supplying *shipper's* own *portfolio*.

5. 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 existing allocation rules will be applied to volumes that remain after application of the *OBA*.

An *OBA* may temporarily be suspended, during which the existing allocation rules apply.

6. Allocation of remaining volume

If, as a result of technical faults in measurement or data acquisition equipment, it is not possible retroactively 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 *neutral gas price*.

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

7. Allocation in the case of existing allocation 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 7 will in all cases include the existing agreements relating to the *entry* or *exit point* in question.

8. Correction on allocations

The following allocation rule applies at *entry points* and *exit points* not connected to a *distribution network* or an *end user*.

In addition to the *Dutch Network Code* (Allocation Code Gas, Article 4a.4.4, Correcties op allocaties) the correction period for the allocations will be extended for an additional 27 **months** before the reconciliation period (refers to "reconciliatieperiode"). As a consequence *GTS* can correct its allocations up to a period of 48 **months** retrospectively, starting from the **month** the error is discovered. Shipper will receive as soon as possible an invoice stating the ascertained deviations and the financial consequences of the error.