

ERGEG Gas Focus Group/Storage TF
Guidelines for Good Practice for Gas Storage System Operators
(GGPSSO)

Questionnaire for SSOs

8 February 2006

Introduction

On 15 September 2005, during the 10th Madrid Forum, ERGEG presented the preliminary results of its first monitoring exercise on the implementation of the GGPSSO. The Forum asked ERGEG to produce a follow-up report for the 11th Madrid Forum, to be held in May 2006. On 7 December 2005, ERGEG published the final results of its report on "Monitoring the implementation of the GGPSSO". In parallel, ERGEG proposed to undertake a second monitoring exercise assessing the effectiveness of the GGPSSO, and the functioning of the market for storage services.

The objective of this questionnaire is to collect information from SSOs to assist in monitoring the implementation of the GGPSSO as requested by the European Commission.

The deadline for the completion of the questionnaire is **8 March 2006**.

In order to ensure that all interested parties are consulted, ERGEG members will be required to prepare a contribution to be included in the report. Storage users will be consulted from May 2006, to gather their feedback on the implementation of the GGPSSO requirements after 1 April 2006. Their views will be particularly important in assessing implementation of the GGPSSO.

ERGEG intends to publish an initial report on the implementation of the GGPSSO in May 2006 and it expects to present its findings at the next Madrid Forum. ERGEG will issue a final report on implementation after it has an opportunity to consider responses to its initial report.

To help ensure transparency, responses to the questionnaire and other documents associated with the GGPSSO will be published on the ERGEG website. Any requests to keep information confidential will be considered in accordance with the relevant section of the GGPSSO that deals with the publication of the information. If you want any information to be treated as confidential this should be objectively justified and outlined clearly – taking into account the requirements of the GGPSSO. Any information that is to be treated as confidential should be placed in a separate appendix.

Please note that in order to allow for maximum common understanding of data, the answers provided by SSOs will be reviewed by the national regulatory authority.

Given that ERGEG's initial report will be published in May, SSOs may provide an addendum to their original submission if there are any significant changes to the information that they provide, between 8 March and 5 April. This will ensure that the report is as up to date as possible and avoid misrepresenting the position of the SSOs, taking into account that the deadline for implementing some of the GGPSSO requirements is 1 April 2006.

Questionnaire

1 General

1.1 Business name of respondent: Centrica Storage Ltd

2 Roles and responsibilities of Storage System Operators

2.1 Has the standard storage contract/storage code been developed in proper consultation with users (e.g. bilateral contacts, open consultation process, with some sort of public announcement, consultation process supervised by relevant national regulatory authority or other)? Please specify when users were last consulted (relating to GGPSSO 1.2.b):

The original version of the Storage Services Contract (SSC) was developed through an open consultation process with regulatory supervision by the rNRA in 1998/9. Following an investigation by the Competition Commission into the acquisition of Dynegy Storage by Centrica a set of behavioural Undertakings were agreed between the Secretary of State for Trade and Industry, Centrica and Centrica Storage Ltd. The Undertakings set out the process for amending the SSC.

To date 3 applications have been made by CSL to amend the SSC and Ofgem (rNRA) have approved each application following consultation not only with customers but open to all stakeholders. The last consultation period for a change to the SSC was from the 29th September 2005 to 30 November 2005. All details are available on www.centrica-sl.co.uk / Storage Services Contract

3 Necessary TPA services

3.1 If the figure for “available capacity” for your storage facility¹ is “0”, please specify until when (relating to GGPSSO 3.1):

CSL announced simultaneously to all market participants on the 16th December 2005 that all standard bundled units (SBUs) for the storage year 2006/7 (starting 1st May 2006) had been sold. CSL has an obligation to sell a predefined minimum amount of capacity at Rough. To inform market participants of the availability of Rough capacity CSL informs all market participants simultaneously of the % of available capacity remaining for non-Centrica companies.

SBUs are available for the storage year 2007/8 (starting 1st May 2007) and for future storage years.

Unbundled space for 2006/7 is currently available with the indicative prices available on the CSL public website.

3.2 There may be some available capacity now (date of reference 8 March 2006). However, all the capacity may have been booked in advance, which means that sometimes in the future, there will be no capacity available. If this is the case, please specify when and for how long (relating to GGPSSO 3.1):

N/A

¹ Storage facility means a facility used for the stocking of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the portion used for production operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions (Article 2.9 of Directive 2003/55/EC).

- 3.3 Please provide the link to your web pages presenting the commercial terms that you apply and in particular services offered (both the Directive² and the GGPSSO 6.4.a&b provide that this information is to be published). If you wish to be more specific, please use the space below (relating to GGPSSO 3.3):**

<http://storit.centrica-sl.co.uk> /public bulletins/ prices for standard services

- 3.4 Do you offer the following services on the primary market (GGPSSO 3.3, 3.5, 3.7):**

	yes	no
(a) bundled services (SBU) of space and injectability/deliverability	X	<input type="checkbox"/>
(b) unbundled services supplementing SBUs at least for available storage capacity at the beginning of the storage year ³	X	<input type="checkbox"/>
(c) long-term (>1 year) services	X	<input type="checkbox"/>
(d) short-term (<1 year) services ⁴	X	<input type="checkbox"/>
(e) interruptible services ⁵	X	<input type="checkbox"/>
(f) a service which includes an obligation for the SSO to allocate the gas which has been nominated	X	<input type="checkbox"/>
(g) injection and withdrawal are possible at any time	X	<input type="checkbox"/>

- 3.5 If any of these services (please specify) has not been introduced, please explain why:**

N/A

- 3.6 Please specify if services offered have been developed with consultation of storage users to take into account market demand. When were users last consulted (relating to GGPSSO 3.4.a):**

See answer to 2.1. CSL has an Undertaking to sell storage capacity on fixed or standard indexed terms or any other index developed in agreement with the customer. Discussions with customers are ongoing with respect to alternative index mechanisms to reflect market demand.

4 Storage capacity allocation and congestion management

- 4.1 Please provide a description of the capacity allocation mechanism that you apply. Please specify if there is an order of priority and for which customers (relating to GGPSSO 4.1):**

Capacity is sold to any customer by any means until all capacity is sold out. The Undertakings state the maximum capacity capable of being reserved to Centrica companies by CSL for both SBUs and unbundled space (not including secondary trading). In all other respects price is the principal allocative mechanism. CSL has used a variety of auction mechanisms to allocate capacity including indicative bid, cleared price and pay as bid.

- 4.2 In case of contractual congestion, what kind of solution do you apply or plan to apply (GGPSSO 4.2)?**

See answer to 4.1. Price is used to allocate scarce resources (i.e. SBUs, unbundled capacity or interruptible services).

² Article 19.3 of Directive 2003/55/EC of 26 June 2003 concerning common rules for the internal market in natural gas and repealing Directive 98/30/EC

³ You may provide an addendum before 5 April 2006.

⁴ You may provide an addendum before 5 April 2006.

⁵ You may provide an addendum before 5 April 2006.

4.3 In case of physical congestion, what kind of solution do you apply or plan to apply (GGPSSO 4.2)?

CSL operates an allocate nomination whole except where events beyond our control require CSL to elect to waive this part of the SSC. In all other instances of physical congestion CSL as a pseudo-virtual storage facility can buy/sell gas and/or curtail interruptible capacity.

CSL sells interruptible capacity via a (1) fixed contractual price structure (SSC) or through (2) bilateral negotiation between CSL and the customers. Interruptible capacity is nominated by users and is deemed firm if is not interrupted by CSL.

(1) Should the contractual interruptible capacity need to be scaled back in case of congestion then CSL will apply a scaling factor based on the firm capacity holdings for each company using interruptible capacity for each hour bar of the gas day remaining.

(2) Bilateral interruptible capacity is typically sold at the day-ahead stage. CSL posts a price for unbundled injection and withdrawal (UIOLI) at a fixed interruptible price at 16:00 D-1 and receives bids for 2 hours. Any congestion is alleviated by allocating capacity against the volume of firm capacity held. The more firm capacity held the higher percentage of volume will be allocated.

Within day CSL will allocate interruptible capacity through bilateral negotiations using price and volume to determine sales (subject to non-discrimination clauses). CSL scales back interruptible injection and withdrawal nominations against available capacity at time of congestion as a percentage of interruptible capacity flowing.

4.4 In case of congestion, is there a system to balance the portion of storage capacity contracted under long-term contracts and short term contracts? Please specify the nature of these arrangements (GGPSSO 4.2.c):

CSL must offer for sale at least 20% of available capacity on annual contracts.

5 Confidentiality requirements

5.1 Are the following items explicitly mentioned in the code of conduct/compliance programme (relating to GGPSSO 5.1.b):

	yes	no
(a) prohibition on SSO staff passing commercially sensitive information to other parts of any affiliate of the company in advance of being provided to all market participants	X	<input type="checkbox"/>
(b) databases related to storage operations kept separate	X	<input type="checkbox"/>
(c) new IT systems for the storage business developed separately	X	<input type="checkbox"/>

5.2 Please specify if there are other important items in the code of conduct/compliance programme:

Prohibition on discrimination in the provision of SSO services to companies within the group.

Prohibition on supply staff soliciting information from the SSO.

Designated persons list to allow the SSO to benefit from the resources available to the wider group whilst still protecting commercially sensitive information.

5.3 Is the code of conduct/compliance programme published? If yes, provide a copy / internet link:

	yes	no
	X	<input type="checkbox"/>
Internet link: https://storit.centrica-sl.co.uk/ click to logon to Public Area / public bulletins / Code of Conduct		

- 5.4 Is there a compliance officer supervising that the compliance programme is effectively implemented (GGPSSO 5.1.b)?

	yes	no
	X	<input type="checkbox"/>

- 5.5 If other arrangements are in place to protect the confidentiality of information, please provide details below (relating to GGPSSO 5.1):

CSL is legally, financially and physically separate from the rest of the Centrica group.
Undertakings relating to ownership and employment between the SSO and the affiliated group.
Separate premises for the SSO.

6 Transparency requirements

- 6.1 Please provide the link to the web-pages presenting the information required by the GGPSSO in the transparency requirements (relating to GGPSSO 6.1):

<http://storit.centrica-sl.co.uk> /public bulletins
www.centrica-sl.co.uk
<http://www.nationalgrid.com/uk/Gas/Data/misc/> storage monitors/ Download Excel Spreadsheet
<http://www.nationalgrid.com/uk/Gas/Data/dsr/>

- 6.2 Please specify how the historical utilization rate is calculated (relating to GGPSSO 6.5.b):

Net historical utilisation rate is calculated based on the current stock for the start of a gas day plus injected quantities through the storage injection meter point minus withdrawn quantities through the storage withdrawal meter point.

- 6.3 If you have not published information as required by the GGPSSO about the aggregate use of storage, did you notify the relevant national regulatory authority (GGPSSO 6.3)?

	yes	no
	N/A	<input type="checkbox"/>

- 6.4 Please specify how many users – if any – requested, via a correspondence, that you do not publish information about the aggregate use of storage (period of reference: 15 March 2006 – 15 March 2007) (relating to GGPSSO 6.2)?

None

7 Secondary markets

- 7.1 How many system users trade capacity rights on the secondary market (period of reference: 15 March 2005 – 8 March 2006⁶)?

5 Rough storage capacity holders assigned capacity (title transfer) during the time period.
10 Rough storage capacity holders transferred capacity (injection/withdrawal/space) during the time period.

⁶ You may provide an addendum before 5 April 2006.

7.2 Please indicate if you:

	<i>yes</i>	<i>no</i>
(a) allow for title transfer for both bundled and unbundled capacities (GGPSSO 9.1)	X	<input type="checkbox"/>
(b) allow the new owner to aggregate such storage capacity operationally (GGPSSO 9.1)	X	<input type="checkbox"/>

7.3 Are registered users allowed to trade gas-in-store?

	<i>yes</i>	<i>no</i>
235 gas in store trades during the time period mentioned in 7.1	X	<input type="checkbox"/>

7.4 Please provide a description of rules applicable for storage capacity trade on the secondary market vis-à-vis the SSO (GGPSSO 9.1):

See 7.5

7.5 Please provide a copy of the clauses in the storage code/contract referring to or addressing secondary storage capacity trading explicitly (relating to GGPSSO 9.1):

See Annex 1

Appendix

Definitions

Available storage capacity means the part of the technical storage capacity that is not contracted or held by storage users at that moment and still available to the storage users for firm and interruptible services, and is not excluded from TPA under Article 2(9) of the Gas Directive (Definition 1 of the GGPSSO)

Storage capacity is space (expressed in normal cubic meters or energy), injectability and deliverability (expressed in normal cubic meters or energy per time unit). All of them can be firm or interruptible (Definition 17 of the GGPSSO)

Storage facility means a facility used for the stocking of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the portion used for production operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions (Definition 18 of the GGPSSO)

Technical storage capacity is the maximum storage capacity (injectability, deliverability and space) that the SSO can offer to storage users, excluding storage capacity for SSOs operational needs

Annex 1

6. Transfers

6.1 The Customer may at any time:

- (a) in respect of the Rough Storage Facility transfer all or part of its Available Deliverability, Available Space or Available Injectability to another Storage Customer or take a transfer of Deliverability, Space or Injectability from another Storage Customer; or
- (b) make a Gas Transfer in respect of a quantity of Gas in relation to the Rough Storage Facility

in each case subject to and in accordance with this Clause 6.

6.2 For the purposes of this Agreement:

- (a) a “**Deliverability Transfer**”, a “**Space Transfer**” and an “**Injectability Transfer**” are respectively a transfer of Deliverability, Space and Injectability in accordance with Clause 6.1(a) and a “**Capacity Transfer**” is a Deliverability Transfer, Space Transfer or an Injectability Transfer;
- (b) a “**Gas Transfer**” is an arrangement between the Customer and another Storage Customer for the purposes of Clause 7.9;
- (c) a “**Transfer**” is a Capacity Transfer or a Gas Transfer.

6.3 The Customer may make:

- (a) a Capacity Transfer in respect of any Day or consecutive period of Days;
- (b) a Deliverability Transfer or an Injectability Transfer for a part of any Day commencing and ending on any hour within the Day.

6.4 In respect of a Transfer or proposed Transfer:

- (a) in the case of a Capacity Transfer, the “**Transferred Capacity**” is the Capacity which is (or is to be) transferred;

- (b) in the case of a Gas Transfer, the **"Transferred Gas-in-Storage"** is the quantity subject to such Gas Transfer;
- (c) in the case of a Capacity Transfer the **"Transfer Period"** is the Day or Days, or part of any Day in accordance with Clause 6.3 for which the Transferred Capacity is (or is to be) transferred;
- (d) in the case of a Gas Transfer, the **"Transfer Date"** is the Day specified in the Customer's notice under Clause 7.1 in respect of which the Gas Transfer is to take effect in accordance with Clause 7.9.

6.5 Without prejudice to Clause 15.1(b) the Transferred Gas-in-Storage under a Gas Transfer in respect of which the Customer is the transferor may not exceed:

- (a) the sum of:
 - (i) the Customer's Gas-in-Storage at the beginning of the Transfer Date;
 - (ii) the quantities of Gas nominated for injection by the Customer on the Transfer Date;
 - (iii) the quantities of Gas subject to Gas Transfers made in favour of the Customer which have been approved by CSL and having effect on the Transfer Date; less
- (b) the sum of:
 - (i) the quantities of Gas nominated for withdrawal by the Customer on the Transfer Date;
 - (ii) the quantities of Gas subject to Gas Transfers made by the Customer which have been approved by CSL and having effect on the Transfer Date

in respect of the Rough Storage Facility.

- 6.6 Without prejudice to Clause 15.1(c) the Transferred Capacity under a Capacity Transfer in respect of which the Customer is the transferor may not exceed the amount of the Customer's Available Capacity held in respect of any Day or any hour during the Transfer Period.
- 6.7 CSL will provide via the STORIT system a facility accessible to Storage Customers for the purposes of allowing Storage Customers to communicate to other Storage Customers their requirements as regards Transfers, provided that:
- (a) CSL accepts no responsibility for, and gives no warranty of any kind, as regards the accuracy of any communication posted by means of such facility and the Customer acknowledges that CSL will not be liable or otherwise responsible for the content of any communication made by any Storage Customer using such facility;
 - (b) CSL shall have no liability to the Customer arising from the unavailability of such facility (provided that where such facility becomes permanently unavailable CSL shall as soon as reasonable practicable establish a replacement facility);
 - (c) on not less than 30 days notice to the Customer, CSL may substitute such facility with an alternative facility for the purposes of Storage Customers making known their Transfer requirements;
 - (d) CSL reserves the right to withdraw such facility if in its discretion it considers the continued provision of such facility to be contrary to any Legal Requirement.

7. Transfer Procedure and Effect

- 7.1 Where the Customer proposes to make a Transfer, both the Customer and the other Storage Customer must notify the proposed Transfer to CSL within 60 minutes of each other and specify:
- (a) the identity of the Customer and the other Storage Customer and which party is the transferor and the transferee;
 - (b) whether the Transfer is a Deliverability Transfer, a Space Transfer, an Injectability Transfer or a Gas Transfer;
 - (c) the amount of the Transferred Capacity, or (as the case may be) Transferred Gas-in-Storage; and

- (d) in the case of a Capacity Transfer, the Transfer Period, or in the case of a Gas Transfer, the Transfer Date

and following notification by the Customer of a proposed Transfer in the event that CSL is not in receipt of an identical notification from the other Storage Customer within 60 minutes of receipt of the Customer's notification CSL shall inform the Customer thereof as soon as reasonably practicable.

7.2 The Customer may not notify CSL:

- (a) of a proposed Capacity Transfer under Clause 6.3(a) later than 04:00 hours on the Day preceding the commencement of the Transfer Period;
- (b) of a proposed Deliverability Transfer or Injectability Transfer under Clause 6.3(b) later than two (2) hours preceding the commencement of the Transfer Period;
- (c) of a proposed Gas Transfer later than 04:00 hours on the Transfer Date.

7.3 CSL may reject (but shall not be required to) a proposed Transfer:

- (a) in the event the requirements in Clauses 6.5 or 6.6 or the corresponding requirements in the other Storage Customer's Principal Contract are not satisfied;
- (b) in the event the requirements in Clauses 7.1 or 7.2 are not satisfied;
- (c) where the notifications under Clause 7.1 are not identical;
- (d) in accordance with Clause 26

and where CSL rejects a proposed Transfer it shall promptly inform the Customer (and provide the reasons therefor).

7.4 A Capacity Transfer will be effective if approved by CSL or if it is not rejected by CSL within 60 minutes after it was notified by the Customer or (if later) the other Storage Customer under Clause 7.1 without prejudice to the provisions of Clauses 13, 14 and 15.

7.5 A Gas Transfer will be effective, without prejudice to the provisions of Clauses 13 and 15:

- (a) where submitted on a Day preceding the Transfer Date, if approved by CSL or if it is not rejected by CSL by 07:00 hours on the Transfer Date;
- (b) where submitted on the Transfer Date, if approved by CSL or if it is not rejected by CSL within 60 minutes after it was notified by the Customer or (if later) the other Storage Customer under Clause 7.1

and (without prejudice to the effectiveness thereof) where the Customer submits a proposed Gas Transfer by not later than 12:00 hours on the Day preceding the Transfer Date CSL will, where applicable, confirm not later than 18:00 hours on such Day the receipt of an identical notification from the other Storage Customer in accordance with Clause 7.1.

7.6 Except for the purposes of Clause 7.8, and subject to Clause 8, for the duration of the Transfer Period in respect of a Capacity Transfer in relation to which the Customer is:

- (a) the transferor, the Customer shall be treated as no longer holding the Transferred Capacity;
- (b) the transferee, the Customer shall be treated as holding the Transferred Capacity.

7.7 The Customer's Available Capacity in the Rough Storage Facility on a Day or in respect of any hour in that Day will be determined as its Registered Capacity, adjusted in respect of any Capacity Transfer(s) (for which that facility is the Transfer Facility and the Transfer Period includes that Day or part of that Day):

- (a) by adding the Transferred Capacity where the Customer was the transferee; or
- (b) by deducting the Transferred Capacity where the Customer was the transferor.

7.8 The Customer will remain liable for Capacity Charges in respect of its Registered Capacity irrespective of any Capacity Transfer.

7.9 Where the Customer is party to a Gas Transfer the Transferred Gas-in-Storage will be:

(a) where the Customer is the transferee, added to; or

(b) where the Customer is the transferor, deducted from

the Customer's Gas-in-Storage at the beginning of the Transfer Date for the purposes of calculating the Customer's Gas-in-Storage in the Transfer Facility at the end of the Transfer Date in accordance with Clause 3.1.

22. Registered Capacity Assignment

22.1 The Customer may at any time in respect of the Rough Storage Facility dispose of all or part of its Registered Deliverability, Registered Space or Registered Injectability to another Storage Customer or acquire Deliverability, Space or Injectability from another Storage Customer in accordance with this Clause 22.

22.2 For the purposes of this Agreement a “**Deliverability Assignment**”, a “**Space Assignment**” and an “**Injectability Assignment**” are respectively the disposal of Registered Deliverability, Registered Space and Registered Injectability or the acquisition of Deliverability, Space or Injectability in accordance with Clause 22.1 and a “**Capacity Assignment**” is a Deliverability Assignment, a Space Assignment or an Injectability Assignment.

22.3 A Capacity Assignment shall be for the period from (and including) the Assignment Date until the Entitlement End Date in respect of the relevant Capacity (the “**Assignment Period**”).

22.4 In respect of a Capacity Assignment:

(a) the “**Assigned Capacity**” is the amount of:

(i) the Registered Deliverability, Registered Space or Registered Injectability which is (or is to be) disposed of by the Customer;

(ii) the Deliverability, Space or Injectability which is (or is to be) acquired by the Customer;

(b) the “**Assignment Date**” is the Day, being the first day of a calendar month, from which the Capacity Assignment is to take effect.

22.5 The Assigned Capacity under a Capacity Assignment in respect of which the Customer is the assignor may not exceed an amount equal to the Customer's Available Capacity held in respect of any Day or part of any Day during the Assignment Period.

23. Registered Capacity Assignment Procedure and Effect

23.1 If the Customer proposes to make a Capacity Assignment, the Customer must notify CSL of the proposed Capacity Assignment (and procure that the other Storage Customer so notifies CSL) specifying:

- (a) the identity of the Customer and the other Storage Customer and which party is the assignor and the assignee;
- (b) whether the Capacity Assignment is a Deliverability Assignment, a Space Assignment or an Injectability Assignment;
- (c) the amount of the Assigned Capacity;
- (d) the Assignment Period;
- (e) the Applicable Annual Rate shown on the assignor's relevant Registered Capacity Certificate;
- (f) the Assignment Date

and where the Customer is the assignor it shall in addition specify the certificate number of the relevant Registered Capacity Certificate and may notify CSL for the purposes of Clause 23.7.

23.2 The Customer must notify CSL of a proposed Capacity Assignment (and procure that the other Storage Customer so notifies CSL) not later than one month prior to the proposed Assignment Date.

23.3 A proposed Capacity Assignment will be rejected by CSL:

- (a) where it is not in accordance with Clause 22.5;
- (b) where either the Customer or the other Storage Customer does not notify CSL of the Capacity Assignment in accordance with Clauses 23.1 or 23.2;
- (c) in the event any amounts payable by the Customer pursuant to any provision of this Agreement prior to the Assignment Date have not been paid in full;

(d) where the sum of :

- (i) the projected Indebtedness of the assignee on the Assignment Date;
- (ii) an amount equivalent to the 51/365ths of the Applicable Annual Rate multiplied by the Assigned Capacity;
- (iii) a reasonable amount for Injection Charges, Withdrawal Charges and Interruptible Charges based on projected activity of the assignee

would exceed the Credit Limit of the assignee;

(e) in accordance with Clause 26

and where a proposed Capacity Assignment is rejected CSL shall notify the Customer not later than 14 Days after it was notified by the Customer or (if later) the other Storage Customer under Clause 23.1 (and shall indicate the reasons for such rejection).

23.4 Where CSL notified the Customer that a proposed Capacity Assignment has been rejected CSL need take no further action in relation to the proposed Capacity Assignment.

23.5 With effect from the Assignment Date, in respect of a Capacity Assignment in relation to which the Customer is:

- (a) the assignor, the Customer shall be treated as no longer holding the Assigned Capacity and shall no longer be liable for Capacity Charges in relation to the Assigned Capacity;
- (b) the assignee, the Customer shall be treated as holding the Assigned Capacity and shall be liable for Capacity Charges in relation to the Assigned Capacity.

23.6 Not later than the Assignment Date CSL shall provide to the Customer a revised Registered Capacity Certificate in accordance with Clause 4.5(b).

23.7 Where the Customer, as assignor, notifies CSL in accordance with Clause 23.1, the Customer may request that the Applicable Annual Rate on a Registered Capacity Certificate (relating to the Assigned Capacity) be reduced specifying the relevant Registered Capacity Certificate and the amount in respect of which the Customer wishes that the Applicable Annual Rate be so reduced.

- 23.8 Following a notification under Clause 23.7, the Customer will be required to pay CSL by not later than 5 Days prior to the proposed Assignment Date an amount calculated in accordance with the following formula:

$$AP = (A/1200) * AC * (1 - F^n)/(1 - F)$$

where:

AP is the amount payable by the Customer (expressed in pounds sterling);

A is the reduction in the Applicable Annual Rate requested by the Customer being the difference between the Applicable Annual Rate on the Customer's Registered Capacity Certificate and the Registered Capacity Certificate to be provided in accordance with Clause 23.9 (expressed in pence per kWh per annum or pence per kWh/Day per annum (as appropriate));

AC is the amount of the Assigned Capacity (expressed in kWh or kWh/Day (as appropriate));

F is the Reduction Factor;

n is the number of calendar months between the proposed Assignment Date and the Entitlement End Date shown on the relevant Registered Capacity Certificate

provided that CSL shall following the Customer's request pursuant to Clause 23.7 provide the Customer with a value for the Reduction Factor (which may differ from any estimated value thereof previously provided to the Customer pursuant to Clause 23.10) not later than 14 Days prior to the proposed Assignment Date such that for the purposes of this Clause 23.8 the amount *AP* reflects (by reference to the requested reduction in the Applicable Annual Rate) the reasonable cost to CSL of the reduction in amounts payable by the Customer to CSL over the remainder of the Contract Period.

- 23.9 Provided that CSL is in receipt of an amount calculated in accordance with Clause 23.8, CSL will provide to the assignee a Registered Capacity Certificate in respect of which the Applicable Annual Rate is equivalent to the Applicable Annual Rate on the Registered Capacity Certificate specified under Clause 23.7 less the amount of the reduction requested by the Customer.

- 23.10 Without prejudice to the requirement in Clause 23.8, CSL shall provide to the Customer (not later than 10 Days following receipt of the Customer's request) an estimated value for the Reduction Factor that would apply were the Customer to make a notification under Clause 23.7.