

Proposed Legal Text – (5 February 2021)

UNC Mod 0753 – Removal of Pricing Disincentives for Secondary Trading of Fixed Price NTS System Entry Capacity

Commentary:

[See separate document]

Legal Text

Insertion of new definition of Existing Available Holdings Transferred Amount

Existing Available Holdings Transferred Amount	TPD Y 3.5.1
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Amendment to definition of Existing Available Holding (TPD Y A-1.2.2.2(f))

"means, in relation to an Entry Point, a User and a Day, the amount, as at the Tariff Regulation Effective Date, of the User's Available NTS Entry Capacity for such Entry Point and Day, as adjusted pursuant to paragraph 3.5".

A new paragraph 3.5 shall be inserted into TPD Y as follows:

3.5 Adjustment to User's Existing Available Holding to disapply the Entry Transmission Services Revenue Recovery Charges in relation to Existing Available Holdings Transferred Amount:

3.5.1. If, in each case, after the Tariff Regulation Effective Date, an amount of a User's Existing Available Holding for an Entry Point and a Day:

- (a) has been transferred by a Transferor User to a Transferee User; or
- (b) has been transferred by a former User to another User and such former User has served a Discontinuance Notice on National Grid NTS and such other User notifies National Grid NTS that it has become entitled to some or all of such former User's Existing Available Holding for that Entry Point and Day and this matches with the records of National Grid NTS relating to such Discontinuance Notice,

and in each case, the conditions in paragraph 3.5.2 are satisfied, such amount being an **"Existing Available Holdings Transferred Amount"**, then with effect from the System Capacity Transfer becoming effective in accordance with TPD Section B5.2.4 or TPD Section B5.4:

- (i) the Transferor User's Existing Available Holding in relation to an Entry Point and a Day shall be reduced by the Existing Available Holdings Transferred Amount; and
- (ii) the Transferee User's Existing Available Holding shall be increased by the Existing Available Holdings Transferred Amount (or, as applicable, a new Existing Available Holding shall be deemed to have been created in respect of the Transferee User equal to the Existing Available Holdings Transferred Amount).

3.5.2. The conditions referred to in paragraph 3.5.1 are:

- (a) a System Capacity Transfer must have been effective in accordance with TPD Section B5.2.4 or TPD Section B5.4, in respect of the Existing Available Holdings Transferred Amount, which may be some or all of a User's Existing Available Holding as at the Tariff Regulation Effective Date in relation to an Entry Point and a Day and such transfer must have been notified to National Grid NTS in accordance with paragraph 3.5.3;

- (b) the Existing Available Holdings Transferred Amount must comprise the same amount of the User's Existing Available Holding in relation to an Entry Point in respect of each Day of a whole Quarter, and the same amount of capacity must be transferred in respect of each Day in the Quarter;
- (c) the User's Existing Available Holding transferred must relate to a single System Entry Point;
- (d) cumulatively with all previous transfers made by the Transferor User, the transfer must not exceed the level of the Transferor User's Existing Available Holding for each Day in the Quarter at the relevant System Entry Point (and if transfers are notified to National Grid NTS which would exceed such level, then National Grid NTS shall register such transfers for the purposes of this paragraph in the order in which notification from both the Transferor User and Transferee User is received and reject any transfers which, if given effect, would exceed such level);
- (e) the transfer must be made by a User who originally held the relevant Existing Available Holding as at the Tariff Regulation Effective Date, not any subsequent transfer by a Transferee User; and
- (f) the transfer, if effective, would not result in the Transferor's Existing Available Holding on any Day during the Quarter to which the transfer relates being reduced below zero.

3.5.3. Where a transfer has occurred:

- (a) as described in paragraph 3.5.2(a), the Transferor User and Transferee User must each notify National Grid NTS with matching details of such System Capacity Transfer no later than 10 Business Days before the first day of the Quarter following the transfer being completed; or
- (b) as described in paragraph 3.5.2(b), the User who has received the Existing Available Holdings Transferred Amount must notify National Grid NTS no later than 10 Business Days before the first day of the Quarter following the date of the Discontinuance Notice, that it has become entitled to some or all of the former User's Existing Available Holding, with details for an Entry Point and a Day that matches with the records of National Grid NTS relating to such Discontinuance Notice.

Legal text for Transition Document: the following provisions shall be added as a new Section 25.7 to Part IIC of the Transition Document as follows:

25.7 TPD Section Y Paragraph 3.5: Adjustment to User's Existing Available Holding to disapply the Entry Transmission Services Revenue Recovery Charges in relation to Existing Available Holdings Transferred Amount

25.7.1 If an Existing Available Holdings Transferred Amount has been transferred as described in paragraph 3.5.1 of Section Y of TPD, and:

- (a) the conditions in paragraph 3.5.2 of Section Y of TPD are satisfied, but the transfer relates to the Quarter in which the date of implementation of the Modification giving effect to this paragraph occurred; and
- (b) both the Transferor User and the Transferee User (or where paragraph 3.5.1(b) of Section Y of TPD applies, the Transferee User) give(s) notice to National Grid NTS within 30 days following the date of implementation of the Modification giving effect to this paragraph, and the Transferor User's and Transferee User's notifications of the transfer match,

then with effect from the date on which matching notifications from both the Transferor User and the Transferee User (or where paragraph 3.5.1(b) of Section Y of TPD applies, a matching notification by the Transferee User) of the Transferor User's Existing Available Holding have been received, only in respect of capacity relating to the period between the date of implementation of the Modification giving effect to this paragraph and the end of the Quarter in

which in which the date of implementation of the Modification giving effect to this paragraph occurred:

- (i) in the circumstances described in paragraph 3.5.1 of Section Y of TPD, the Transferor User's Existing Available Holding in relation to an Entry Point and a Day shall be reduced by the amount of the Transferor User's Existing Available Holding transferred; and
- (ii) the Transferee User's Existing Available Holding shall be increased by the by the amount of the Transferor User's Existing Available Holding transferred (or, as applicable, a new Existing Available Holding shall be deemed to have been created in respect of the Transferee User).