

Modification Proposal 619

Legal Drafting

Transportation Principal Document

Delete Section B paragraph 4.7.4 and insert the following new Section B paragraph 4.7.4 in its place (changes to existing text in red):

4.7.4 Notwithstanding paragraph 4.7.3, and unless the User's Registered Supply Point Capacity is increased other than pursuant to the Supply Point Ratchet, until the last Day of the calendar month in which the Supply Point Ratchet occurred:

(a) the LDZ Capacity Charge and the Capacity Variable Component of the Customer Charge payable in respect of the Supply Point; **and**

(b) **the LDZ Exit Capacity NTS (ECN) Charge for the relevant Exit Zone, insofar as it is determined by reference to the Supply Point,**

shall **all** be determined on the basis of the User's Registered DM Supply Point Capacity on the Day of the Supply Point Ratchet (and not on the basis of the Ratcheted Supply Point Capacity).

Delete Section B paragraph 4.7.6 and insert the following new Section B paragraph 4.7.6 in its place (all new text):

4.7.6 The Supply Point Ratchet Charge shall be calculated as set below, save that where the figure so determined is negative the Supply Point Ratchet Charge shall be zero.

$$C = E * ((R * (L + D + Z)) - (H * (K + B + Z)))$$

Where:

C is the Supply Point Ratchet Charge

E is the number of days in the relevant period, being the period which ends on the first Day of the calendar month immediately after the calendar month in which the Supply Point Ratchet occurred and which commences on:

(a) in the case of a Seasonal Large Supply Point, the first Day of the current SLSP Annual Period;

(b) in the case of any other Supply Point the later of the First Supply Point Registration Date and the first Day of the current Gas Year or, if no Supply Point Registration was in force in respect of the Supply Meter Point comprised in the Supply Point on the first Day of such Gas Year, the Supply Point Registration Date occurring thereafter in respect of the Supply Point

- R* is the Ratcheted Supply Point Capacity
- L* is the Applicable Daily Rate of the LDZ Capacity Charge determined by reference to the Ratcheted Supply Point Capacity
- D* is the Applicable Daily Rate of the LDZ Customer Charge determined by reference to the Ratcheted Supply Point Capacity
- Z* is the LDZ Exit Capacity NTS (ECN) Charge (in pence per kWh/Day) for the relevant Exit Zone
- H* is the User's Registered DM Supply Point Capacity on the Day on which the Supply Point Ratchet occurs
- K* is the Applicable Daily Rate of the LDZ Capacity Charge determined by reference to the Registered DM Supply Point Capacity on the Day on which the Supply Point Ratchet occurs
- B* is the Applicable Daily Rate of the LDZ Customer Charge (if any) determined by reference to the Registered DM Supply Point Capacity on the Day on which the Supply Point Ratchet occurs

Proposed Legal Commentary

The existing Section B4.7.6, which establishes the basis for calculating the Supply Point Capacity Ratchet Charge, is replaced by a new B4.7.6, which provides that the replacement Charge discounts the LDZ Capacity Charges, LDZ Customer Charges and LDZ Exit Capacity NTS (ECN) Charges attributable to the relevant Supply Point that will have accrued or will accrue in the Gas Year up to the point at which the ongoing Charges are increased due to the ratchet taking effect, based on the assumption that there has been no change in the capacity or status of the Supply Point earlier in the Gas Year.

In the case of ratchets of Seasonal Large Supply Points it is the charges that accrue from the beginning of the current SLSP Annual Period that are discounted in calculating the Supply Point Capacity Ratchet Charge. (It is understood that the reference in the Modification Proposal to the Seasonal Contract Start Date is a reference to the start of the SLSP Annual Period.)

Calculating Supply Point Ratchet Charge up to the end of the calendar month and then having the new transportation charges take effect from the beginning of the month is mathematically equivalent to calculating the Supply Point Ratchet Charge on the day the ratchet occurs and amending the transportation charges from the day after for the rest of the calendar month.

Section B.7.4 has been amended so that the LDZ Exit Capacity NTS (ECN) Charge is not increased as result of a Supply Point Ratchet until the first day of the month following the Ratchet, so that it is consistent with the new way of calculating the Supply Point Ratchet Charge.

