

Modification Proposal 619

Legal Drafting

Transportation Principal Document

Delete Section B paragraph 4.7.1(b)(ii) and insert the following new Section B paragraph 4.7.1(b)(ii) in its place:

- (ii) subject to paragraph 4.7.11, the User shall pay a charge ("Supply Point Ratchet Charge") in respect of such exceedance in accordance with paragraph 4.7.6.

Paul 5/10/2017 15:29

Deleted: the Capacity Ratchet Amount

Delete Section B paragraph 4.7.4 and insert the following new Section B paragraph 4.7.4 in its place:

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:

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 (subject to Section G 5.5.5(b))

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

In Annex S-1 to Section S, delete “and” at the end of paragraph 3(d); replace the full stop at the end of paragraph 3(e) with “; and”, and insert the following new paragraph 3(f):

(f) Supply Point Ratchet Charges – LDZ Exit Capacity NTS (ECN) Charge.

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. As provided by the Modification Proposal, as revised, the Ratchet Charge is capped by reference to the Maximum Supply Point Capacity as determined (where applicable) following the Transporter’s assessment of the capacity that can feasibly be made available in excess of the Provisional Maximum Supply Point Capacity pursuant to Section G5.5 (to be specific, G5.5.5(b)). As a result, in cases where the UDQO on the Day of the Supply Point Ratchet is greater than the Provisional Maximum Supply Point Capacity, there may be a delay in determining the Ratchet Charge

Paul 18/10/2017 15:37

Formatted: Indent: Left: 1.27 cm

Paul 10/10/2017 13:35

Formatted: Font:Not Bold

pending the completion of the Transporter's assessment and its notification to Xoserve. It has been assumed that Section S already makes adequate provision for provisional and/or delayed billing in circumstances such as this where information required to determine the level of a charge has not been finalised.

Section B4.7.4 has been amended so that the LDZ Exit Capacity NTS (ECN) Charge is not increased as a 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.

A minor change has been made to section B 4.7.1(b)(ii) to reflect the fact that B4.7.6 no longer applies the Supply Point Ratchet Charge directly to the Capacity Ratchet Amount.

For consistency, a reference to the element of the Supply Point Ratchet Charges that is calculated by reference to underpaid LDZ Exit Capacity NTS (ECN) Charges is added to the Invoice Items specified in Annex S-1 to Section S as being specified in an LDZ Capacity Invoice.

Revised Notes for Work Group:

- The drafting is based on version 4.0 of the Modification Proposal dated 4 September.
- The legal text for the new TPD B 4.7.4 is change marked against the existing TPD B 4.7.4. But the legal text for the new TPD B 4.7.6 (which is all new text) is change-marked against the second draft version of the new TPD B 4.7.6.
- It is assumed that the reference in the Modification Proposal to the Seasonal Contract Start Date is a reference to the start of the SLSP Annual Period.