

## MODIFICATION 0116V

### LEGAL TEXT

#### TPD SECTION B – SYSTEM USE AND CAPACITY

##### PARAGRAPH B1

*Amend paragraph 1 to read as follows:*

## 1 INTRODUCTION

### 1.1 Use of System

- 1.1.1 Shipper Users may use the Total System by delivering gas to the Total System and/or by offtaking gas from the Total System.
- 1.1.2 DNO Users may use the NTS by causing or permitting the flow of gas (or changes in the flow of gas) at an NTS/LDZ Offtake from the NTS to the LDZ, but without prejudice to Section ~~J1.5.2.1.5.2~~; and in this Section B references to a DNO User offtaking gas at an NTS/LDZ Offtake shall be construed in accordance with Section J1.3.4.

### 1.2 System Capacity

- 1.2.1 Users may apply for and hold capacity in a System ("**System Capacity**") at certain System Points.
- 1.2.2 The classes of System Capacity are NTS Entry Capacity, NTS Exit Capacity, ~~NTS Offtake Capacity~~, LDZ Capacity and Supply Point Capacity.
- 1.2.3 For the purposes of the Code:
- (a) "**NTS Entry Capacity**" at an Aggregate System Entry Point is capacity in the NTS which a User is treated as utilising in delivering gas to the NTS (and the Total System) at that point;
  - (b) ~~subject to paragraph 1.2.9,~~ "**NTS Exit Capacity**" at an NTS Exit Point or NTS Exit Zone is capacity in the NTS which a User is treated as utilising in offtaking gas from the NTS and (in the case of an NTS Supply Point Component ~~or~~ and NTS Connected System Exit Point, ~~a Shipper User is treated as utilising in offtaking gas from the NTS (and) the Total System~~) at that NTS System Exit Point or NTS Exit Points in that NTS Exit Zone;
  - ~~(c)~~ "**NTS Offtake Capacity**" at an NTS/LDZ Offtake is capacity in the NTS which a DNO User is treated as utilising in causing or permitting the flow of gas from the NTS to an LDZ at a relevant NTS/LDZ Offtake;
  - ~~(c)~~ ~~(d)~~ NTS ~~Offtake~~ Exit Capacity comprises:
    - (i) NTS ~~Offtake~~ Exit (Flat) Capacity, which is capacity which a ~~DNO~~ User is treated as utilising in ~~causing or permitting offtaking~~ gas ~~to flow~~ from the NTS at a rate which (for a given Daily Quantity) is even over the course of a Day; and
    - (ii) NTS ~~Offtake~~ Exit (Flexibility) Capacity, which is capacity which a ~~DNO~~ User is treated as utilising ~~or releasing from utilisation, in causing or permitting, in offtaking~~ gas ~~to flow~~ from the NTS at NTS Exit Points in an NTS Exit Zone, to the extent that (for a given Daily Quantity) the rate of offtake or flow is not even over

the course of a Day;

- (d) ~~(e)~~ **"LDZ Capacity"** at an LDZ System Exit Point is capacity in the relevant LDZ:
- (i) in the case of an LDZ Supply Point Component, which the User is treated as utilising in offtaking gas from the Total System at that point;
  - (ii) in the case of an LDZ Connected System Exit Point, which the User is treated as utilising in offtaking gas from the Total System at that point;
- (e) ~~(f)~~ **"Supply Point Capacity"** at a LDZ Supply Point Component is capacity at that point which the User is treated as utilising in offtaking gas from the Total System at that Supply Point Component

in each case in accordance with and subject to the provisions of the Code.

~~1.2.4 A DNO User may hold System Capacity only at a NTS/LDZ Offtake, and a Shipper User may not hold NTS Offtake Capacity at an NTS/LDZ Offtake.~~

1.2.4 ~~1.2.5~~ No User is treated as utilising capacity in an LDZ where gas flows to or from that LDZ at an LDZ/LDZ Offtake, and accordingly there is no provision for Users to hold System Capacity at an LDZ/LDZ Offtake.

1.2.5 ~~1.2.6~~ The Supply Point Capacity which a User may be registered as holding at a DM Supply Point Component will (in accordance with Section G5) be limited by reference to the rate at and quantities in which it is feasible for the Transporter to make gas available for offtake from the Total System at that Supply Point Component; and no entitlement to offtake gas at a greater rate or in greater quantities shall be conferred on a User by the holding of any amount of ~~NTS Exit Capacity or~~ LDZ Capacity.

~~1.2.7 For the avoidance of doubt, where a System Point is both an NTS Exit Point and a Supply Point Component, the provisions of this Section B both as to the holding of NTS Exit Capacity and as to the holding of Supply Point Capacity are applicable (and a gas flow at such point shall be treated both as a gas flow out of the NTS and an offtake from the Total System).~~

1.2.6 ~~1.2.8~~ Where an Aggregate System Entry Point is on an LDZ:

- (a) Users delivering gas to the Total System at that point are deemed (for the purposes of paragraph 1.2.3(a)) to utilise capacity in the NTS and accordingly may (in accordance with paragraph 2) apply for and hold NTS Entry Capacity at that point;
- (b) the provisions of this Section B as to the holding of NTS Exit Capacity shall apply in full notwithstanding that deliveries of gas to the Total System at that Aggregate System Entry Point may result in reduced flows into the LDZ at relevant NTS/LDZ Offtake(s).

1.2.7 ~~1.2.9~~ In relation to NTS/LDZ Offtakes, Users:

- (a) ~~Shipper Users~~ are not ~~entitled or~~ required to hold capacity in the NTS, ~~and NTS Exit Capacity does not represent capacity in the NTS~~;
- (b) may hold capacity in the NTS ~~is held~~ as NTS ~~Offtake~~ Exit Capacity ~~by DNO Users~~;
- ~~(c) NTS Exit Capacity is allocated to Shipper Users for the purposes of determining amounts payable by them (in accordance with paragraph 3.5) by way of NTS Exit Capacity Charges (which amounts remunerate National Grid NTS for allocating NTS Offtake Capacity without charge to DNO Users).~~

1.2.8 ~~1.2.10~~ System Capacity is expressed in kWh/Day, except that where (for the purposes of any provision of the Code) it is to be determined what quantity of gas delivered to or offtaken from a System on a Day is equal to an amount of System Capacity held by a User, or whether such a

quantity of gas exceeds or is less than such an amount of capacity, such amount of System Capacity shall be treated as expressed in kWh.

1.2.9 ~~1.2.11~~ Where (in the Transportation Statement or elsewhere) the units in which System Capacity is expressed are 'peak day kWh', such units are the same as those under paragraph ~~1.2.10~~1.2.8; and references to charges for System Capacity in 'pence per peak day kWh' (or similar references) shall be construed accordingly.

### 1.3 Overrun Charges

1.3.1 A User may use a System without holding System Capacity but (subject to paragraphs 1.3.2 and 1.3.3) will be liable to pay System Entry Overrun Charges and/or NTS Exit Overrun Charges (collectively "**Overrun Charges**") and/or LDZ CSEP Overrun Charges or Supply Point Ratchet Charges, in respect of the capacity utilised, in accordance with this Section B.

1.3.2 Users will not be liable to pay NTS Exit (Flat Overrun Charges, NTS Exit (Flexibility)) Overrun Charges or Supply Point Ratchet Charges for using a System by offtaking gas at Interruptible Supply Points; but the entitlement of the Registered User to offtake gas from the Total System at an Interruptible Supply Point is subject to the provisions (as to Interruption) of Section G6.

1.3.3 If:

- (a) the Transporter rejects an application by a User for System Capacity other than in accordance with the provisions of the Code; and
- (b) reasonably promptly thereafter the User so notifies the Transporter, stating that it wishes the application to be given effect with effect from the date which was specified in the application

the User shall not be liable for any Overrun Charge, CSEP Overrun Charge or Supply Point Ratchet Charge which it would not have incurred had the application for System Capacity been approved (and where any such charge has been invoiced and/or paid, appropriate invoice adjustments will be made in accordance with Section S).

1.3.4 Where:

- (a) a User incurs an Overrun Charge, Supply Point Ratchet Charge or CSEP Overrun Charge on a Day on which (by reason of a change in the time from BST to GMT) there are 25 hours in a Day; and
- (b) the User (by notice to the Transporter specifying the relevant System Point) requests the Transporter to redetermine the amount of such charge

the amount of the relevant charge will be redetermined as though (for the purposes of this paragraph 1.3.4 only) the User's UDQI or (as the case may be) UDQO for the Day were 24/25 of the amount thereof determined pursuant to Section E, and (where the amount of the charge is invoiced or has been paid) an appropriate adjustment (by way of invoice credit in accordance with Section S) will be made.

### 1.4 Registered and Available Capacity

For the purposes of the Code:

- (a) a User's "**Registered**" System Capacity in relation to a System Point is the System Capacity which the User is registered (in accordance with this Section B) as holding at that System Point on the Gas Flow Day;
- (b) the User's "**Available**" System Capacity in relation to ~~an Aggregate~~ System ~~Entry Point or an NTS Exit~~ Point is the System Capacity which the User holds at that System Point on the Gas Flow Day after taking account of any System Capacity Transfer, in

accordance with paragraph 5.

## 1.5 UK Link set-up

Before first delivering gas to or offtaking gas from the Total System at any System Point a User must comply with the requirements set out in the UK Link Manual for establishing (for the purposes of UK Link) the User as a user of the relevant System at that System Point.

## 1.6 Eligible Capacity Registration Date

For the purposes of the registration of a User as holding NTS Exit Capacity in any Gas Year, "**Eligible Capacity Registration Date**" means any Day other than 29 February in any Gas Year.

## 1.7 Transportation Charges and Metering Charges

1.7.1 For the purposes of the Code:

- (a) "**Transportation Charges**" are charges (other than Energy Balancing Charges or Storage Charges) payable by a User in respect of a transportation arrangement under the Code, and (subject to paragraph 1.7.8) comprise Capacity Charges, Commodity Charges, Customer Charges and CSEP Charges;
- (b) "**Metering Charges**" are the prevailing charges payable by a User as contained in the Metering Charges Statement.

1.7.2 A "**Capacity Charge**" is a charge in respect of, and determined by reference to the amount of, a User's Registered NTS Entry Capacity, Registered NTS Exit Capacity or Registered LDZ Capacity at a System Point.

1.7.3 A "**Commodity Charge**" is a charge in respect of use of a System, determined by reference to the quantity of the gas flow (or the part thereof attributable to a User) at a System Point, or a charge payable by reference to the arrangements in Special Condition C2B or E2B of the Transporter's Licence.

1.7.4 A "**Customer Charge**" is a charge payable by reason of being the Registered User of a Supply Point.

1.7.5 In respect of a Customer Charge:

- (a) the "**Capacity Variable Component**" is the component (if any) thereof the amount of which is determined by reference to the amount of a User's Registered Supply Point Capacity;
- (b) the "**Commodity Variable Component**" is the component (if any) thereof the amount of which is determined by reference to the quantity of the gas flow at a Supply Point;
- (c) the "**Fixed Component**" is the component (if any) thereof which is not determined by reference to Supply Point Capacity or gas flow.

1.7.6 Where any element of a Transportation Charge is payable by a User pursuant to a contract other than one made upon the terms of the Code, such element shall not in addition be payable under the Code.

1.7.7 A "**CSEP Charge**" is a charge payable by virtue of being (in relation to a relevant Connected System Exit Point) a CSEP User.

1.7.8 The further provisions of the Code set out the basis on which Transportation Charges and Metering Charges are payable by Users; provided that (subject to paragraph 1.8.2) where:

- (a) the prevailing Transportation Statement or Metering Charges Statement provides for any charge which is not provided for in the Code; and
- (b) the amount payable by way of such charge in any case is capable of being determined by reference to the provisions of the Code prevailing at the time

such charge shall be a Transportation Charge or Metering Charge and shall be payable by Users or Users of such class in accordance with the relevant provisions of the Transportation Statement or the Metering Charges Statement respectively.

- 1.7.9 For the avoidance of doubt paragraph 1.7.8(b) shall not be taken as requiring that the Code should provide for the determination or (other than by virtue of paragraph 1.7.8) payment of any such charge as is therein referred to.
- 1.7.10 The basis on which the Transporter will reduce any Transportation Charges pursuant to Standard Condition 7(5) of the Transporter's Licence is not contained in the Code; and nothing contained in the Code shall be taken to prevent the Transporter from reducing such charges in accordance with that Standard Condition.

## **1.8 Rates and amounts of Transportation Charges**

- 1.8.1 Subject to paragraphs 1.8.2 to 1.8.5 and paragraph 1.10, and except as provided in paragraph 2.9:
- (a) the amount or rate of any Transportation Charge accrues (irrespective of when it is due for payment); and accordingly the rate of the Transportation Charges payable by a User may vary during the period for which the User holds any System Capacity or is the Registered User of any Supply Point or is a CSEP User;
  - (b) the amount or rate of any Metering Charge payable at any time by a User shall be determined in accordance with the Metering Charges Statement in force at the time such charge accrues irrespective of when it is due for payment.
- 1.8.2 The Transporter agrees that, except where any other provision of the Transporter's Licence requires notice of a shorter period to be given:
- (a) each notice given by it to the Authority pursuant to Standard Special Condition A4(2)(d) of the Transporter's Licence will be given, and published in accordance with Standard Special Condition A4(3)(a) thereof, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Transportation Statement) to be implemented;
  - (b) each statement or revision thereto sent by it to the Authority pursuant to Standard Special Condition A4(3)(a) of the Transporter's Licence will be sent to the Authority, and sent to Users, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Metering Charges Statement) to be implemented.
- 1.8.3 In accordance with Standard Special Condition A4(4) of the Transporter's Licence, the amount or rate of any Transportation Charge may with the approval of the Authority differ from what is provided for in the Transportation Statement and in accordance with Standard Special Condition 43(4) of the Transporter's Licence, the amount or rate of any Metering Charge may with the approval of the Authority differ from what is provided for in the Metering Charges Statement.
- 1.8.4 In the case of an NTS Supply Point the rate(s) or amount(s) of the Capacity Charge in respect of NTS Exit Capacity and the Customer Charge may not be specified in the National Grid NTS's Transportation Statement, in which case they will be the rate or amount from time to time notified by National Grid NTS to the Registered User.

1.8.5 In respect of any Transportation Charge in respect of any System Point:

- (a) in the case of a Capacity Charge or the Capacity Variable Component of a Customer Charge, the "**Applicable Daily Rate**" is the daily rate of such charge, in pence per kWh/Day of System Capacity; and the "**Applicable Annual Rate**" is 365 times the Applicable Daily Rate;
- (b) for the purposes of paragraph 4.6.2, the Applicable Daily Rate and Applicable Annual Rate may be the rate determined in accordance with the Transportation Statement by reference to the distance between the LDZ Specified Exit Point and the Notional NTS Connection Point and the capacity of the LDZ Specified Exit Point determined in accordance with Paragraph 4.6.9 (the "**LDZ Optional Capacity Rate**");
- (c) in the case of a Commodity Charge or the Commodity Variable Component of a Customer Charge, the "**Applicable Commodity Rate**" is the rate of such charge, in pence per kWh of gas flow; or
- (d) for the purposes of paragraph [3.5-3.3.14.5](#), the Applicable Commodity Rate may be the rate determined in accordance with the Transportation Statement by reference to the distance between the Specified Exit Point and the Specified Entry Point and the capacity of the Specified Exit Point, determined in accordance with [Section B3.5-5 paragraph 3.14.9](#) (the "**NTS Optional Commodity Rate**")

in each case in accordance with and subject to paragraphs 1.8.1 to 1.8.4, and (where any such rate varies according to the time of year) as applicable from time to time.

1.8.6 Subject to paragraph 1.8.4 and except as provided in paragraph [3.5-3.3.14.5](#), where the Transporter's prevailing Transportation Statement or Metering Charges Statement does not provide for the determination of any particular Transportation Charge or Metering Charge, in any particular case, the rate of such Transportation Charge or Metering Charge shall be deemed to be zero respectively.

## 1.9 Scottish Independent Networks

1.9.1 References in this Section B to the Total System include references to the Scottish Independent Networks.

1.9.2 In order to enable Users to offtake gas from the Total System at Scottish Independent Network Supply Point Components:

- (a) except as provided in paragraph (b), the relevant DN Operator will arrange with a Storage Operator(s) to hold Storage Space (as defined in Section R) in and inject gas into a Storage Facility(ies) in which gas is stored as LNG, and for LNG to be lifted from those facilities and transported by road tanker to and discharged to LNG storage and regasification plants at each Scottish Independent Network;
- (b) in relation to the Scottish Independent Network at Stranraer, the relevant DN Operator will arrange for gas to be taken from the Total System at a Connected System Exit Point and conveyed to that network pursuant to the arrangements referred to in Section A1.7.5.

1.9.3 For the purposes of the Code:

- (a) there shall be deemed to be capacity in the NTS at the Scottish Independent Network NTS Exit Point;
- (b) the relevant DN Operator shall hold NTS [OfftakeExit](#) Capacity at such Scottish Independent Network NTS Exit Point;
- (c) NTS Exit Capacity may be held by Users at the Scottish Independent Network NTS Exit

Point;

- (d) for the purposes of paragraph [6.53.15](#) there will be deemed on each Day to be a gas flow out of the NTS at the Scottish Independent Network NTS Exit Point in respect of (and equal to the amount of) the offtake of gas from the Total System on that Day at Scottish Independent Network Supply Point Components by each User on a Day.

### 1.10 Long Term Contracts

If the Authority shall give Condition A11(18) Approval to its doing so, or otherwise with the assent of the Authority, the Transporter may enter into an Ancillary Agreement with any User:

- (a) pursuant to which, notwithstanding any other provision of the Code:
  - (i) the User may agree to apply for and hold System Capacity in particular amounts, and/or deliver gas to and/or offtake gas from the Total System in particular quantities at particular System Points, for particular periods, or to make payment to the Transporter in lieu of doing so; and/or
  - (ii) the Transporter may agree, notwithstanding Section G5.5.3 or 5.5.4, to accept the User's application for particular Supply Point Capacity, [at an LDZ Supply Point](#) and/or that it will not designate a particular Interruptible Supply Point as being TNI; and
- (b) containing other terms which may conflict with the terms of the Code.

### 1.11 Daily Read Errors

Where (pursuant to Sections M4.8 and E3.4) for a Daily Read Error Day an Error Revised UDQO has been determined for a DM Supply Point Component:

- (a) the Transporter will redetermine, as nearly as may be, the amounts (if any) for which the User would have been liable by way of NTS Exit Overrun Charge and/or [in the case of an LDZ Supply Point](#) Supply Point Ratchet Charge, and the amount of any Ratcheted Supply Point Capacity (and any increment in Transportation Charges payable by the User in respect of such capacity), on the basis of the Error Revised UDQO;
- (b) the amounts for which the User is liable in respect of such charges will be determined accordingly, and invoice adjustments will be made, by way of debit or credit as appropriate, in accordance with Section S.

### 1.12 DNO Users

In this Section B references to Users [shall](#), except in paragraphs [4.2.1](#), [1.2.3\(a\)](#), [\(d\)](#) and [\(e\)](#), [1.2.5](#), [3.9\\_2](#) and [6](#), ~~exclude~~ [include](#) DNO Users.