

MODIFICATION 0116V

LEGAL TEXT

TPD SECTION B – SYSTEM USE AND CAPACITY

PARAGRAPH B5

Amend paragraph 5 to read as follows:

5 CAPACITY TRANSFER

5.1 Basis of transfer

5.1.1 A User (the "**Transferor User**") may transfer all or part of:

- (a) its Available NTS Entry Capacity, as Adjusted for the time being pursuant to paragraphs ~~2.9-12~~2.9 and ~~2.10-3~~2.10, in respect of an Aggregate System Entry Point; and/ or
- (b) its Available Firm NTS Exit (Flat) Capacity, as Adjusted for the time being pursuant to paragraphs 3.10 and 3.12, in respect of an NTS ~~CSEP booked in accordance with the relevant CSEP Ancillary Agreement or in accordance with paragraph 3.2~~ Exit Point;
- (c) its Available NTS Exit (Flexibility) Capacity, as Adjusted for the time being pursuant to paragraphs 3.10, 3.13 and paragraph 4.1(b) of Annex B-2, in respect of an NTS Exit Zone

to another User (the "**Transferee User**"), subject to and in accordance with this paragraph 5.

5.1.2 For the purposes of the Code a "**System Capacity Transfer**" is a transfer of System Capacity in accordance with paragraph 5.1.1.

5.1.3 ~~A~~Without prejudice to paragraph 5.7.2(d), a System Capacity Transfer may be for any Day or consecutive Days within the period for which the Transferor User holds (by virtue of registration or any System Capacity Transfer) such capacity.

5.1.4 National Grid NTS may but shall not be required to reject a System Capacity Transfer where the Transferred System Capacity exceeds the Transferor User's Available System Capacity, ~~in the case of in the case of:~~

- (a) ~~Firm NTS Entry Capacity, as Adjusted for the time being pursuant to paragraphs 2.9-12 and 2.10-3~~Firm NTS Entry Capacity, as Adjusted for the time being pursuant to paragraphs 2.9-12 and 2.10, as applicable;
- (b) ~~Firm NTS Exit Capacity, as Adjusted for the time being pursuant to paragraphs 3.10, 3.11, 3.12 and 3.13, as applicable~~

at the Transfer System Point on any Day in the Transfer Period.

5.1.5 In respect of a System Capacity Transfer or proposed System Capacity Transfer:

- (a) the "**Transferred System Capacity**" is the System Capacity which is (or is to be) transferred;
- (b) the "**Transfer Period**" is the Day or Days (in accordance with paragraph 5.1.3) for which the Transferred System Capacity is (or is to be) transferred;
- (c) the "**Transfer System Point**" is the Aggregate System Entry Point ~~or NTS CSEP, NTS~~

Exit Point or (subject to paragraph 5.7) NTS Exit Zone at which System Capacity is (or is to be) transferred.

5.2 Procedure

5.2.1 Where a User proposes to make a System Capacity Transfer, each of the Transferor User and the Transferee User must notify the System Capacity Transfer to National Grid NTS specifying:

- (a) the identity of the Transferor User and Transferee User;
- (b) whether the System Capacity to be transferred is NTS Entry Capacity, NTS Exit (Flat) Capacity or NTS Exit (Flexibility) Capacity;
- (c) ~~(b)~~ the Transfer System Point (subject, in the case of a transfer of NTS Exit (Flexibility) Capacity to paragraph 5.7.2);
- (d) ~~(e)~~ the amount of the Transferred System Capacity;
- (e) ~~(d)~~ the Transfer Period; and
- (f) ~~(e)~~ in the case of NTS Entry Capacity, whether the Transferred System Capacity is Firm NTS Entry Capacity or Interruptible NTS Entry Capacity.

5.2.2 ~~A~~ Without prejudice to paragraph 5.7.3, a proposed System Capacity Transfer may not be notified later than 04:00 hours on the Day or first Day of the Transfer Period.

5.2.3 National Grid NTS may reject a System Capacity Transfer:

- (a) in accordance with paragraph 5.1.4;
- (b) where either the Transferor User or the Transferee User does not notify the System Capacity Transfer in accordance with paragraph 5.2.1 or 5.2.2; ~~or~~
- (c) in the case of a transfer of NTS Exit (Flexibility) Capacity, in accordance with paragraphs 5.7.2(d), 5.7.3 or 5.7.4; or
- (d) ~~(e)~~ in accordance with Section V3.

5.2.4 A System Capacity Transfer shall be effective if it is approved by National Grid NTS or is not rejected by National Grid NTS within 60 minutes after it was notified by the Transferor User or (if later) the Transferee User under paragraph 5.2.1.

5.2.5 ~~If~~ A System Capacity Transfer in respect of NTS Exit Capacity for which the Transfer Period is a Day may not be withdrawn by a User following notification to National Grid NTS.

- ~~(a) National Grid NTS purports to reject a System Capacity Transfer other than in accordance with paragraph 5.2.3; and~~
- ~~(b) reasonably promptly thereafter the Transferor User and the Transferee User so notify National Grid NTS, stating that they wish the transfer to be implemented~~

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

5.3 Effect of Transfer

5.3.1 Except for the purposes of paragraph 5.3.3, and subject to paragraph 5.4, the Transferee User

will be treated during the Transfer Period as the holder of the Transferred System Capacity.

5.3.2 A User's Available System Capacity at a System Point on a Day is its Registered System Capacity, adjusted in respect of any System Capacity Transfer(s) (for which that point is the Transfer System Point and the Transfer Period includes that Day) ~~by adding the Transferred System Capacity where the User was the Transferee User, and deducting the Transferred System Capacity where the User was the Transferor User, subject to paragraph 5.4.;~~

(a) by adding the Transferred System Capacity where the User was the Transferee User, and deducting the Transferred System Capacity where the User was the Transferor User, subject to paragraph 5.4;

(b) in the case of a System Capacity Transfer under paragraph 5.7, by adding the Transferred System Capacity at the Transfer System Point at which the Transferred System Capacity was transferred to and deducting the Transferred System Capacity at the Transfer System Point at which the Transferred System Capacity was transferred from.

5.3.3 A User will remain liable for Capacity Charges in respect of its Registered System Capacity irrespective of any System Capacity Transfer.

5.4 Effect of Termination

5.4.1 Where during the Transfer Period in respect of a System Capacity Transfer the Transferor User ceases to be a User of the NTS in accordance with Section V4.3:

(a) National Grid NTS will :

(i) so notify the Transferee User as soon as reasonably practicable and in any event not more than five (5) Business Days after giving Termination Notice to the Transferor User;

(ii) at the same time notify the Transferee User of the Capacity Charges payable to National Grid NTS in respect of the Transferred System Capacity;

(b) with effect from the User Discontinuance Date the System Capacity Transfer will lapse and the Transferee User will cease to be treated as holding the Transferred System Capacity;

(c) the Transferee User may elect to be registered in accordance with paragraph 5.4.2 as holding System Capacity (in addition to any such capacity held other than by virtue of the System Capacity Transfer) at the Transfer System Point:

(i) in an amount not exceeding the Transferred System Capacity; and

(ii) for any Day or consecutive Days (before or after the date of such election, but not before the User Discontinuance Date) within the Transfer Period.

5.4.2 Where under paragraph 5.4.1 the Transferee User elects to be registered as holding System Capacity:

~~(a)~~ (a) the Transferee User shall notify National Grid NTS, as soon as reasonably practicable and in any event not more than 5 Business Days after National Grid NTS's notice under paragraph 5.4.1(a), of such election, specifying the System Capacity and the date or period in accordance with paragraphs 5.4.1(c)(i) and (ii);

~~(b)~~ (b) the Transferee User will be registered as holding System Capacity in the amount and for the period elected (notwithstanding any other requirement of the Code as to the prior notice required for the period of registration);

~~(e)-(c)~~ the Transferee User will accordingly be liable for Capacity Charges in respect of the elected amount of System Capacity at the Transfer System Point for the elected period;

(d) for the purposes of paragraph (c), where the System Capacity comprises NTS Exit Capacity the Capacity Charges shall be the greater of:

(i) the volume weighted average price payable by the Transferor User for the NTS Exit Capacity at the NTS Exit Point or NTS Exit Zone in respect of the amount and for the period elected;

(ii) the applicable reserve price.

5.4.3 Where during the Transfer Period in respect of a System Capacity Transfer the Transferee User ceases to be a User in accordance with Section V4.3:

(a) National Grid NTS will so notify the Transferor User as soon as reasonably practicable and in any event not more than five (5) Business Days after giving Termination Notice to the Transferee User;

(b) with effect from the User Discontinuance Date, the Capacity Transfer will lapse and the Transferee User will cease to be treated as holding the Transferred System Capacity which will revert to (and be treated as held by) the Transferor User.

5.5 Negative Capacity

5.5.1 A User's Available System Capacity (determined in accordance with paragraph 5.3.2) may become negative where:

(a) the User is a Transferor User in respect of a System Capacity Transfer under which the Transferred System Capacity exceeds the Transferor User's Available System Capacity (in the case of Firm NTS Entry Capacity, on a Fully Adjusted basis) at the Transfer System Point; or

(b) the Transferor User submits:

(i) ~~(b) the Transferor User submits~~ a daily capacity offer (pursuant to paragraph 2.9) for an amount of NTS Entry Capacity which exceeds its Available Firm NTS Entry Capacity;

(ii) a daily capacity offer (pursuant to paragraph 3.12) for an amount of NTS Exit (Flat) Capacity which exceeds its Available Firm NTS Exit (Flat) Capacity; or

(c) the User is a Transferee User in respect of a System Capacity Transfer, and (subject to any election under paragraph 5.4.2):

(i) the Transferee User has pursuant to a further System Capacity Transfer transferred System Capacity at the same Transfer System Point to another User; and

(ii) the first System Capacity Transfer lapses pursuant to paragraph 5.4.1.

5.5.2 Where and for so long as a User's Available System Capacity is negative the User will be liable to pay Overrun Charge(s) in accordance with paragraph 2.8 or ~~3-6~~(as the case may be) 3.15 on the basis of an overrun quantity on each Day calculated as the sum of:

(a) the magnitude of the User's negative Available System Capacity; and

(b) the amount (if any) determined to be the overrun quantity in accordance with paragraph 2.12.2 or ~~3-6.2(a)~~(as the case may be) 3.15.1(a) if the User's Available System

Capacity at the Transfer System Point were zero.

5.6 Daily NTS Entry Capacity Transfer

- 5.6.1 Where a User wishes to transfer all or part of its Available Daily NTS Entry Capacity the provisions of paragraph 5.6.2 shall apply.
- 5.6.2 For the purpose of paragraph 5.6.1, the provisions of paragraphs 5.1 to 5.5 (inclusive) shall apply, provided that:
- (a) the amount of Transferred System Capacity may not exceed the User's Registered Daily NTS Entry Capacity;
 - (b) references therein to Available NTS Entry Capacity shall be treated as if they were references to Available Daily NTS Entry Capacity;
 - (c) for the purposes of paragraph 5.2.1 the Transferee User need not notify (and shall not be entitled to notify) National Grid NTS of a System Capacity Transfer and paragraphs 5.2.3(b), and 5.2.4 and 5.2.5 shall be construed accordingly;
 - (d) a proposed System Capacity Transfer may not be notified earlier than 16:00 hours on the Preceding Day or later than 04:00 during the Transfer Period;
 - (e) the Transferor User may not withdraw a Proposed System Capacity Transfer following notification to National Grid NTS;
 - (f) for the purpose of paragraph 5.3.3 the reference to Capacity Charges shall be treated as if it were a reference to Daily NTS Entry Charges; and
 - (g) the provisions of paragraph 5.6.3 shall apply.
- 5.6.3 Any Code Communication in connection with any application by a User for Daily NTS Entry Capacity or the transfer of Available Daily NTS Entry Capacity shall be made in accordance with the procedures published by National Grid NTS from time to time, which shall include the form and format of any such Code Communication and any Code Communication not given in accordance with such procedures shall be deemed not to have been given and shall be of no effect.

5.7 NTS Exit (Flexibility) Capacity

5.7.1 Under a System Capacity Transfer relating to NTS Exit (Flexibility) Capacity (a "Flexibility Capacity Transfer"):

- (a) NTS Exit (Flexibility) Capacity held by the Transferor User in respect of one NTS Exit Zone may be transferred so as to be held by the Transferee User in respect of:
 - (i) the same NTS Exit Zone; or
 - (ii) subject to paragraphs 5.7.2, 5.7.3 and 5.7.4, another NTS Exit Zone; and
- (b) in a case within paragraph (a)(ii), the Transferor User and the Transferee User may be the same person.

5.7.2 In relation to a Flexibility Capacity Transfer:

- (a) the notification of the System Capacity Transfer under paragraph 5.2.1 shall also specify the NTS Exit Zones (respectively the "transferor" and "transferee" NTS Exit Zones) from and to which the NTS Exit (Flexibility) Capacity is to be transferred; and

- (b) in this paragraph 5, references to the System Transfer Point shall as the context requires be to the transferor or the transferee NTS Exit Zone;
- (c) for the purposes of the adjustment (to each User's Registered NTS Exit (Flexibility) Capacity) under paragraph 5.3.2, the Transferred System Capacity shall be:
 - (i) deducted in respect of the Transferor User in relation to the transferor NTS Exit Zone; and
 - (ii) added in respect of the Transferee User in relation to the transferee NTS Exit Zone;
- (d) the Transfer Period must comprise each Day in the Gas Year where a Flexibility Capacity Transfer in respect of the relevant Gas Year is submitted in the period:
 - (i) commencing on the Day following the first allocation of NTS Exit (Flexibility) Capacity for the Gas Year; and
 - (ii) ending on the Day falling five (5) Business Days before the date on which National Grid NTS issues the last invitation to Users for Annual NTS Exit (Flexibility) Capacity for the Gas Year

and a Flexibility Capacity Transfer which does not comply with this paragraph (d) shall be rejected (and shall have no effect).

5.7.3 A User may not notify National Grid NTS of a Flexibility Capacity Transfer:

- (a) in respect of any Day in a Gas Year, until after the final allocation (pursuant to the final annual invitation for Annual NTS Exit (Flexibility) Capacity) of Annual NTS Exit (Flexibility) Capacity in respect of the Gas Year;
- (b) under paragraph 5.7.1(a)(i), after 04:00 hours on the first Day of the Transfer Period;
- (c) under paragraph 5.7.1(a)(ii), after 12:00 hours on the Day preceding the first Day of the Transfer Period;
- (d) where National Grid NTS has given Users notice that it is undertaking Exit Constraint Management Actions at the relevant NTS Exit Zone(s);
- (e) in the period in any Gas Year:
 - (i) commencing five (5) Days prior to the date on which National Grid NTS issues an annual capacity invitation;
 - (ii) ending on the Day following the Day on which National Grid NTS informs Users of which of their capacity bids were accepted following receipt of capacity bids on the second invitation date in respect of the annual capacity invitation

and any Flexibility Capacity Transfer notified other than in accordance with this paragraph 5.7.3 shall be rejected (and shall have no effect).

5.7.4 If as a result of a Flexibility Capacity Transfer (and taking account of all prior Flexibility Capacity Transfers in respect of the transferee NTS Exit Zone), the aggregate Available NTS Exit (Flexibility) Capacity held by Users on any Day in the Transfer Period in respect of the transferee NTS Exit Zone, or the NTS Exit Area in which the transferee NTS Exit Zone is comprised, would exceed the applicable Maximum Available NTS Exit (Flexibility) Capacity, National Grid NTS shall reject the System Capacity Transfer (which will have no effect).

5.7.5 In respect of each Day D and each NTS Exit Zone, National Grid NTS shall make available to Users, up to but not after 12:00 hours on D-1, details of:

(a) the aggregate amount of Registered NTS Exit (Flexibility) Capacity held by Users;

(b) the aggregate amount of NTS Exit (Flexibility) Capacity for which the NTS Exit Zone:

(i) was the transferor NTS Exit Zone;

(ii) was the transferee NTS Exit Zone;

(c) the Remaining Available NTS Exit (Flexibility) Capacity in relation to the NTS Exit Zone and the NTS Exit Area in which the NTS Exit Zone is comprised

(and National Grid NTS shall update such details on a regular basis up to but not after 12:00 hours on D-1).