MODIFICATION 0116V

LEGAL TEXT

TPD SECTION B – SYSTEM USE AND CAPACITY

PARAGRAPH B6

Delete existing text at paragraph 6 and insert new text to read as follows:

6 CAPACITY ASSIGNMENT

6.1 Basis of assignment

6.1.1 A User (the "**Assignor User**") may assign all of its Registered NTS Exit Capacity in respect of an NTS Exit Point or NTS Exit Zone to another User ("**Assignee User**").

6.1.2 For the purposes of the Code a "**System Capacity Assignment**" is an assignment of System Capacity in accordance with paragraph 6.1.1.

6.1.3 A User may not make a System Capacity Assignment where the Assigned System Capacity exceeds the Assignee User's Registered Capacity at the Assignment System Point (after taking account of any prior System Capacity Assignment under this paragraph 6) on any Day in the Transfer Period.

6.1.4 In respect of a System Capacity Assignment or proposed System Capacity Assignment:

(a) the "**Assigned System Capacity**" is the NTS Exit Capacity which is (or is to be) assigned;

(b) the "**Assignment Period**" is the Day or Days commencing on the Day on which the System Capacity Assignment is to be effective and ending on the last Day on which the Assignor User is registered as holding the Assigned System Capacity;

(c) the "**Assignment System Point**" is the NTS Exit Point or NTS Exit Zone at which the NTS Exit Capacity is to be assigned.

6.2 Procedure

6.2.1 Where a User proposes to make a System Capacity Assignment, each of the Assignor User and the Assignee User must notify the System Capacity Assignment to National Grid NTS specifying:

(a) the identity of the Assignor User and Assignee User;

(b) the Assignment System Point;

(c) the amount of the Assigned System Capacity;

(d) whether the Assigned System Capacity is NTS Exit (Flat) Capacity or NTS Exit (Flexibility) Capacity; and

(e) the Assignment Period.

6.2.2 A proposed System Capacity Assignment must be notified to National Grid NTS by not later than the fifth Business Day prior to the first Day of the Assignment Period.

6.2.3 National Grid NTS may reject a System Capacity Assignment:

(a)   where either the Assignor User or the Assignee User does not notify the System Capacity Assignment in accordance with paragraph 6.2.1 or 6.2.2; or

(b)   in accordance with Section V3.

6.2.4   A System Capacity Assignment shall be effective if it is approved by National Grid NTS or is not rejected by National Grid NTS by the start of the fourth Business Day after it was notified by the Assignee User or (if later) the Assignee User under paragraph 6.2.1.

6.3   **Effect of Transfer**

6.3.1   The Assignee User will be treated for each Day throughout the Assignment Period as the registered holder of the Assigned System Capacity.

6.3.2   A User's Registered NTS Exit Capacity at an NTS Exit Point or NTS Exit Zone on a Day is its Registered NTS Exit Capacity, adjusted in respect of any System Capacity Assignment(s) (for which that point is an Assignment System Point and the Assignment Period includes that Day) by adding the Assigned System Capacity where the User was the Assignee User, and deducting the Assigned System Capacity where the User was the Assignor User.

6.3.3   With effect from the first Day of the Assignment Period (and in respect of each subsequent Day in such period):

(a)   the Assignor User shall cease to be liable for Capacity Charges in respect of the Assigned System Capacity;

(b)   the Assignee User shall be liable for Capacity Charges in respect of the Assigned System Capacity;

(c)   the Capacity Charges payable by the Assignee User shall be the same Capacity Charges that were payable by the Assignor User for the Assigned System Capacity.

6.3.4   In respect of Prevailing Annual NTS Exit (Flat) Capacity comprising Assigned System Capacity, for the purposes of paragraph 3.2.9, the Assignee User shall be deemed to have been allocated such Prevailing Annual NTS Exit (Flat) Capacity in respect of the Gas Year in which such Prevailing Annual NTS Exit (Flat) Capacity was first allocated to a User.

6.3.5   No consequences other than those described in this paragraph 6 are intended by the use of the term 'assignment' in this paragraph 6.