**Attachment #2**

**UNC reference: TPD Section Y (new paragraph)**

**Subject: NTS Optional Charge**

**Relevant alternates: 0678B (Centrica)**

*New paragraph 5*

1. NTS OPTIONAL CAPACITY CHARGE
	1. **General**
		1. A User may elect to pay charges ("**NTS Optional Capacity Charges**") determined in accordance with this paragraph 5] in substitution (in whole or part) for Capacity Charges and General Non-Transmission Services Charges, subject to and in accordance with TPD Section B8.
		2. NTS Optional Capacity Charges comprise:
			1. charges ("**NTS Optional Capacity Entry Charges**") in respect of an amount of NTS Entry Capacity at an Aggregate System Entry Point excluding Storage Site Points; and
			2. charges ("**NTS Optional Capacity Exit Charges**") in respect of an amount of NTS Exit (Flat) Capacity at a NTS System Exit Point excluding Storage Site Points and NTS/LDZ Offtakes.
	2. **Determination of charge**
		1. For a Gas Year, and a Specified Entry Point and Specified Exit Point (each as defined and determined under TPD Section B8):
			1. the Applicable Daily Rate (in p/kWh/Day) of the NTS Optional Capacity Entry Charge is determined as:

(D \* RPEn) / (ADEn \* SUF)

* + - 1. the Applicable Daily Rate (in p/kWh/Day) of the NTS Optional Capacity Exit Charge is determined as:

(D \* RPEx) / (ADEx \* SUF)

where

D is the distance (in accordance with TPD Section B8.1.2(e) from the Specified Exit Point to the Specified Entry Point in km, or 0.1km if greater; and

RPEn is the Reserve Price (for Annually Allocated NTS Capacity) for the Specified Entry Point for the Gas Year

RPEx is the Reserve Price (for Annually Allocated NTS Capacity) for the Specified Exit Point for the Gas Year

ADEn is the Weighted Average Distance for the Specified Entry Point for the Gas Year

ADEx is the Weighted Average Distance for the Specified Exit Point for the Gas Year

SUF is the System Utilisation Factor in accordance with paragraph [5.2.4/].

* + 1. The NTS Optional Capacity Charge will be treated as a Transmission Services Charge, and revenue derived from the NTS Optional Capacity Charge will be treated as Transmission Services Revenue.
		2. Notwithstanding paragraph 1.9.1, the Applicable Daily Rate (p/kWh/Day) of the NTS Optional Capacity Charge [shall be rounded to 6 decimal places].
		3. The "**System Utilisation Factor**" for a Gas Year is calculated for the NTS as a whole as:
			1. the sum of Forecast Contracted Capacity for the Gas Year for all NTS Points [(including Storage Connection Points and NTS/LDZ Offtakes)], divided by
			2. the sum of the Obligated Entry Capacity (for all Entry Points) and Baseline NTS Exit (Flat) Capacity (for all Exit Points);