**Attachment #5**

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

**Subject: NTS Optional Charge**

**Relevant alternates: 0678D (ENI), 0678G (Vitol), 0678H (EP UK), and 0678J (South Hook)**

*New paragraph 5*

1. **NTS OPTIONAL 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.
      3. Where a User has elected to pay NTS Optional Capacity Charges the User shall also pay the Annual NOCC Charge in accordance with paragraph 5.3.
   2. **Determination of charge**
      1. The rate of the NTS Optional Capacity Charge (in p/kWh/Day) in respect of a Specified Entry Point and Specified Exit Point shall be determined:
         1. by calculating the value (in p/kWh) of the term 'CF' in accordance with paragraph 5.2.2;
         2. by calculating from CF the value of the term 'OCR' in accordance with paragraph 5.2.3;
         3. by determining the NTS Optional Capacity Charge from the term 'OCR' in accordance with paragraph 5.2.4.
      2. The term 'CF' is determined as follows:

CF = A \* ( M ^ E1 ) \* D + B \* ( M ^ E2)

where A, E1, B and E2 are quantities derived, on the basis of the NTS OCC Methodology, from the estimated costs of laying and operating a dedicated pipeline of NTS specification, for which the units and values for the Gas Year 2019/20 are set out in the table below. For each subsequent Gas Year the values of A, E1, B and E2 shall be redetermined by adjusting, in the NTS OCC Methodology, the estimated costs by reference to the change in the Retail Prices Index on the basis set out in the NTS OCC Methodology:

|  |  |  |
| --- | --- | --- |
| **Term** | **Units** | **Value for Gas Year 2018/19** |
| w | p/kWh/Day per km | 2082 |
| x | None | -0.835 |
| y | p/kWh/Day | 609 |
| z | None | -0.654 |

and where:

M is a measure (expressed in kWh/Day) of maximum offtake rate at the Specified Exit Point, being:

(a) in the case of a NTS System Exit Point, 24 \* the Maximum NTS Exit Point Offtake Rate specified in the Network Exit Agreement;

(b) in the case of a LDZ Supply Point for which there is no Network Exit Agreement in force, 24 \* the Supply Point Offtake Rate;

(c) in the case of an Interconnection Point, the maximum permitted aggregate rate (expressed in kWh/day) of physical exit flow as specified in the relevant Interconnection Agreement or if not so specified as determined by National Grid NTS;

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; and

^ means 'to the power of'.

* + 1. The term 'OCR' is determined as follows:

OCR = CF \* M / FCC

Where

M has the meaning in paragraph 5.2.2

FCC is the Forecast Contracted Capacity for the Specified Exit Point for [the Gas Year in which the NOCC Election is made].

* + 1. The rate of the NTS Optional Capacity Charge (**NOCC**, in p/kWh/Day), applying at the Specified Entry Point and the Specified Exit Point, is determined as follows:

NOCC = OCR / 2

* + 1. The “**NTS OCC Methodology**” is the methodology developed and published by National Grid NTS for the purposes of this paragraph 5.2.5.
    2. Where a NOC Election is in force in respect of a LDZ Supply Point, and (pursuant to any provision of TPD Section G) the Supply Point Offtake Rate in respect of a LDZ Supply Point is revised, the rate of the NTS Optional Capacity Charge shall be redetermined (and the redetermined rate shall apply for the purposes of determining the NTS Optional Capacity Charge payable by the User) with effect from the date of such revision.
    3. [For the purposes of paragraph 1.4,] 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.
    4. [For the purposes of paragraph 1.5, for each Gas Year, the Transportation Statement published by National Grid NTS will include the formula for the NTS Optional Capacity Charge.]
  1. **Annual NOC Charge**
     1. The Annual NOCC Charge is payable, in respect of a Gas Year, by each User ("**NOCC Route User**") which has made an NOCC Election for all or any part of the Gas Year, for any combination (a "**NOCC Route**") of Specified Exit Point and Specified Entry Point.
     2. The aggregate amount (in £) of the Annual NOCC Charge ('ANOCCC'), for a Gas Year and a NOCC Route and for all NOCC Route Users, is calculated as follows:

ANOCCC = {{FCCEx \* NOCC) + (FCCEn \* NOCC) \* N} – {∑D ∑U (ROCCEx + ROCCEn)}

where

FCCEx is Forecast Contracted Capacity for the Specified Exit Point for the Gas Year;

FCCEn is Forecast Contracted Capacity for the Specified Entry Point for the Gas Year;

NOCC is the rate of the NTS Optional Capacity Charge

N is the number of Days in the Gas Year on which there was at least one NOCC Route User;

∑D is the sum over all Days in the Gas Year

∑U is the sum over all NOCC Route Users

ROCCEx is the amount paid by a NOCC Route User in respect of the NTS Optional Capacity Exit Charge on a Day in the Gas Year;

ROCCEn is the amount paid by a NOCC Route User in respect of the NTS Optional Capacity Entry Charge on a Day in the Gas Year;

provided that ANOCCC shall not be less than zero.

* + 1. The amount of the Annual NOCC Charge ('ANOCY') payable by each NOCC Route User for a Gas Year and a OCC Route is calculated as follows:

ANOCY = ANOCCC \* ∑D ADQ / ∑D ∑U ADQ

where for each NOCC Route User, and each Day in the Gas Year, ADQ is the Applicable Daily Quantity.

* + 1. The amount provisionally payable in respect of the Annual NOCC Charge by a NOCC Route User for each month (M) in a Gas Year is determined by:
       1. calculating the amount which would be payable by the User (as ANOCY) from the start of the Gas Year until the end of month M (on the assumption of a Gas Year of that period); and
       2. deducting from that amount the aggregate amount payable by that User by way of provisional payments in respect of the Annual NOCC Charge in respect of all (if any) months of the Gas Year up to and including month M-1;

provided that if such amount is negative for a month no amount shall be provisionally payable by the NOCC Route User (and the negative balance will be settled in a later month or the end-of-year reconciliation under paragraph [/].

* + 1. At the end of each Gas Year a reconciliation shall be carried out by calculating ANOCY for each NOCC Route User, and deducting all monthly amounts provisionally paid or payable by the NOCC Route User; and an adjustment payment shall be made (by the User or by National Grid NTS, as the case may be) in respect of the difference.