

# EU CODES - MODIFICATION, 0501, 0501A & 0501B - LEGAL DRAFTING - EXPLANATORY TABLE TRANSITION DOCUMENT

## Notes

1. The table is based on the legal drafting for Modifications 0501, 0501A and 0501B submitted by NGG to the Joint Office on [ ] (Final Text).
2. For Modification 0501 an explanation is given for each new paragraph. For Modifications 0501A and 0501B an explanation is given only for those paragraphs that differ from the text for Modification 0501.
3. NTS Entry Capacity at the new Bacton IP ASEP is referred to as IP Capacity; in the event Modification 0500 is implemented it will be made clear that IP Capacity is the same as Interconnection Point Capacity as defined in Section B of the proposed European Interconnection Document.

Transition Document IIE	Topic	BRDs	Explanation
<b>Modification 501</b>			
1	Introduction		Part IIE sets out the process for re-allocation of NTS Entry Capacity at the Bacton ASEP. With effect from 1 November 2015 there will be two new ASEPs at Bacton, the Bacton IP ASEP and the Bacton UKCS ASEP.

Transition Document IIE	Topic	BRDs	Explanation
			<p>Bacton Users' Relevant Registered NTS Entry Capacity at the Bacton ASEP will be re-allocated as either:</p> <ul style="list-style-type: none"> <li>(a) Registered IP Capacity at the Bacton IP ASEP; or</li> <li>(b) Registered NTS Entry Capacity at the Bacton UKCS ASEP.</li> </ul>
1.2	Definitions		<p>Paragraph 1.2 sets out the definitions that apply in Part IIE to support the re-allocation of NTS Entry Capacity at the Bacton ASEP. Important definitions include:</p> <ul style="list-style-type: none"> <li>(a) <b>Bacton IP ASEP</b> and <b>Bacton UKCS ASEP</b>, being the two new ASEPS;</li> <li>(b) <b>Bacton User</b> being a User holding Registered NTS Entry Capacity at the existing Bacton ASEP;</li> <li>(c) Relevant period means a month or calendar quarter in relation to which a Bacton Users hold Registered NTS Entry Capacity at the Bacton ASEP; and</li> <li>(d) Relevant <b>Registered NTS Entry Capacity</b>, being capacity which a Bacton User holds for a month or quarter between November 2015 and September 2031.</li> </ul>
1.3	Re-allocation invitation		<p>Sets out what information a re-allocation invitation must contain. The invitation is the document National Grid NTS will send to Bacton Users requesting they notify NGG of their proposed re-allocation of Relevant Registered NTS Entry Capacity.</p>
1.4 - 1.5	Re-allocation notification		<p>Sets out what information a re-allocation notification must contain and when a notification may be submitted. The notification is the Bacton User's response to a re-allocation invitation and contains the Bacton User's proposed re-allocation of its Relevant Registered NTS Entry Capacity.</p>
1.6	Requirements regarding re-allocation		<p>This paragraph identifies requirements regarding the information that a Bacton User includes in a re-allocation notification, e.g. the re-allocated quantity for a relevant period must be equal to</p>

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	notification		the Relevant Registered NTS Entry Capacity for the period, the Bacton User may propose any split between the two new ASEPs, where the Bacton User was the transferor the re-allocation of capacity must be equal to the Transferred System Capacity.
1.7 and 1.8	Re-allocation notification; default rules		<p>Paragraphs 1.7 set outs the circumstances which trigger the application of the default rules in paragraph 1.8.</p> <p>In respect of a non-complaint re-allocation notification submitted by the Bacton User, the Bacton User shall be deemed to have proposed a re-allocation of the Bacton User's Relevant Registered NTS Entry Capacity for the relevant period(s) as between the new ASEPs in the relevant proportions.</p> <p>Where a Bacton User submits a compliant re-allocation notification but submits a non-compliant proposal in respect of a Relevant Transfer, the Bacton User shall be deemed to have proposed the Transferred System Capacity be re-allocated in the same proportions as between the Bacton IP ASEP and the Bacton UKCS ASEP which the Bacton User proposed to re-allocate the Relevant Registered NTS Entry Capacity in the re-allocation notification.</p> <p>Where a Bacton User fails to submit both a complaint re-allocation notification and a compliant proposal in respect of a Relevant Transfer, the Bacton User shall be deemed to have proposed the Transferred System Capacity be re-allocated in the relevant proportions between the new ASEPs.</p>
1.9 and 1.10	Re-allocation invitation; relevant periods		Establishes which relevant periods must be included in a re-allocation invitation and that there is no requirement to issue a second invitation in event all Bacton Users' Relevant Registered NTS Entry Capacity is successfully re-allocated following receipt of notifications in response to the first invitation.
1.11	Re-allocated capacity		<p>Once a Bacton User's Relevant Registered NTS Entry Capacity for the relevant period(s) is re-allocated, the Bacton User will hold Registered IP Capacity Registered and NTS Entry Point Capacity at the Bacton UKCS ASEP as re-allocated.</p> <p>[Paragraph 1.11 sets out how a Transferor Bacton User's Available System Capacity and a Transferee Bacton User's Available System Capacity at a new ASEP is calculated reflecting the</p>

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			transferor's proposed re-allocation of the Transferred System Capacity.]
1.12	Deemed re-allocation of Transferred System Capacity		[See explanation for paragraphs 3.5 - 3.6 below.]
1.13	Cancellation of existing registrations at Bacton ASEP post November 2015		Confirms that following the re-allocation process a Bacton User will no longer hold Registered NTS Entry Capacity at the Bacton ASEP from November 2015.
2.1 - 2.2	Initial Capacity Re-allocation; timetable		These provisions set out when the initial re-allocation invitation must be sent out by National Grid NTS and when Bacton Users must respond with a re-allocation notification.
2.3	NGG to calculate aggregate re-allocations		Once the re-allocation notifications have been submitted or deemed submitted by the Bacton Users, National Grid NTS will calculate for each relevant period, the aggregate amount of Relevant Registered NTS Entry Capacity which Bacton Users propose be re-allocated at the new ASEPs.
2.4	Successful re-allocation		Where for a relevant period the aggregate re-allocations at both new ASEPs are below the obligated capacity levels each Bacton User will be re-allocated capacity in the amount the Bacton User proposed in its re-allocation notification (or was deemed proposed following application of the default rules).
2.5	Requirement for Final Capacity Re-allocation		Where paragraph 2.4 above does not apply to a relevant period, no re-allocation will made in respect of that period and National Grid NTS will issue a further re-allocation invitation in respect of such relevant period.
3.1 - 3.2	Final Capacity Re-allocation; timetable		These provisions set out by when the further re-allocation invitation must be sent out by National Grid NTS and when Bacton Users must respond with a re-allocation notification.

Transition Document IIE	Topic	BRDs	Explanation
3.3	NGG to calculate aggregate re-allocations		Once the re-allocation notifications have been submitted or deemed submitted by the Bacton Users, National Grid NTS will calculate for each relevant period, the aggregate amount of Relevant Registered NTS Entry Capacity which Bacton Users propose be re-allocated at the new ASEPs.
3.4	Successful re-allocation		Where for a relevant period the aggregate re-allocations at both new ASEPs are below the obligated capacity levels each Bacton User will be re-allocated capacity in the amount the Bacton User proposed in its re-allocation notification (or was deemed proposed following application of the default rules).
3.5 - 3.6	Final Capacity Re-allocation		<p>In the event paragraph 3.4 does not apply for a relevant period by reason of an over-subscription at a new ASEP, i.e. Bacton Users continue to request capacity at a new ASEP in excess of the obligated level an imposed re-allocation occurs as follows:</p> <ul style="list-style-type: none"> <li>(a) at the oversubscribed ASEP proposed re-allocations are reduced pro rata;</li> <li>(b) the balance of a Bacton User's Relevant Registered NTS Entry Capacity is re-allocated to the non over-subscribed ASEP;</li> <li>(c) and any Bacton User who proposed to re-allocate all its capacity to the non-over-subscribed ASEP will have its proposed re-allocation satisfied in full.</li> </ul>
4.1	Effectiveness of re-allocation		Paragraph 4.1 sets out how with effect from 1 November 2014, Bacton Users will be treated as holding Registered Monthly and Registered Quarterly NTS Entry Capacity at the new ASEPs in the amounts re-allocated under TD Part IIE .
4.2	Notification of re-allocation		Paragraph 4.2 sets out the information that National Grid NTS must notify to the Bacton Users no later than five days following the closing of a re-allocation invitation.

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5.1 - 5.4	Disapplication of TPD Section B provisions during re-allocation process		These provisions set out the sections of TPD Section B that are to be dis-applied during re-allocation process.
<b>Modification 0501A</b>			
1.1	Cancellation		Part IIE also allows the Bacton User the opportunity to cancel all or part of its Relevant Registered NTS Entry Capacity at the Bacton ASEP. Where a Bacton User cancels capacity for a relevant period it will not be required to propose a re-allocation of the cancelled capacity.
1.2	Residual Registered NTS Entry Capacity		A Bacton User's Residual Registered red NTS Entry Capacity for a relevant quarter is the Relevant Registered NTS Entry Capacity less any amount cancelled, and it is this amount which the Bacton User must re-allocate.
1.3	Re-allocation invitation		In addition the re-allocation invitation will invite the Bacton User to cancel Relevant Registered NTS Entry Capacity. Note the Bacton User can only cancel capacity in response to an initial invitation and not a final invitation.
1.4	Re-allocation notification		In response to an initial invitation a Bacton User must indicate whether, in the event of the application of the pro rata rules following an over-subscription at a new ASEP in a final round, capacity re-allocated at the non over-subscribed new ASEP in excess of the amount proposed by the Bacton User for re-allocation at that ASEP is to be cancelled or not.
1.7	Re-allocation notification; default rules		The default rules apply if the amount of capacity to be cancelled is in excess of the Bacton User's Relevant Registered NTS Entry Capacity for the relevant period.
1.12	Effect of cancellation		Where a Bacton User cancels capacity, the Bacton User will cease to hold the capacity at the Bacton ASEP for the relevant period (and no re-allocation of the cancelled capacity will be required) and the Bacton User will cease to have any liability to NGG for the associated capacity charges.

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3.6	Cancellation following application of pro rata rules		Paragraph 3.6(a)(iv) or (b)(iv) will apply in the event that a Bacton User elects not to be allocated capacity at the non over-subscribed new ASEP in an amount greater than the amount the Bacton User proposed be re-allocated at that ASEP (as indicated in the Bacton User's re-allocation notification). Otherwise the Bacton User will be re-allocated the balance of the Residual Registered NTS Entry Capacity not re-allocated to the over-subscribed new ASEP.
3.7	Further cancellation		Where paragraph 3.6(a)(iv) or (b)(iv) applies the excess capacity is cancelled and paragraph 1.12 applies.
<b>Modification 0501B</b>			
4.2	Excess Re-allocated Amount		Where following a final invitation there is a need to pro rata proposed re-allocations at an over-subscribed ASEP the amount of capacity re-allocated to the non over-subscribed ASEP in excess of the amount proposed by the Bacton User is defined as the Excess Re-allocated Amount.
5.1 - 5.2	Cancellation of Excess Re-allocated Amount		A Bacton User may choose to cancel all or part of the Excess Re-allocated Amount for a relevant period and the paragraph sets out the information to be given in a cancellation notice.
5.3	Effect of cancellation		Where a Bacton User cancels all or part of the Excess Re-allocated Amount, the Bacton User will cease to hold the capacity at the Bacton ASEP for the relevant period and the Bacton User will cease to have any liability to NGG for the associated capacity charges.