

UNC MODIFICATION PROPOSAL 0262
TREATMENT OF CAPACITY AFFECTED BY FORCE MAJEURE
SUGGESTED LEGAL TEXT

TPD SECTION B: SYSTEM USE AND CAPACITY

Add new paragraph 2.15 as follows:

2.15. Force Majeure

2.15.1 Where National Grid NTS notifies each Other Party of the occurrence of a Force Majeure event:

- (a) pursuant to GT Section B3.3; and
- (b) such event affects User's capacity rights at an Aggregate System Entry Point (the "**FM Notice**"),

National Grid NTS shall issue each User that holds Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity at an Aggregate System Entry Point (an "**Affected User**") with a rebate for the reduction in the value of the Affected User's capacity rights, in accordance with this paragraph 2.15, based upon the quantity set out in the FM Notice (being the quantity by which the System Entry Capability at the affected Aggregate System Entry Point is to be reduced) (the "**FM Entry Rebate Quantity**").

2.15.2 In respect of each Day and for each Aggregate System Entry Point at which an FM Notice applies the FM Entry Rebate Quantity shall be the amount set out in the FM Notice (in kWh) (less any Unsold Entry Capacity) (allocated pro rata amongst the Affected Users at the Aggregate System Entry Point based upon the amount of each Affected User's Registered Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity) and multiplied by the weighted average price (p/kWh/day) of each User's Registered Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity as calculated in paragraph 2.15.3 below.

2.15.3 In respect of each Day and in respect of each Aggregate NTS System Entry Point that the Force Majeure event applies, each Affected User's weighted average price for the Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity that it is registered as held shall be calculated as follows:

$$\frac{\sum_{i=1}^n P_i * Q_i}{\sum_{i=1}^n Q_i}$$

Where:

n is the number of successful capacity bids for Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity;

P is the bid price for each successful capacity bid for Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity;

Q is the quantity of Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity allocated to the Affected User pursuant to each successful capacity bid.

- 2.15.4. The FM Entry Rebate Quantity will be submitted to Affected Users using an Ad-hoc Invoice in accordance with Section S2.4 on a monthly basis following the submission of the Invoice for the relevant Capacity Charge.

Add new paragraph 2.8.10 as follows:

- 2.8.10. For the avoidance of doubt, where on a Day an FM Notice has been issued in relation to an Aggregate System Entry Point, all Users with Registered Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity at such Aggregate System Entry Point shall grant National Grid NTS an option upon the exercise of which National Grid NTS may accept the surrender of such capacity for zero charge such that National Grid NTS may agree additional surrender of capacity where on the same Day National Grid NTS is required to utilise a Capacity Management Agreement for the purposes of the management of a capacity constraint at an Aggregate System Entry Point.

Add new paragraph 3.14 as follows:

3.14. Force Majeure

- 3.14.1. Where National Grid NTS notifies each Other Party of the occurrence of a Force Majeure event:
- (a) pursuant to GT Section B3.3; and
 - (b) such event affects User's capacity rights at an NTS Exit Point (the "**FM Notice**"),

National Grid NTS shall issue each User that holds Annual NTS (Flat) Exit Capacity at an NTS Exit Point (an "**Affected User**") with a rebate for the reduction in the value of the Affected User's capacity rights, in accordance with this paragraph 3.14, based upon the quantity set out in the FM Notice (being the amount (in kWh) by which offtake at the affected NTS Exit Point is to be reduced) (the "**FM Exit Rebate Quantity**").

- 3.14.2. In respect of each Day and for each NTS Exit Point at which an FM Notice applies, the FM Exit Rebate Quantity shall be the amount (in kWh) set out in the FM Notice (less any Remaining Available NTS Exit (Flat) Capacity) (allocated pro rata amongst the Affected Users at the NTS Exit Point based upon the amount of each Affected User's Registered Annual NTS (Flat) Exit Capacity) and multiplied by the weighted average price (p/kWh/day) of each User's Registered Annual Exit (Flat) Capacity as calculated in paragraph 3.14.3 below.
- 3.14.3. In respect of each Day and in respect of each relevant System Point that the Force Majeure event applies, each Affected User's weighted average price for the Annual Exit (Flat) Capacity that it is registered as held shall be calculated as follows:

$$\frac{\sum_{i=1}^n P_i * Q_i}{\sum_{i=1}^n Q_i}$$

Where:

n is the number of successful Annual NTS (Flat) Capacity bids;

P is the bid price tendered by the User;

Q is the quantity of Annual NTS (Flat) Capacity allocated to the Affected User pursuant to each successful capacity bid.

- 3.14.4. The FM Exit Rebate Quantity will be submitted to Affected Users using an Ad-hoc Invoice in accordance with Section S2.4 on a monthly basis following the submission of the Invoice for the relevant Capacity Charge.

Add new paragraph 3.9.7 as follows:

- 3.9.7 For the avoidance of doubt, where on a Day an FM Notice has been issued in relation to an NTS Exit Point, all Users with Annual NTS (Flat) Capacity at such NTS Exit Point shall grant National Grid NTS an option upon the exercise of which National Grid NTS may accept the surrender of such capacity for zero charge such that National Grid NTS may agree additional surrender of capacity where on the same Day National Grid NTS is required to utilise an Exit Constraint Management Agreement for the purposes of the management of a capacity constraint at an NTS Exit Point.

SECTION J: EXIT REQUIREMENTS

Amend paragraph J3.6 as follows:

- 3.6.1 Where:

- (a) by reason of Force Majeure affecting the Transporter, the Transporter is relieved of liability in respect of its obligation to make gas available for offtake from an LDZ at a System Exit Point;...
- (b) the occurrence...

for each day...to in paragraph 3.6.2.

Delete paragraph 3.6.2 (b).

~~(b) in the case of a System Exit Point other than an Interruptible Supply Point, NTS Exit Capacity Charges in respect of an amount of NTS Exit Capacity (in respect of the relevant NTS Exit Point) equal to the User's Registered LDZ Capacity.~~

Amend paragraph 3.6.3 as follows:

- 3.6.3 Where in relation to any Day (after the 7th Day) the effect of the occurrence of Force Majeure is a partial (rather than total) reduction in the availability of gas for offtake from an LDZ the relevant Capacity Charges...

...on the Day.

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SECTION J: EXIT REQUIREMENTS

Text in J3.6 to apply until 1 October 2012 as follows:

3.6 Force Majeure

3.6.1 Where:

(a) by reason of Force Majeure affecting the Transporter, the Transporter is relieved from liability in respect of its obligation to make gas available for offtake from the Total System at a System Exit Point; and

(b) the occurrence of Force Majeure continues for a period of more than 7 Days,

for each Day after the 7th Day on which the Transporter continues to be relieved of such obligation, the User(s) registered as holding System Capacity at such point will cease to be liable to pay the Capacity Charges referred to in paragraph 3.6.2.

3.6.2 Subject to paragraph 3.6.3, the relevant Capacity Charges are:

(a) in the case of any System Exit Point, the LDZ Capacity Charges (where relevant) and the Capacity Variable Component of the Customer Charge payable by the User in respect of such point; and

(b) in the case of a System Exit Point other than an Interruptible Supply Point, NTS Exit Capacity Charges in respect of an amount of NTS Exit Capacity (in respect of the relevant NTS Exit Point) equal to the User's Registered LDZ Capacity.

3.6.3 Where in relation to any Day (after the 7th Day) the effect of the occurrence of Force Majeure is a partial (rather than total) reduction in the availability of gas for offtake from the Total System, the relevant Capacity Charges will be that proportion of those described in paragraph 3.6.2 determined as:

$$(C - X) / C$$

where:

C is the amount of the User's Registered LDZ Capacity (as at the Day when the occurrence of Force Majeure commenced) at the relevant System Exit Point; and

X is the quantity of gas which was made available for offtake from the relevant System at the relevant System Exit Point on the Day.