

ANNEX C

Transition Document Part IIC – Transition Rules

Insert new paragraph 25 as follows:

25 REVISED NTS TRANSPORTATION CHARGING METHODOLOGY

25.1 Introduction

25.1.1 This paragraph 25 sets out transitional arrangements in respect of the NTS Transportation Charging Methodology in Part A-I of TPD Section Y, introduced by Code Modification 0621B (the “**Relevant Modification**”), and related variations to TPD Section B (as modified by the Relevant Modification).

25.1.2 The NTS Transportation Charging Methodology shall apply with effect from and in respect of each Auction and Allocation Process:

- (a) held after the Modification Direction Date; and
- (b) in respect of NTS Capacity to be allocated for a period falling within Gas Year 2019/20 or a subsequent Gas Year.

25.1.3 Section 2.1.4 shall not apply in respect of NTS Entry Capacity held pursuant to an Existing Registered Holding, and accordingly the Applicable Daily Rate for such NTS Entry Capacity shall be continue to be determined (where applicable) on the basis of the clearing price or reserve price for the Auction in which the NTS Entry Capacity was allocated.

25.1.4 The provisions of TPD Section B for payment of Transportation Charges relating to the NTS, as modified by the Relevant Modification, apply in respect of Transportation Charges payable in respect of Days from and including 1 October 2019.

25.1.5 Each of the Gas Years 2019/2020 and 2020/2021 is a “**Transition Gas Year**” for the purposes of this paragraph 25.

25.1.6 The further provisions of this paragraph 25 are organised as follows:

- (a) paragraph 25.2 sets values for certain parameters used in the NTS Transportation Charging Methodology to apply for each Transition Gas Year; and
- (b) paragraph 25.3 provides for certain elections by Users to be deemed to be NOC Elections as at 1 October 2019.

25.2 Transitional parameter values

25.2.1 For each Transition Gas Year:

- (a) in Section 2.4.1 the Entry Revenue Scaling Factor shall be equal to 1; and
- (b) in Section 2.4.2 the Exit Revenue Scaling Factor shall be equal to 1; and
- (c) Section 2.4.4 shall not apply.

25.3 NTS Optional Charges

25.3.1 Where a User has made an election for the NTS Optional Commodity Rate pursuant to TPD Section B (as in force prior to the Relevant Modification):

- (a) such election (if then continuing in force) shall lapse automatically with effect on and from 1 October 2019 (and shall not take effect as a NOC Election);
- (b) National Grid NTS shall notify the User, no later than 1 August 2019, of such forthcoming lapse and of the right (where applicable) of the User to make a NOC Election under TPD Section B8 (as in force after the Relevant Modification).