

ANNEX A

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B – SYSTEM USE AND CAPACITY

1 INTRODUCTION

[...]

1.7 Transportation Charges and Metering Charges

1.7.1 For the purposes of the Code:

(a) "Transportation Charges" are:

(i) charges (other than Energy Balancing Charges or Storage Charges) payable by or to a User in respect of a transportation arrangement under the Code, (subject to paragraph 1.7.8) comprising Capacity Charges, Commodity Charges, Customer Charges, CSEP Charges, and other NTS-related charges being Transmission Services Revenue Recovery Charges, NTS Entry Capacity Retention Charges, the NTS Entry Transmission Services Rebate Charge, and NTS Optional Capacity Charges; and

(ii) Specific Non-Transmission Services Charges as provided in paragraph 4 of Part A-I of TPD Section Y,

(and for the avoidance of doubt, Overrun Charges are not included within Transportation Charges);

(b) "Metering Charges" are the prevailing charges payable by a User as contained in the Metering Charges Statement;

(c) Transportation Charges in respect of the NTS are divided into Transmission Services Charges and Non-Transmission Services Charges as provided in the NTS Transportation Charging Methodology; and

(d) the "NTS Transportation Charging Methodology" is National Grid NTS's transportation charging methodology contained in Part A-I of TPD Section Y.

1.7.2 A "Capacity Charge" is a charge in respect of, and determined by reference to the amount of, a User's Registered NTS Entry Capacity, Registered NTS Exit Capacity or Registered LDZ Capacity at a System Point.

1.7.3 A "Commodity Charge" is a charge in respect of use of a System, determined by reference to the quantity of the gas flow (or the part thereof attributable to a User) at a System Point, or a charge payable by reference to the arrangements in Special Condition 2A or Special Condition 3A of National Grid NTS's Transporter's Licence or Special Condition 1B of the relevant DNO's Transporter's Licence.

1.7.4 A "Customer Charge" is a charge payable by reason of being the Registered User of a Supply Point.

1.7.5 In respect of a Customer Charge:

(a) the "Capacity Variable Component" is the component (if any) thereof the amount of which is determined by reference to the amount of a User's Registered Supply Point Capacity;

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- (b) the "**Commodity Variable Component**" is the component (if any) thereof the amount of which is determined by reference to the quantity of the gas flow at a Supply Point;
- (c) the "**Fixed Component**" is the component (if any) thereof which is not determined by reference to Supply Point Capacity or gas flow.

1.7.6 Where any element of a Transportation Charge is payable by a User pursuant to a contract other than one made upon the terms of the Code, such element shall not in addition be payable under the Code.

1.7.7 A "**CSEP Charge**" is a charge payable by virtue of being (in relation to a relevant Connected System Exit Point) a CSEP User.

1.7.8 "**Transmission Services Revenue Recovery Charges**" are charges applied by National Grid NTS (and payable by Users to National Grid NTS or by National Grid NTS to Users) for the purposes of recovery of allowed transmission services revenue, as provided in the NTS Transportation Charging Methodology, and comprise:

(a) charges ("**Entry Transmission Services Revenue Recovery Charge**") comprising:

(i) charges ("**Entry Transmission Services Revenue Recovery Commodity Charges**"), payable as Commodity Charges; and

(ii) charges ("**Entry Transmission Services Revenue Recovery Capacity Charges**"), payable in respect of NTS Entry Capacity, and

(b) charges ("**Exit Transmission Services Revenue Recovery Charge**") payable in respect of NTS Exit (Flat) Capacity.

1.7.9 "**General Non-Transmission Services Charges**" are Commodity Charges payable by Shipper Users to National Grid NTS as provided in the NTS Transportation Charging Methodology.

1.7.10 The further provisions of the Code set out the basis on which Transportation Charges and Metering Charges are payable by Users; provided that (subject to paragraph 1.8.2) where:

- (a) the prevailing Transportation Statement or Metering Charges Statement provides for any charge which is not provided for in the Code; and
- (b) the amount payable by way of such charge in any case is capable of being determined by reference to the provisions of the Code prevailing at the time

such charge shall be a Transportation Charge or Metering Charge and shall be payable by Users or Users of such class in accordance with the relevant provisions of the Transportation Statement or the Metering Charges Statement respectively.

1.7.11 For the avoidance of doubt paragraph 1.7.8(b) shall not be taken as requiring that the Code should provide for the determination or (other than by virtue of paragraph 1.7.8) payment of any such charge as is therein referred to.

1.7.12 The basis on which the Transporter will reduce any Transportation Charges pursuant to Standard Condition 7(5) of the Transporter's Licence is not contained in the Code; and nothing contained in the Code shall be taken to prevent the Transporter from reducing such charges in accordance with that Standard Condition.

1.8 Rates and amounts of Transportation Charges

[...]

1.8.5 In respect of any Transportation Charge in respect of any System Point:

- (a) in the case of a Capacity Charge, [Transmission Services Revenue Recovery Charge](#), or the Capacity Variable Component of a Customer Charge, the "**Applicable Daily Rate**" is the daily rate of such charge, in pence per kWh/Day of System Capacity; and the "Applicable Annual Rate" is 365 times the Applicable Daily Rate;
- (b) for the purposes of paragraph 4.6.2, the Applicable Daily Rate and Applicable Annual Rate may be the rate determined in accordance with the Transportation Statement by reference to the distance between the LDZ Specified Exit Point and the Notional NTS Connection Point and the capacity of the LDZ Specified Exit Point determined in accordance with Paragraph 4.6.9 (the "**LDZ Optional Capacity Rate**"); or
- (c) in the case of a Commodity Charge or the Commodity Variable Component of a Customer Charge, the "**Applicable Commodity Rate**" is the rate of such charge, in pence per kWh of gas flow;

in each case in accordance with and subject to paragraphs 1.8.1 to 1.8.4, and (where any such rate varies according to the time of year) as applicable from time to time.

[...]

2 NTS ENTRY CAPACITY

[...]

2.11 Entry Charges, [General Non-Transmission Services Charges](#), [Entry Transmission Services Revenue Recovery Charges](#), the NTS Entry [Transmission Services Rebate Charge](#), and Capacity Surrender Charges

2.11.1 [Entry-related Transportation Charges](#) are payable in respect of the NTS as follows:

- (a) a User shall pay Capacity Charges ("NTS Entry Capacity Charges") to National Grid NTS in respect of its Registered NTS Entry Capacity at Aggregate System Entry Points each Day, in accordance with paragraph 2.11.2 to 2.11.4, subject to paragraph 8;
- (b) National Grid NTS shall pay Capacity Surrender Charges to a User, in accordance with paragraph 2.11.5;
- (c) a Shipper User shall pay General Non-Transmission Services Charges as Commodity Charges to National Grid NTS in respect of its use of the NTS for the delivery of gas to the Total System on any Day, in accordance with paragraph 2.11.6, subject to paragraph 8, or a charge calculated by reference to Special Condition 2A and 3A of National Grid NTS's Transporter's Licence;
- (d) a User shall pay to National Grid NTS, or (where the rate of such charge is negative) National Grid NTS shall pay to the User:
 - (i) the Entry Transmission Services Revenue Recovery Commodity Charge as a Commodity Charge each Day; and
 - (ii) the Entry Transmission Services Revenue Recovery Capacity Charge, in respect of NTS Entry Capacity each Day,
as applicable, in accordance with paragraph 2.11.7;
- (e) if applicable, National Grid NTS shall pay to a User the NTS Entry Transmission Services Rebate Charge, in accordance with paragraph 2.11.8;
- (f) if applicable, a User shall pay to National Grid NTS the NTS Optional Capacity Entry Charge, in accordance with paragraph 8.

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2.11.2 The NTS Entry Capacity Charge payable by a User in respect of each Day will be determined for each Aggregate System Entry Point and each class (as described in paragraph 2.1.4) of NTS Entry Capacity, as the amount of the User's Registered NTS Entry Capacity (of the relevant class, and in the case of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity, applied for pursuant to paragraphs 2.2 and/or 2.3 and/or reserved under paragraph 1.14, and allocated following an invitation date and/or allocated under a PARCA pursuant to paragraph 1.14) multiplied by the Applicable Daily Rate.

2.11.3 The Applicable Daily Rate of NTS Entry Capacity Charges shall be:

- (a) in respect of Quarterly NTS Entry Capacity;
 - (i) applied for pursuant to an annual invitation under paragraph 2.2, the rate determined in accordance with Section 2 of the NTS Transportation Charging Methodology; and
 - (ii) applied for, reserved and registered under a PARCA pursuant to paragraph 1.14 the applicable price as set out in the relevant Transportation Statement.
- (b) in respect of Monthly NTS Entry Capacity applied for pursuant to an invitation under paragraphs 2.2 and 2.3, the bid price tendered by the User in respect of the Monthly NTS Entry Capacity allocated for the relevant calendar month pursuant to paragraph 2.7.2;
- (c) in respect of Daily NTS Entry Capacity, the bid price tendered by the User in respect of the Daily NTS Entry Capacity allocated for the Day pursuant to paragraph 2.7.2; and
- (d) in respect of Daily Interruptible NTS Entry Capacity, the bid price tendered by the User in respect of the Daily Interruptible NTS Entry Capacity allocated for the Day pursuant to paragraph 2.7.2.

2.11.4 For the purposes of paragraph 2.11.2, the amount of the User's Registered NTS Entry Capacity shall be determined Unadjusted pursuant to paragraph 2.9.4 (but for the avoidance of doubt Unadjusted pursuant to paragraphs 2.8.4, 2.10.8 and 2.17.9).

2.11.5 Where National Grid NTS accepts a daily capacity offer pursuant to paragraph 2.10 National Grid NTS will pay to the User a charge ("**Capacity Surrender Charge**") in an amount determined as the amount of NTS Entry Capacity for which the daily capacity offer was accepted by National Grid NTS multiplied by the offer price specified in the daily capacity offer.

2.11.6 The General Non-Transmission Services Charge payable by a User in respect of each Day will be determined, subject to paragraph 8, for each NTS Entry Point, excluding Storage Connection Points, as the User Daily Quantity Input multiplied by the Applicable Commodity Rate for such charge as determined under Section 4 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.

2.11.7 The Entry Transmission Services Revenue Recovery Charges payable by a User or National Grid NTS in respect of each Day will be determined for each Aggregate System Entry Point excluding Storage Connection Points:

(a) in the case of the Entry Transmission Services Revenue Recovery Commodity Charge, as the User's Commodity RRC Quantity for the Day multiplied by the Applicable Commodity Rate for such charge as determined in accordance with Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement;

(b) in the case of the Entry Transmission Services Revenue Recovery Capacity Charge, as the User's Capacity RRC Quantity for the Day, multiplied by the Applicable Daily Rate for such charge as determined in accordance with Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement;

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where a User's "**Commodity RRC Quantity**" (ComRRCQ) and "**Capacity RRC Quantity**" (CapRRCQ) for a Day and a NTS Entry Point are determined as follows:

$$\text{ComRRCQ} = \min(\text{AUDQI}, (\text{FAAP} * \text{EAH}))$$

$$\text{CapRRCQ} = \text{FAAP} * \text{NAH}$$

and where

AUDQI is the aggregate of the User's UDQIs at all NTS Entry Points comprised in the Aggregate System Entry Point for the Day;

FAAP is the proportion (expressed as a decimal) of the User's Available NTS Entry Capacity at such Aggregate System Entry Point for the Day which remains after it is Fully Adjusted;

EAH is the User's Existing Available Holding of NTS Entry Capacity for the NTS Entry Point for the Day;

NAH is the User's "**New Available Holding**" of NTS Entry Capacity for the NTS Entry Point for the Day, calculated as its aggregate Available NTS Entry Capacity less its Existing Available Holding, but not less than zero (0).

2.11.8 Where (as provided in Section 3.4.1 of the NTS Transportation Charging Methodology) the NTS Entry Transmission Services Rebate Charge is payable in respect of a Formula Year:

(a) the amount of such charge payable to a User will be determined as the sum of the User's Registered NTS Entry Capacity for all Days of the Formula Year and for all NTS Entry Points multiplied by the applicable rate of such charge as determined under Section 3.4.2 of the NTS Transportation Charging Methodology;

(b) such charge shall be determined and invoiced as soon as reasonably practicable following the end of the Formula Year.

2.11.9 NTS Entry Capacity Charges, General Non-Transmission Services Charge Capacity Surrender Charges, Entry Transmission Services Revenue Recovery Charges, and the NTS Entry Transmission Services Rebate Charge will be invoiced and payable in accordance with Section S.

[...]

2.15 NTS Entry Capacity Retention

2.15.1 For the purposes of the Code, "**Entry Capacity Substitution Methodology Statement**" means the capacity methodology statement published in respect of Entry Capacity substitution pursuant to Special Condition 9A of National Grid NTS's Gas Transporter's Licence.

2.15.2 National Grid NTS may, from time to time in accordance with the Entry Capacity Substitution Methodology Statement, invite Users to enter into an arrangement with National Grid NTS pursuant to which National Grid NTS may exclude certain amounts of unsold NTS Entry Capacity from being substituted from an ASEP to meet demand for incremental obligated NTS Entry Capacity at one or more other ASEPs. Any amount payable by a User (or to be refunded to a User) pursuant to such an arrangement shall be a "**NTS Entry Capacity Retention Charge**", and the rate of such charge is determined in accordance with the NTS Transportation Charging Methodology.

2.15.3 The terms and conditions applicable to any such arrangement and the payment of NTS Entry Capacity Retention Charges shall be specified in the Entry Capacity Substitution Methodology Statement and/or the relevant invitation published by National Grid NTS.

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3 NTS EXIT CAPACITY

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3.12 NTS Exit (Flat) Capacity Charges, General Non-Transmission Services Charges, Exit Transmission Services Revenue Recovery Charges and NTS Exit (Flat) Capacity Surrender Charges

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3.12.1 Exit-related Transportation Charges are payable in relation to the NTS as follows:

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(a) a User shall pay Capacity Charges ("NTS Exit (Flat) Capacity Charges") to National Grid NTS in respect of its Registered NTS Exit (Flat) Capacity at NTS Exit Points each Day, in accordance with paragraphs 3.12.3 to 3.12.5, subject to paragraph 8;

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(b) National Grid NTS shall pay NTS Offtake Reduction Charges to a User, in accordance with paragraph 3.12.6;

(c) a Shipper User shall pay General Non-Transmission Services Charges as Commodity Charges to National Grid NTS in respect of its use of the NTS for the offtake of gas from the Total System on any Day, in accordance with paragraphs 3.12.7 and 3.12.8, subject to paragraph 8, or a charge payable by reference to the arrangements in Special Condition 2A and 3A of National Grid NTS's Transporter's Licence;

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(d) a User shall pay to National Grid NTS, or (where the Applicable Daily Rate is negative) National Grid NTS shall pay to the User, the Exit Transmission Services Revenue Recovery Charge in respect of NTS Exit (Flat) Capacity on each Day, in accordance with paragraph 3.12.9;

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(e) if applicable, a User shall pay to National Grid NTS the NTS Optional Capacity Exit Charge, in accordance with paragraph 8.

3.12.2 No charges are payable by DNO Users in respect of NTS Exit (Flexibility) Capacity.

3.12.3 The NTS Exit (Flat) Capacity Charge payable by a User in respect of each Day will be determined for each NTS Exit Point, and each class and each allocation of NTS Exit (Flat) Capacity, as the amount of the User's Registered NTS Exit (Flat) Capacity registered (pursuant to such allocation) multiplied by the Applicable Daily Rate.

3.12.4 The Applicable Daily Rate of NTS Exit (Flat) Capacity Charges shall be:

(a) in respect of:

- (i) Enduring Annual NTS Exit (Flat) Capacity; and
- (ii) Annual NTS Exit (Flat) Capacity allocated to the User in respect of a Gas Year pursuant to paragraph 3.4;

the rate determined in accordance with Section 2 of the NTS Transportation Charging Methodology and set out in National Grid NTS's Transportation Statement;

(b) in respect of each amount of:

- (i) Daily NTS Exit (Flat) Capacity allocated to the User in respect of a Day pursuant to paragraph 3.5;
- (ii) Daily Off-peak NTS Exit (Flat) Capacity allocated to the User in respect of a Day pursuant to paragraph 3.6;

the bid price tendered by the User pursuant to the respective annual capacity bid or daily

capacity bid pursuant to which such NTS Exit (Flat) Capacity was allocated.

3.12.5 Where National Grid NTS accepts an offtake reduction offer made by a User pursuant to Annex B-2, National Grid NTS will pay to the User a charge ("**NTS Offtake Reduction Charge**") determined as the quantity for which the offtake reduction offer was accepted multiplied by the offer price.

3.12.6 The General Non-Transmission Services Charge payable by a User in respect of each Day will be determined, subject to paragraph 8:

(a) for each System Exit Point excluding Storage Connection Points, as the User Daily Quantity Output; and

(b) for a Storage Connection Point in relation to which the User is a storage use gas provider, as the User's daily storage use gas quantity,

multiplied by the Applicable Commodity Rate for such charge as determined under Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.

3.12.7 For the purposes of paragraph 3.12.6, a User's daily storage use gas quantity for a Day in a month (m) is the quantity of storage use gas for month m attributed to the User, as notified to National Grid NTS pursuant to the terms of the Storage Connection Agreement in respect of such Storage Connection Point, divided by the number of Days in month m.

3.12.8 The Exit Transmission Services Revenue Recovery Charge payable by a User or National Grid NTS in respect of each Day will be determined for each NTS System Exit Point, excluding Storage Connection Points, as the User's Fully Adjusted Available NTS Exit (Flat) Capacity multiplied by the Applicable Daily Rate of such charge as determined in accordance with Section 3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement.

3.12.9 NTS Exit (Flat) Capacity Charges, General Non-Transmission Services Charges, NTS Exit (Flat) Capacity Surrender Charges, NTS Offtake Reduction Charges, and Exit Transmission Services Revenue Recovery Charges will be invoiced and payable in accordance with Section S.

[...]

7 SPECIFIC NON-TRANSMISSION SERVICES CHARGES

7.1 General

7.1.1 This paragraph 7 sets out the basis on which specific Non-Transmission Services Charges are payable by Users.

7.2 St Fergus Compression Charge

7.2.1 A Shipper User which delivers gas to the NTS at the System Entry Point for the North Sea Midstream Partners sub-terminal at St Fergus shall pay to National Grid NTS the St Fergus Compression Charge as a Commodity Charge in respect of the gas delivered.

7.2.2 The amount payable each Day by a Shipper User in respect of the St Fergus Compression Charge is the User Daily Quantity Input multiplied by the Applicable Commodity Rate as determined in accordance with Section 4.2 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Grid NTS.

7.3 NTS Meter Maintenance Charges

7.3.1 A Shipper User which is the Registered User of a NTS Supply Point at which a NGNTS Supply Meter Installation is installed shall pay to National Grid NTS the NTS Meter Maintenance Charge.

7.3.2 The amount payable by a Shipper User in respect of the NTS Metering Charge is the amount, for each

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<#>The NTS Exit (Flat) Commodity Charge payable (for any Day) by a Shipper User will be determined.</#>

<#>subject to paragraph (b), as the amount of its User Daily Quantity Output multiplied by the Applicable Commodity Rate(s); and</#>

<#>in the case of a NTS Connected System Exit Point, where a Storage Facility is connected to the Total System at the NTS Connected System Exit Point and in relation to which such facility the User is storage use gas provider, an amount equal to: </#>
(SUG / n) * CR</#>

where:</#>

SUG is the quantity of storage use gas attributed to the User and is notified to National Grid NTS pursuant to the terms of the Storage Connection Agreement in respect of the NTS Storage Facility;</#>
n is the number of days in the calendar month in which such Day falls; and</#>

CR is the Applicable Commodity Rate(s) that would apply in relation to a NTS Connected System Exit Point in the event the gas flowing out of the Total System at such System Point was not being delivered into a Storage Facility.</#>

<#>No charges are payable by DNO Users in respect of NTS Exit (Flexibility) Capacity.</#>

<#>A User may elect that, for the purposes of paragraph 3.12.5, the Applicable Commodity Rate of the NTS Exit (Flat) Commodity Charge in respect of a Specified Exit Point shall be the NTS Optional Commodity Rate, determined in accordance with paragraphs 3.12.9 to 3.12.14 (inclusive).</#>

<#>For the purposes of Code:</#>

<#>an "Eligible Entry Point" is an Aggregate System Entry Point which is not a Storage Connection Point;</#>

<#>an "Eligible Exit Point" is a System Exit Point which is not a Storage Connection Point;</#>

<#>a "Specified Entry Point" is, in the case of a Supply Point, the Eligible Entry Point identified in the User's Nomination in accordance with Section G2.3.2 or, in the case of a CSEP, the Eligible Entry Point identified in the Conventional Notice in accordance with paragraph 3.12.13. Where the Eligible Entry Point is either the Bacton IP ASEP or the Bacton UKCS ASEP, the Specified Entry Point shall be deemed to be the Bacton Combined ASEP;</#>

<#>the "Bacton Combined ASEP" shall comprise of the Bacton UKCS ASEP and the Bacton IP ASEP which are System Entry Points in close physical proximity to each other and each form part of contiguous entry terminal facilities;</#>

<#>a "Specified Exit Point" is, in the case of a Supply Point, the Eligible Exit Point notified to National Grid NTS as the Proposed Supply Point in the User's Nomination in accordance with Section G2.3.2 or, in the case of a CSEP, the System Exit Point identified as the CSEP in the Conventional Notice in accordance with paragraph 3.12.13.</#>

<#>The NTS Exit (Flat) Commodity Charge payable (for any Day) by a Registered User or CSEP User will be determined (for each Specified Exit Point) as:</#>

<#>the UDQO multiplied by the NTS Optional Commodity Rate applicable for the capacity (calculated in accordance with paragraph 3.12.10) and the distance (calculated in accordance with paragraph 3.12.11);</#>

<#>where the UDQI is less than the UDQO, the UDQO minus the UDQI multiplied by the difference between such NTS Commodity Rate as would apply if paragraphs 3.12.9 to 3.12.14 (inclusive) did not apply and the NTS Optional Commodity Rate;</#>

provided that, where a User has nominated or identified more than one Specified Exit Point at a Specified Entry Point, the UDQI shall be prorated in relation to the UDQOs at the relevant Specified Exit Points.</#>

<#>For the purposes of paragraphs 3.12.9 to 3.12.14 (inclusive), the capacity of the Specified Exit Point shall be the Supply Point Capacity, provided:</#>

<#>in the case of an LDZ Supply Point the capacity shall be determined in accordance with Section G5.4.1, except for a LDZ Shared Supply Point in which case the capacity shall be determined in accordance with Section G1.7.17;</#>

<#>for an LDZ CSEP the capacity shall be determined in accordance with paragraph 4.5.2;</#>

<#>in the case of an NTS Exit Point the capacity shall be equal to 24 times the Maximum NTS Exit Point Offtake Rate, except:</#> ... [1]

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Day for which it is Registered User of the NTS Supply Point, determined in accordance with Section 4.3 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Grid NTS.

7.4 DN Pensions Deficit Charge

7.4.1 DNO Users shall pay to National Grid NTS the DN Pensions Deficit Charge.

7.4.2 The amount of such DN Pensions Deficit Charge shall be determined in accordance Section 4.4 of the NTS Transportation Charging Methodology and set out in with the Transportation Statement of National Grid NTS.

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7.5 Shared Supply Meter Point Administration Charges

7.5.1 A Shipper User which is a Registered User of a Shared Supply Meter Point shall pay to National Grid NTS the Shared Supply Meter Point Administration Charges.

7.5.2 The amounts payable by a Shipper User in respect of the Shared Supply Meter Point Administration Charge are the amounts, upon establishing the Shared Supply Meter Point, upon a change of any of the Sharing Registered Users, and for each Day for which it is Registered User of the Shared Supply Meter Point, determined in accordance with Section 4.5 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Grid NTS.

7.6 Interconnection Point Allocation Charges

7.6.1 A Shipper User which delivers gas to or offtakes gas or from the NTS at an Interconnection Point shall pay the Interconnection Point Allocation Charges to National Grid NTS.

7.6.2 The amounts payable by a Shipper User in respect of the Interconnection Point Allocation Charges are the amounts, upon becoming a User (as provided in EID Section A2.4.2(b)) of the Interconnection Point, and for each Day on which it delivers and/or offtakes gas (as an UDQI or UDQO) at the Interconnection Point, determined in accordance with Section 4.6 of the NTS Transportation Charging Methodology and set out in the Transportation Statement of National Grid NTS.

7.7 Invoicing and payment

7.7.1 St Fergus Compression Charges, NTS Meter Maintenance Charges, DN Pensions Deficit Charges, Shared Supply Meter Point Administration Charges, and Interconnection Point Allocation Charges shall be invoiced and payable in accordance with Section S.

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8 NTS Optional Capacity Charge

8.1 General

8.1.1 Where a User delivers gas to and offtakes gas from the NTS at (respectively) an Eligible Entry Point and related Eligible Exit Point, the User may elect to pay NTS Optional Capacity Charges in substitution (in whole or part) for Capacity Charges and General Non-Transmission Services Charges in respect of such Eligible Entry Point and Eligible Exit Point, subject to and in accordance with this paragraph 8 (an "NOCC Election").

8.1.2 For the purposes of this paragraph 8:

(a) an "Eligible Entry Point" is an Aggregate System Entry Point which is not a Storage Connection Point;

(b) in relation to an Eligible Entry Point, an "Eligible Exit Point" is a NTS System Exit Point which is not a Storage Connection Point;

(c) where a User has made a NOCC Election, the "Specified Entry Point" and "Specified Exit

Point" are the Eligible Entry Point and Eligible Exit Point (respectively) for which the User has made such election; and

(d) the distance between an Aggregate System Entry Point and System Exit Point shall be determined as the least of the distances, on a straight-line basis, to the nearest 0.1 km, and not less than 0.1 km, between:

(i) any of the Individual System Entry Points comprised in the Aggregate System Entry Point (on the basis of 'point of delivery' as provided in TPD Section I3.6.1) and

(ii) any of the Individual System Exit Points comprised in the System Exit Point (on the basis of 'point of offtake' as provided in TPD Section J3.7.1), or any point on the curtilage of the premises supplied by the System Exit Point,

using six-figure grid references determined (for such points) by National Grid NTS which may be revised in accordance with paragraph 8.2.1(b)(ii);

(e) the Bacton IP ASEP and the Bacton UKCS ASEP shall:

(i) for the purposes of paragraphs 8.2 and 8.3.1, be considered to be combined as a single Eligible Entry Point (referred to as the "Bacton Combined ASEP"); and

(ii) for the purposes of paragraphs 8.3.2 and 8.3.4, be considered to be (respectively) an Interconnection Point and an Intra-System Point

8.2 Procedure

8.2.1 For the purposes of this paragraph 8.2, and (in relation to a Supply Point) subject to the provisions of TPD Section G:

(a) a User may give notice to National Grid NTS of a proposed NOCC Election, specifying:

(i) the Eligible Entry Point;

(ii) in relation to that Eligible Entry Point, an Eligible Exit Point, being:

(1) a NTS Supply Point of which the User is (or will be) Registered User; or

(2) a NTS Connected System Exit Point of which the User is a CSEP User; or

(3) an Interconnection Point in respect of which the User is a User as provided in EID Section A2.4.2(b);

(b) where a User proposes a NOCC Election:

(i) National Grid NTS shall respond to the User by notice specifying:

(1) the distance between the Eligible Entry Point and Eligible Exit Point, and the six-figure grid references (as referred to in paragraph 8.1.2(d)) from which such distance is determined;

(2) on the basis thereof, the Applicable Daily Rates of the NTS Optional Capacity Entry Charge and the NTS Optional Capacity Exit Charge in accordance with Section 5.2 of the NTS Transportation Charging Methodology;

(ii) if the User disputes the distance as determined by National Grid NTS, the User may resubmit its proposal including an alternative six-figure grid reference for the Eligible Exit Point, together with supporting evidence, and National Grid NTS

shall respond indicating whether it accepts such alternative and providing the details (revised accordingly) in paragraph 8.2.1(b)(i) above; and

(iii) the User may confirm the NOCC Election by notice to National Grid NTS following National Grid NTS's response under paragraph (i) or (ii), specifying the date from which the NOCC Election is effective which shall be not less than 15 days and not more than 6 months after the date of such confirmation;

(c) a User may terminate a NOCC Election by notice to National Grid specifying the effective date of termination, which shall not be less than 15 Days or more than 6 months after the date of such notice; provided that a User shall be deemed to have terminated a NOCC Election where the Specified Exit Point is a Supply Point and the User ceases to be the Registered User of the Supply Point;

(d) a NOCC Election shall remain in force until terminated under paragraph (c);

(e) notices between a User and National Grid NTS under this paragraph 8.2 shall be given:

(i) where the Eligible Exit Point is a NTS Supply Point, pursuant to Supply Point Nominations, Supply Point Offers, Supply Point Confirmations and Supply Point Amendments subject to and in accordance with TPD Section G; and

(ii) where the Eligible Exit Point is a Connected System Exit Point or an Interconnection Point, by Conventional Notice.

8.2.2 A User may make NOCC Elections in respect of several Eligible Exit Points in relation to a given Eligible Entry Point (and each is a separate NOCC Election); but no more than one NOCC Election may be made by a User in respect of any given Eligible Exit Point.

8.3 Determination of charges payable

8.3.1 Where a User has made a NOCC Election, for each Day for which such election is in force, subject to paragraph 8.3.2, in relation to such NOCC Election:

(a) the "**Applicable Daily Entry Quantity**" is:

(i) subject to paragraph (ii), the sum of the User's UDQIs for each System Entry Point within the Specified Entry Point (aggregate UDQI, or "**AUDQI**");

(ii) where the User has made NOCC Elections in respect of more than one Eligible Exit Point in relation to the same Eligible Entry Point, for the purposes of each such election, the quantity determined as:

$$\text{AUDQI} * \text{UDQO} / \text{AUDQO}$$

where:

UDQO is the User's UDQO for the Specified Exit Point subject to such election; and

AUDQO is the sum of the User's UDQOs for the Specified Exit Points subject to all such elections;

(b) the "**Applicable Daily Entry Capacity**" is:

(i) subject to paragraph (ii), the User's Registered NTS Entry Capacity at the Specified Entry Point ("**REnC**");

(ii) where the User has made NOCC Elections in respect of more than one Eligible

Exit Point in relation to the same Eligible Entry Point, for the purposes of each such election, the quantity determined as:

$$\frac{REnC * RExC}{ARExC}$$

where:

RExC is the User's Registered NTS Exit (Flat) Capacity at Specified Exit Point subject to such election; and

ARExC is the sum of the User's Registered NTS Exit (Flat) Capacity at the Specified Exit Points subject to all such elections;

(c) the "Applicable Daily Quantity" is whichever is the least of:

(i) the Applicable Daily Entry Quantity;

(ii) the Applicable Daily Entry Capacity;

(iii) the User's UDQO for the Specified Exit Point;

(iv) the User's Registered NTS Exit (Flat) Capacity at the Specified Exit Point;

or, if more than one of them are equally low, the Applicable Daily Entry Quantity;

(d) the "Residual Daily Entry Quantity" is the amount (if any) by which the Applicable Daily Entry Quantity exceeds the Applicable Daily Quantity;

(e) the "Residual Daily Entry Capacity" is the amount (if any) by which the Applicable Daily Entry Capacity exceeds the Applicable Daily Quantity;

(f) the "Residual Daily Exit Quantity" is the amount (if any) by which the User's UDQO at the Specified Exit Point exceeds the Applicable Daily Quantity;

(g) the "Residual Daily Exit Capacity" is the amount (if any) by which the User's Registered NTS Exit (Flat) Capacity at the Specified Exit Point exceeds the Applicable Daily Quantity;

8.3.2 Where under a NOCC Election the Combined ASEP is the Specified Entry Point, for each Day:

(a) the calculations under paragraph 8.3.1 shall be made on the basis of the User's UDQIs and Registered NTS Entry Capacity at the Bacton Combined ASEP as a whole;

(b) each of the quantities determined pursuant to such calculations shall then be apportioned as between the Bacton UKCS ASEP and the Bacton IP ASEP, in the respective proportions of the User's aggregate UDQIs for the Bacton UKCS ASEP and for the Bacton IP ASEP;

(c) paragraph 8.3.3 shall apply separately in relation to the Bacton UKCS ASEP and the Bacton IP ASEP, on the basis of the quantities apportioned to each pursuant to paragraph (b).

8.3.3 Where a User has made a NOCC Election, for each Day:

(a) in respect of the Specified Entry Point:

(i) the User shall pay the NTS Optional Capacity Entry Charge calculated as the Applicable Daily Quantity multiplied by the Applicable Daily Rate of the NTS Optional Capacity Entry Charge;

(ii) the User shall pay NTS Entry Capacity Charges calculated as the Applicable Daily Rate (in accordance with paragraph 8.3.4, where applicable) multiplied by

the Residual Daily Entry Capacity;

(iii) the User shall pay General Non-Transmission Services Charges calculated as the Applicable Commodity Rate multiplied by the Residual Daily Entry Quantity;

(b) in respect of the Specified Exit Point:

(i) the User shall pay the NTS Optional Capacity Exit Charge calculated as the Applicable Daily Quantity multiplied by the Applicable Daily Rate of the NTS Optional Capacity Exit Charge;

(ii) the User shall pay NTS Exit Capacity Charges calculated as the Applicable Daily Rate (in accordance with paragraph 8.3.4, where applicable) multiplied by the Residual Daily Exit Capacity;

(iii) the User shall pay General Non-Transmission Services Charges calculated as the Applicable Commodity Rate multiplied by the Residual Daily Exit Quantity;

(c) where there is more than one NOCC Election for a Specified Entry Point, this paragraph 8.3.3 applies separately in respect of each such NOCC Election.

8.3.4 Where the User holds:

(a) Registered NTS Entry Capacity at the Specified Entry Point, or

(b) Registered NTS Exit (Flat) Capacity at the Specified Exit Point

pursuant to more than one allocation of such NTS Capacity, and for which the Applicable Daily Rates of the NTS Entry Capacity Charge or (as the case may be) NTS Exit Capacity Charges are different, the Residual Daily Entry Capacity or Residual Daily Exit Capacity shall be deemed to comprise NTS Capacity pursuant to each such allocation in the proportions of the User's Registered NTS Capacity pursuant to each such allocation.

For the purposes of paragraph 3.12.2, the amount of the User's Registered NTS Exit (Flat) Capacity shall be determined Unadjusted pursuant to paragraphs 3.9, 3.10, 3.11 or (as the case may be) paragraph 3.4 of Annex B-2.

The NTS Exit (Flat) Commodity Charge payable (for any Day) by a Shipper User will be determined:

subject to paragraph (b), as the amount of its User Daily Quantity Output multiplied by the Applicable Commodity Rate(s); and

in the case of a NTS Connected System Exit Point, where a Storage Facility is connected to the Total System at the NTS Connected System Exit Point and in relation to which such facility the User is storage use gas provider, an amount equal to:

$$(SUG / n) * CR$$

where:

SUG is the quantity of storage use gas attributed to the User and is notified to National Grid NTS pursuant to the terms of the Storage Connection Agreement in respect of the NTS Storage Facility;

n is the number of days in the calendar month in which such Day falls; and

CR is the Applicable Commodity Rate(s) that would apply in relation to a NTS Connected System Exit Point in the event the gas flowing out of the Total System at such System Point was not being delivered into a Storage Facility.

No charges are payable by DNO Users in respect of NTS Exit (Flexibility) Capacity.

A User may elect that, for the purposes of paragraph 3.12.5, the Applicable Commodity Rate of the NTS Exit (Flat) Commodity Charge in respect of a Specified Exit Point shall be the NTS Optional Commodity Rate, determined in accordance with paragraphs 3.12.9 to 3.12.14 (inclusive).

For the purposes of Code:

an "**Eligible Entry Point**" is an Aggregate System Entry Point which is not a Storage Connection Point;

an "**Eligible Exit Point**" is a System Exit Point which is not a Storage Connection Point;

a "**Specified Entry Point**" is, in the case of a Supply Point, the Eligible Entry Point identified in the User's Nomination in accordance with Section G2.3.2 or, in the case of a CSEP, the Eligible Entry Point identified in the Conventional Notice in accordance with paragraph 3.12.13. Where the Eligible Entry Point is either the Bacton IP ASEP or the Bacton UKCS ASEP, the Specified Entry Point shall be deemed to be the Bacton Combined ASEP;

the "**Bacton Combined ASEP**" shall comprise of the Bacton UKCS ASEP and

the Bacton IP ASEP which are System Entry Points in close physical proximity to each other and each form part of contiguous entry terminal facilities;

a "**Specified Exit Point**" is, in the case of a Supply Point, the Eligible Exit Point notified to National Grid NTS as the Proposed Supply Point in the User's Nomination in accordance with Section G2.3.2 or, in the case of a CSEP, the System Exit Point identified as the CSEP in the Conventional Notice in accordance with paragraph 3.12.13.

The NTS Exit (Flat) Commodity Charge payable (for any Day) by a Registered User or CSEP User will be determined (for each Specified Exit Point) as:

the UDQO multiplied by the NTS Optional Commodity Rate applicable for the capacity (calculated in accordance with paragraph 3.12.10) and the distance (calculated in accordance with paragraph 3.12.11);

where the UDQI is less than the UDQO, the UDQO minus the UDQI multiplied by the difference between such NTS Commodity Rate as would apply if paragraphs 3.12.9 to 3.12.14 (inclusive) did not apply and the NTS Optional Commodity Rate;

provided that, where a User has nominated or identified more than one Specified Exit Point at a Specified Entry Point, the UDQI shall be prorated in relation to the UDQOs at the relevant Specified Exit Points.

For the purposes of paragraphs 3.12.9 to 3.12.14 (inclusive), the capacity of the Specified Exit Point shall be the Supply Point Capacity, provided:

in the case of an LDZ Supply Point the capacity shall be determined in accordance with Section G5.4.1, except for a LDZ Shared Supply Point in which case the capacity shall be determined in accordance with Section G1.7.17;

for an LDZ CSEP the capacity shall be determined in accordance with paragraph 4.5.2;

in the case of an NTS Exit Point the capacity shall be equal to 24 times the Maximum NTS Exit Point Offtake Rate, except:

for an NTS Exit Point in respect of a pipeline interconnector having no physical exit capability which is both a Connected Offtake System and a Connected Delivery Facility, the capacity shall be equal to 24 times the amount (where positive) determined as the instantaneous rate (in kWh/Hour) which the Transporter determines to be the maximum instantaneous rate at which it is feasible to deliver gas to the NTS at the System Entry Point associated with such Connected Delivery Facility.

The distance (to the nearest 0.1 km) from the Specified Entry Point to the curtilage of the Specified Exit Point or the offtake from the Total System at the Specified Exit Point (whichever is the lesser) shall be calculated on a straight line basis as the minimum of each of the distances between each System Entry Point within the Specified Entry Point and the Specified Exit Point using six figure grid references. National Grid NTS shall determine a six figure grid reference for each Specified Entry Point and each Specified Exit Point (which may be revised in accordance with paragraph 3.12.13(c) or Section G2.4.12).

An application for the NTS Optional Commodity Rate for a Supply Point shall be made in accordance with the provisions of Section G2.3.2 or G2.3.9 (as the case may be) and, for a CSEP, shall be made in accordance with the provisions of paragraph 3.12.13.

A CSEP User, or a Proposing CSEP User, may apply for the NTS Optional Commodity Rate in the following manner:

by notice to National Grid NTS stating the CSEP User, the Specified Exit Point and the Specified Entry Point; and

National Grid NTS shall offer the NTS Optional Commodity Rate and shall provide the distance between the Specified Exit Point and the Specified Entry Point, the capacity of the CSEP determined in accordance with paragraph 3.12.10 and the six figure grid references used; and

where the CSEP User disputes the distance specified by National Grid NTS under paragraph (b), the CSEP User may resubmit an application in accordance with paragraph (a) stating an alternative six figure grid reference for the Specified Exit Point with supporting evidence of calculation; and

the CSEP User shall confirm acceptance of the offer made in accordance with paragraph (b) not earlier than fifteen (15) days after the submission of the confirmation (or such lesser period as National Grid NTS may specify) and not later than six months from the date of the offer.

Where National Grid NTS accepts a daily capacity offer made by a User pursuant to paragraph 3.11, National Grid NTS will pay to the User a charge ("**NTS Exit Capacity (Flat) Surrender Charge**") determined as the amount of the NTS Exit (Flat) Capacity for which the offer was accepted multiplied by the offer price.