

**Modification 0678G**

**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 Code Modification 0678 (the “**Relevant Modification**”).

25.1.2 In this paragraph 25:

- (a) references to Sections are to Sections of Part A-I of TPD Section Y (introduced by the Relevant Modification) and terms defined in Part A-I have the meanings given therein;
- (b) the “**New Methodology**” is the NTS Transportation Charging Methodology in Part A-I of TPD Section Y, subject to paragraph 25.2.2;
- (c) the “**Modification Direction Date**” is the day on which the Authority gave its direction to make the Relevant Modification;
- (d) the “**Modification Effective Date**” is:
  - (i) the first Day of the third month following the month in which the Modification Direction Date falls; or
  - (ii) such other Day, being the first Day of a month, not earlier than 1 October 2019 (and subsequent to the Modification Direction Date) as the Authority may direct in its direction to make the Relevant Modification;
- (e) the “**First New Period**” is the period which starts on the Modification Effective Date and ends on the next following 30th September;
- (f) the “**Last Old Period**” is the period which ends on the Day before the Modification Effective Date and starts on the preceding 1st October, unless the Modification Effective Date is 1st October in any year in which case there is no Last Old Period;
- (g) the “**First Publication Date**” is the Day on which National Grid NTS publishes the information specified in paragraph 25.2.1, subject to paragraph 25.1.3.

25.1.3 If the Modification Effective Date is 1st October in a year and is not less than 4 months after the Modification Direction Date, the normal rules and procedures under the New Methodology shall apply for determining Reserve Prices and Transportation Charges in respect of the First New Period.

25.1.4 The FCC Methodology applying at the Modification Effective Date is the methodology attached to the final Modification Report in respect of the Relevant Modification.

**25.2 Application of New Methodology**

25.2.1 Subject to paragraph 25.1.3, as soon as practicable after the Modification Direction Date, National Grid NTS will apply the New Methodology to determine:

- (a) Reserve Prices, and
- (b) Transmission Services Charges and Non-Transmission Services Charges

to apply in respect of the First New Period.

25.2.2 For the purposes of paragraph 25.2.1 (but subject to paragraph 25.1.3):

(a) National Grid NTS will determine (in accordance with the New Methodology, subject to paragraph (b)) Allowed FY Transmission Services Entry Revenue, Allowed FY Non-Transmission Services Entry Revenue, Allowed FY Non-Transmission Services Revenue, Forecast Contract Capacity, and all intermediate and other values required for application of the New Methodology, for the Gas Year (as a whole) in which the Modification Effective Date falls (Gas Year Y);

(b) for the purposes of Section 1.6.1:

(i) if the Modification Effective Date falls before 1 April of Gas Year Y:

(A) in determining the term ' $R_{pt}$ ' in Section 1.6.1, National Grid NTS shall determine what revenues (earned before Gas Year Y in respect of Transportation Charges prior to the Relevant Modification) it considers to correspond most closely to allowed revenue in different categories under the New Methodology;

(B) National Grid NTS may adjust the value of the term ' $(AR_t - R_{pt})$ ' to reflect revenues actually earned in Gas Year Y before the Modification Effective Date;

(ii) if the Modification Effective Date falls on or after 1 April of Gas Year Y, the value of the term  $AR_y$  shall be equal to  $AR_{t+1}$ , that is the corresponding allowed revenue for the Formula Year which starts in such Gas Year.

25.2.3 Subject to paragraph 25.1.3, National Grid NTS will, as soon as it has completed the determinations under paragraph 25.2.1, publish in respect of the First New Period:

- (a) a revised Transportation Statement including the details in Section 1.7.1;
- (b) the summary referred to in Section 1.7.2;
- (c) the details specified in Sections 2.5.3, 3.2.5 and 4.1.3.

### **25.3 Basis on which Relevant Modification is effective**

25.3.1 The Last Old Period (if any) and the First New Period are treated as separate Gas Years for the purposes provided in this paragraph 25.3.

25.3.2 The Reserve Prices determined for the First New Period shall apply in respect of each Auction and Allocation Process:

- (a) which is initiated (by National Grid NTS sending the relevant invitation to Users) on or after the First Publication Date; and
- (b) in respect of NTS Capacity to be allocated for a period commencing on or after the Modification Effective Date.

25.3.3 For the purposes of Sections 2.1.4 and 2.1.6, pursuant to paragraph 25.3.1:

- (a) the First New Period is a capacity year; and
- (b) the Last Old Period (if any) is an auction year or year in which an Allocation Process is held;

and accordingly, subject to Section 2.1.5, the Reserve Prices determined (in accordance with paragraph 25.3.1) in respect of the First New Period apply (as provided in Section 2.1.4(c) and 2.1.6) for the purposes of determining Capacity Charges payable for any month of the First New Period, commencing from the Modification Effective Date, in respect of all NTS Capacity held for that month, whether allocated:

- (i) in a Gas Year ending before the Modification Effective Date;
- (ii) in the Last Old Period (if any); or
- (iii) in the First New Period

and whether (in a case within (i) or (ii)) the Modification Effective Date falls at the start of or during a period of the relevant duration of the NTS Capacity.

25.3.4 Where NTS Entry Capacity at an Intra-System Entry Point was allocated (pursuant to an Auction or PARCA) on or after the Tariff Regulation Effective Date and before the Modification Effective Date, the rule in Section 2.1.4 will not have applied in respect of Capacity Charges (in respect of such NTS Entry Capacity) which accrued before the Modification Effective Date, and nothing in the New Methodology or this paragraph 25 requires any retrospective application of that rule in respect of those Capacity Charges.

25.3.5 Transportation Charges determined under the New Methodology shall be payable, and the provisions of TPD Section B (as modified by the Relevant Modification) for payment of such Transportation Charges apply, with effect from the Modification Effective Date.

## **25.4 Offtake Reconciliation**

25.4.1 For the purposes of any invoice dispute or other dispute, adjustment or reconciliation under the Code relating to any period before the Modification Effective Date, the relevant Transportation Charges shall be those prevailing under the provisions of the Code as in force before the Relevant Modification.

25.4.2 Without limitation, paragraph 25.4.1 applies in respect of Reconciliation Transportation Charge Adjustments pursuant to any Offtake Reconciliation carried out after the Modification Effective Date for which the Reconciliation Metered Period includes any Day or Days before the Modification Effective Date.

## **25.5 NTS Optional Commodity Rate**

25.5.1 In this paragraph 25.5:

- (a) the "**Optional Commodity Rate**" is the NTS Optional Commodity Rate pursuant to TPD Section B (as in force prior to the Relevant Modification);
- (b) the "**Notification Date**" is the date 150 Days before the Modification Effective Date, or if later 10 Business Days after the Modification Direction Date.

25.5.2 Where a User has elected for the Optional Commodity Rate, such election (if then continuing in force) shall, with effect on and from the Modification Effective Date, automatically take effect as a NOCC Election (in respect of the same Specified Entry Point and Specified Exit Point), unless the User gives a disapplication notice in accordance with paragraph 25.5.3.(b).

25.5.3 Where as at the Modification Direction Date a User has elected for the Optional Commodity Rate:

- (a) National Grid NTS will, not later than the Notification Date, give notice to the User stating the Specified Entry Point and Specified Exit Point and the rates of the NTS Optional Capacity Charges which (from the Modification Effective Date) will apply under paragraph 25.5.2;
- (b) the User may, within 30 Days after receipt of National Grid NTS's notice, or (if sooner) not less than 5 Business Days before the Modification Effective Date, give notice ("disapplication notice") to National Grid NTS to the effect that the NOCR election shall lapse on and with effect from the Modification Effective Date, in which case paragraph 25.5.2 shall not apply

25.5.4 Where at the Modification Direction Date a User has applied for, and an offer has been made to (but not confirmed by) the User for, the Optional Commodity Rate:

- (a) National Grid NTS will, not later than the Notification Date, give notice to the User stating the rates of the NTS Optional Capacity Charges which (from the Modification Effective Date) will apply under paragraph 25.5.2 if the User confirms the offer;
- (b) the User may confirm the offer or not as it decides.

25.5.5 Where after the Modification Direction Date and before the Modification Effective Date a User applies for the Optional Commodity Rate, the offer made to the User will specify both:

- (a) the Optional Commodity Rate in accordance with the provisions of the Code prior to the Relevant Modification, and
- (b) the rates of the NTS Optional Capacity Charges which will apply from the Modification Effective Date if the User confirms the offer.

25.5.6 Where as at the Modification Effective Date an offer for the Optional Commodity Rate has been made to (but not confirmed by) a User, the offer shall take effect from the Modification Effective Date as a notice from National Grid NTS under TPD Section B8.2.1(b)(i) in respect of a proposed NOCC Election.