

Modification 0678I

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 25.3.2;
- (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 1 October in the first Gas Year which starts not less than four months after the Modification Direction Date;
- (e) the “**First Gas Year**” is the Gas Year which starts on the Modification Effective Date.

25.1.3 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 The New Methodology shall apply to determine

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

to apply in respect of the First Gas Year.

25.3 Basis on which Relevant Modification is effective

25.3.1 The Reserve Prices determined for the First Gas Year 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 Modification Direction Date; and
- (b) in respect of NTS Capacity to be allocated for a period commencing on or after the start of the First Gas Year.

25.3.2 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.

25.3.3 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.

25.3.4 For the purposes of Section 2.5.2(c):

- (a) the first Gas Year for which the FCC Methodology is effective is the Gas Year starting on the Modification Effective Date;
- (b) notwithstanding that Section, National Grid NTS may change the FCC Methodology (subject to and in accordance with the further provisions of Section 2.5.2) with effect from the Gas Year following the First Gas Year.

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 25.5.1 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;
- (c) references to applications, offers and elections for the Optional Commodity Rate are to cases for which the Specified Exit Point is an Eligible Exit Point (as provided in TPD Section 8.1.2(b)) in relation to the Specified Entry Point.

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 NOWC 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 Wheeling 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 Wheeling 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 Wheeling 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 NOWC Election.

25.6 NTS Optional Commodity Rate

25.6.1 For the avoidance of doubt any election ("**NOCR election**") by a User for the NTS Optional Commodity Rate pursuant to TPD Section B (as in force prior to the Relevant Modification), other than an election within paragraph 25.5 above, shall lapse and (without prejudice to paragraph 25.5) have no effect on and from the Modification Effective Date.

25.6.2 Where at the Modification Direction Date a User has made a NOCR election which will remain in force on the Day before the Modification Effective Date, National Grid NTS shall notify the User, as soon as reasonably practicable after the Modification Direction Date, that such election will lapse on the Modification Effective Date pursuant to paragraph 25.6.1.

25.6.3 Where following the Modification Direction Date a User makes a NOCR election, National Grid NTS will inform the User, as soon as reasonably practicable after the NOCR election, that such election will lapse on the Modification Effective Date pursuant to paragraph 25.6.1.