MODIFICATION 0718A

ANNEX A

AMENDMENTS TO GAS TRANSMISSION CHARGING REGIME – CONDITIONAL NTS CAPACITY CHARGE DISCOUNT

LEGAL TEXT CHANGES TO UNIFORM NETWORK CODE

This text is stated by reference to the legal text of Modification Proposals 0678 and 0678A; ie as modifications of UNC as it would read if either of those modifications is made.

NEW B8

8 Conditional NTS Discounts

8.1 General

8.1.1 Where a User delivers gas to and offtakes gas from the NTS at (respectively) an Aggregate System Entry Point and NTS System Exit Point for which (in accordance with Section 5 of the NTS Transportation Charging Methodology) the CNTCD Eligibility Criteria are met, the User may elect that the Conditional NTS Transportation Charge Discounts shall apply in respect of NTS Capacity Charges and General Non-Transmission Service Charges in respect of such NTS System Points, subject to and in accordance with this paragraph 8 (a " CNTCD **Election**").

8.1.2 For the purposes of this paragraph 8:

(a) the "**Straight Line Distance**" is the distance between an Aggregate System Entry Point and System Exit Point, determined as the least of the distances, on a straight-line basis, to the nearest 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);

(b) where a User has made a CNTCD Election, the "**Nominated Entry Point**" and "**Nominated Exit Point**" are the Aggregate System Entry Point and NTS System Exit Point (respectively) for which the User has made such election.

8.2 Procedure

8.2.1 For the purposes of this paragraph 8, and (in relation to a Supply Point) subject to the provisions of TPD Section G:

(a) a User may give notice to the CDSP of a proposed CNTCD Election, nominating:

(i)   an Eligible Entry Point; and

(ii)   an Eligible Exit Point (subject to paragraphs 8.2.3 and 8.2.4), being:

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

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

    (C)   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 gives notice of a proposed CNTCD Election:

(i)   the CDSP shall (within two (2) Supply Point Systems Business Days, except where a referral to National Grid NTS is required as provided in paragraph (v)) respond to the User by notice:

    (A)   specifying the Straight Line Distance between the nominated Eligible Entry Point and Eligible Exit Point, and the six-figure grid references (as referred to in paragraph 8.1.2(a)) from which such distance is determined;

    (B)   stating, on that basis of that Straight Line Distance, whether the CNTCD Eligibility Criteria are met;

    (C)   if so, on that basis of that Straight Line Distance, specifying the amount of the CNCC Discount and the Discounted Applicable Daily Rates (for each point) in accordance with Section 5.4 of the NTS Transportation Charging Methodology, and specifying the Discounted Applicable Commodity Rate;

    (D)   if the CNTCD Eligibility Criteria are not met or the proposed election is otherwise invalid, rejecting the proposed election;

(ii)   if the User disputes the distance as determined by the CDSP, the User may resubmit its notice including an alternative six-figure grid reference for the Eligible Exit Point, together with supporting evidence, and the CDSP shall respond indicating whether National Grid NTS accepts such alternative and providing the details (revised accordingly) in paragraph 8.2.1(b) above;

(iii)   following the CDSP's response under paragraph (i) or (ii), and if the CNTCD Eligibility Criteria are met, the User may, by no later than six (6) months after the date of such response, confirm the CNTCD Election by notice to the CDSP specifying the date from which the CNTCD Election is effective which shall be not less than five (5) and not more than thirty (30) Supply Point Systems Business Days after the date of such confirmation;

(iv)   where, with effect from the start of a new Gas Year starts within the six (6) month period referred to in paragraph (iii) and before the User has confirmed the CNTCD Election, the Discounted Applicable Daily Rates or Discounted Applicable Commodity Rate changes, the CDSP's response under paragraph (i) shall be deemed amended to provide for such changed rates (and the

CDSP will not notify such change to the User prior to the User's confirmation under paragraph (iii));

(v) the CDSP will refer to National Grid NTS any dispute under paragraph (ii) and any other case in which the CDSP does not have information necessary for its response under paragraph (i);

(c) a User may terminate a CNTCD Election by notice to the CDSP specifying the effective date of termination, which shall not be less than five (5) and not more than thirty (30) Supply Point System Business Days; provided that a User shall be deemed to have terminated a CNTCD Election where the Nominated Exit Point is a Supply Point and the User ceases to be the Registered User of the Supply Point;

(d) notices between a User and the CDSP under this paragraph 8.2.1 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 CNTCD Election shall remain in force until it is terminated under paragraph 8.2.1(c); and before the start of each Gas Year the CDSP will give notice to each User which has made (and not given notice of termination of) a CNTCD Election to remind the User that the election will continue in force in the following Gas Year.

8.2.3 Where a CNTCD Election in respect of a given Nominated Exit Point is terminated in accordance with paragraph 8.2.1(c) with effect within a Gas Year (Y), the User may not make a further CNTCD Election which is effective within Gas Year Y in respect of that Nominated Exit Point.

8.2.4 A User may not nominate an Eligible Exit Point as Nominated Exit Point under more than one CNTCD Election; but a User may nominate an Eligible Entry Point as Nominated Entry Point under more than one CNTCD Election (each for a different Nominated Exit Point).

8.3   Determination of charges payable

8.3.1 Where a User has made a CNTCD Election, for each Day for which such election is in force, the User shall pay (subject to paragraph 8.3.9):

(a) NTS Entry Capacity Charges at the Discounted Applicable Daily Rate in respect of the Eligible Entry Amount of Firm NTS Entry Capacity at the Nominated Entry Point;

(b) NTS Exit Capacity Charges at the Discounted Applicable Daily Rate in respect of the Eligible Exit Amount of Firm NTS Exit (Flat) Capacity at the Nominated Exit Point;

(c) General Non-Transmission Service Charges at the Discounted Applicable Commodity Rate in respect of the Eligible Daily Quantity at the Nominated Entry Point and at the Nominated Exit Point.

8.3.2 The User shall pay:

(a) Capacity Charges, at the Applicable Daily Rate without CNCC Discount in respect of:

<blockquote>

(i)   the User's Registered Firm NTS Entry Capacity each Day in excess (on the basis in paragraph 8.3.9 where applicable) of the Eligible Entry Amount (in aggregate for all of its CNCCD Elections for the Nominated Entry Point);

(ii)   the User's Firm NTS Exit Capacity each Day in excess (on the basis in paragraph 8.3.9 where applicable) of the Eligible Exit Amount;

(iii)   the User's Registered Interruptible NTS Entry Capacity and Interruptible NTS Exit Capacity;

</blockquote>

(b)   General Non-Transmission Service Charges, at the Applicable Commodity Rate without CGNTSC Discount, in respect of:

<blockquote>

(i)   The User's UDQIs (for all System Entry Points comprised in the Nominated Entry Point) each Day in excess of the Eligible Daily Quantity (in aggregate for all of its CNTCD Elections for the Nominated Entry Point);

(ii)   The User's UDQO each Day in excess of the Eligible Daily Quantity.

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8.3.3   In relation to a CNTCD Election, the "**Eligible Entry Amount**" for a Day is determined as the lesser of:

(a)   the Base Eligible Entry Amount; and

(b)   the amount calculated as:

$$\max \{0, (EEP * (ARC - ERH))\}$$

where

EEP   is the Election Entry Proportion

ARC   is the aggregate amount of the User's Registered Firm NTS Entry Capacity at the Nominated Entry Point for the Day

ERH   is the User's Existing Registered Holding at the Nominated Entry Point.

8.3.4   In relation to a CNTCD Election, the "**Eligible Exit Amount**" for a Day is determined as the lesser of:

(a)   the Base Eligible Exit Amount; and

(b)   the aggregate amount of the User's Registered Firm NTS Exit (Flat) Capacity at the Nominated Exit Point for the Day.

8.3.5   The "**Base Eligible Entry Amount**" (BEA_{En}) for the Nominated Entry Point for a CNCCD Election and a Day is calculated as follows:

$$BEA_{En} = \max \{0, (ADQ - (EEP * ERH))\}$$

where for that Day

ADQ   is the Applicable Daily Quantity

EEP   is the Election Entry Proportion

ERH   is the User's Existing Registered Holding at the Nominated Entry Point

8.3.6   The "**Base Eligible Exit Amount**" for the Nominated Exit Point for a Day is the Applicable Daily Quantity.

8.3.7   The "**Applicable Daily Quantity**" (ADQ) for a CNCCD Election and a Day is calculated as:

$$ADQ = \min(Cap_{En}, Cap_{Ex}, DQ_{En}, DQ_{Ex})$$

where for that Day

(a) Cap_{En} is the Election Entry Proportion of the User's Fully-Adjusted Available Firm NTS Entry Capacity at the Nominated Entry Point;

(b) Cap_{Ex} is the User's Fully-Adjusted Available Firm NTS Exit (Flat) Capacity at the Nominated Exit Point;

(c) DQ_{En} is the Election Entry Proportion of the sum of the User's UDQIs for each System Entry Point within the Nominated Entry Point (aggregate UDQI, or "AUDQI");

(d) DQ_{Ex} is the User's UDQO for the Nominated Exit Point.

8.3.8   The "**Election Entry Proportion**" for a CNTCD Election and a Day is:

(a)   subject to paragraph (b), one (1);

(b)   where the User has made more than one CNTCD Election in relation to the same Eligible Entry Point, for the purposes of each such election, the proportion determined as:

$$RQ_{Ex} / \Sigma RQ_{Ex}$$

where

RQ_{Ex} is

(i)   for the purposes of paragraphs 8.3.3(b), 8.3.5 and 8.3.7(a), the User's Fully Adjusted Available Firm NTS Exit Capacity at the Nominated Exit Point;

(ii)   for the purposes of paragraph 8.3.7(c), the User's UDQO at the Nominated Exit Point;

Σ is the sum over all of the User's CNTCD Elections for the Nominated Entry Point.

8.3.9   Where for a Day the User holds:

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

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

pursuant to more than one allocation of such NTS Capacity (but excluding Existing Registered Holding), 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:

> (i)   the Eligible Entry Amount or (as the case may be) Eligible Exit Amount for the purposes of a CNTCD Election shall be deemed to comprise separate tranches of NTS Capacity pursuant to each such allocation, in the proportions of the User's Registered NTS Capacity pursuant to each such allocation;

> (ii)   for the purposes of paragraph 8.3.1, the Discounted Applicable Daily Rate shall be determined and shall apply separately in respect of each such tranche.

8.3.10 The "**Eligible Daily Quantity**" for a CNTCD Election and a Day is calculated as:

$$EDQ = \min(DQ_{En}, DQ_{Ex})$$

where DQ_{En} and DQ_{Ex} have the same meanings as in paragraph 8.3.7.