

## 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 0621E (the “**Relevant Modification**”), and related variations to TPD Section B and TPD Section E (as modified by the Relevant Modification).
- 25.1.2 In paragraphs 25.1 to 25.3, references to Sections are to Sections of Part A-I of TPD Section Y and terms defined in Part A-I have the meanings given therein.
- 25.1.3 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.
- 25.1.4 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.
- 25.1.5 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, subject to the provisions of paragraphs 25.4 and 25.6.
- 25.1.6 Certain provisions of TPD Section G, which are removed by the Relevant Modification, continue to apply (in connection with the NTS Optional Charge) until the last day of the last Transition Gas Year on the modified basis set out in paragraph 25.6.8.
- 25.1.7 “**Transition Gas Year**” means:
- (a) subject to paragraph (b), each of the Gas Years 2019/2020 and 2020/2021; and
  - (b) for the purposes of paragraphs 25.1 to 25.4 as they relate to Exit Points (excluding 25.1.6 and 25.2.2), each of the Gas Years 2019/2020, 2020/2021, and 2021/2022.
- 25.1.8 The further provisions of this paragraph 25 are organised as follows:
- (a) paragraphs 25.2, 25.3 and 25.5 modify the NTS Transportation Charging Methodology in respect of each Transition Gas Year, as follows:
    - (i) paragraph 25.2 sets values for certain parameters used in the NTS Transportation Charging Methodology to apply for each Transition Gas Year;

- (ii) paragraph 25.3 modifies the basis on which the Entry Transmission Services Revenue Recovery Charges and Exit Transmission Services Revenue Recovery Charges are determined for each Transition Gas Year; and
- (iii) paragraph 25.5 provides for the application and determination of NTS Optional Charges; and
- (b) paragraphs 25.4 and 25.6 modify the provisions of TPD Section B and other provisions of the Code, to reflect the transitional provisions referred to in paragraph (a) above, as follows:
  - (i) paragraph 25.4 gives effect to the variations to the Entry Transmission Services Revenue Recovery Charges and Exit Transmission Services Revenue Recovery Charges for each Transition Gas Year; and
  - (ii) paragraph 25.6 gives effect to the NTS Optional Charge.

## **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.

25.2.2 For the purposes of Section 2.5, for each Transition Gas Year:

- (a) Forecast Contracted Capacity for each Entry Point shall be equal to Licence Baseline Entry Capacity (Table 4B in Special Condition 5F, expressed in kWh/Day);
- (b) Forecast Contracted Capacity for each for Exit Point shall be equal to Licence Baseline Exit Capacity (Table 8 in Special Condition 5G, expressed in kWh/Day);
- (c) Section 2.5.2 shall not apply (but without prejudice to the requirement for National Grid NTS to publish the above values for Forecast Contracted Capacity).

25.2.3 In relation to the Gas Year following the last Transition Gas Year, National Grid NTS will comply with the requirement (to consult on and publish a summary of its methodology for Forecast Contracted Capacity) under Section 2.5.3 no later than 1 February in the last Transition Gas Year.

## **25.3 Revenue Recovery Charges**

25.3.1 For each Transition Gas Year, for the purposes of determining Entry Transmission Services Revenue Recovery Charges and Exit Transmission Services Revenue Recovery Charges:

- (a) Section 3.2 shall not apply in relation to Intra-System NTS Points;
- (b) paragraphs 25.3.2 to 25.3.7 and 25.5.1 shall apply in relation to Intra-System Points; and

- (c) in relation to Interconnection Points, Sections 3.1.2 and 3.2 shall apply on the modified basis set out in paragraph 25.3.8,

and for the purposes of this paragraph 25.3 and the further provisions of this paragraph 25, references to Exit Points include both NTS Exit Points and LDZ Exit Points.

25.3.2 For the purposes of this paragraph 25.3, in relation to a Gas Year:

- (a) the “**Forecast Aggregate Intra-System Entry Quantity**” (FAEnQ<sub>ISP,y</sub>) is the aggregate quantity of gas which National Grid NTS estimates will be delivered by Users to the NTS (and allocated as UDQIs) at Intra-System Entry Points, excluding Excluded Storage Quantities;
- (b) the “**Forecast Aggregate Interconnection Point Entry Quantity**” (FAEnQ<sub>IP,y</sub>) is the aggregate quantity of gas which National Grid NTS estimates will be delivered by Users to the NTS (and allocated as UDQIs) at Interconnection Points;
- (c) the “**Forecast Aggregate Intra-System Exit Quantity**” (FAExQ<sub>ISP,y</sub>) is the aggregate quantity of gas which National Grid NTS estimates will be offtaken by Users from the NTS (and allocated as UDQOs) at Intra-System Exit Points, excluding Excluded Storage Quantities;
- (d) the “**Forecast Aggregate Interconnection Point Exit Quantity**” (FAExQ<sub>IP,y</sub>) is the aggregate quantity of gas which National Grid NTS estimates will be offtaken by Users from the NTS (and allocated as UDQOs) at Interconnection Points; and
- (e) “**Forecast Aggregate Fully-Adjusted Interconnection Point Exit Capacity**” is the aggregate amount of NTS Exit (Flat) Capacity (of all Capacity Allocation Types) which National Grid NTS estimates will be held allocated at Interconnection Points for the Gas Year, Fully-Adjusted (as provided in TPD Section B3.8.6(c)) each Day, on the basis in Section 2.2.3.

25.3.3 For each Transition Gas Year, the Forecast Entry Revenue Difference (FEnRD<sub>y</sub>) and the Forecast Exit Revenue Difference (FExRD<sub>y</sub>) shall be divided between Intra-System Points and Interconnection Points as follows:

- (a) the Intra-System Point Share of the Forecast Entry Revenue Difference (FEnRD<sub>ISP,y</sub>) is calculated as:

$$FEnRD_{ISP,y} = FEnRD_y * FAEnQ_{ISP,y} / (FAEnQ_{ISP,y} + FAEnQ_{IP,y})$$

- (b) the Intra-System Point Share of the Forecast Exit Revenue Difference (FExRD<sub>ISP,y</sub>) is calculated as:

$$FExRD_{ISP,y} = FExRD_y * FAExQ_{ISP,y} / (FAExQ_{ISP,y} + FAExQ_{IP,y})$$

- (c) the Interconnection Point Share of the Forecast Entry Revenue Difference (FEnRD<sub>IP,y</sub>) is calculated as:

$$FEnRD_{IP,y} = FEnRD_y * FAEnQ_{IP,y} / (FAEnQ_{ISP,y} + FAEnQ_{IP,y})$$

- (d) the Interconnection Point Share of the Forecast Exit Revenue Difference ( $FExRD_{IP,y}$ ) is calculated as:

$$FExRD_{IP,y} = FExRD_y * FAExQ_{IP,y} / (FAExQ_{ISP,y} + FAExQ_{IP,y})$$

- 25.3.4 For each Transition Gas Year, the Applicable Commodity Rate of the Entry Transmission Services Revenue Recovery Charge ( $EnRRC_y$ , in £/kWh) for Intra-System Entry Points is determined as follows:

$$EnRRC_y = FEnRD_{ISP,y} / FAEnQ_{ISP,y}$$

where, for the Gas Year:

$FEnRD_{ISP,y}$  is the Intra-System Point Share of Forecast Entry Revenue Difference; and

$FAEnQ_{ISP,y}$  is Forecast Aggregate Intra-System Entry Quantity.

- 25.3.5 The Entry Transmission Services Revenue Recovery Charge is a Commodity Charge (but is not payable in respect of Interconnection Points or Excluded Storage Quantities) and is payable by Users to National Grid NTS where it is negative and to Users by National Grid NTS where it is positive.

- 25.3.6 For each Transition Gas Year, the Applicable Commodity Rate of the Exit Transmission Services Revenue Recovery Charge ( $ExRRC_y$ , in £/kWh) for Intra-System Exit Points is determined as follows:

$$ExRRC_y = FExRD_{ISP,y} / FAExQ_{ISP,y}$$

where, for the Gas Year:

$FExRD_{ISP,y}$  is the Intra-System Point Share of Forecast Exit Revenue Difference; and

$FAExQ_{ISP,y}$  is Forecast Aggregate Intra-System Exit Quantity.

- 25.3.7 The Exit Transmission Services Revenue Recovery Charge is a Commodity Charge (but is not payable in respect of Interconnection Point Quantities or Excluded Storage Quantities) and is payable by Users to National Grid NTS where it is negative and to Users by National Grid NTS where it is positive.

- 25.3.8 For each Transition Gas Year, the Applicable Daily Rates of the Entry Transmission Services Revenue Recovery Charge and Exit Transmission Services Revenue Recovery Charge for Interconnection Points shall be determined in accordance with Section 3 on the basis that:

- (a) in Sections 3.1.2 and 3.2.1:
- (i) references to Entry Points are to Entry Points at Interconnection Points only; and
  - (ii) Forecast Entry Revenue Difference is replaced by the Interconnection Point Share of Forecast Entry Revenue Difference; and

- (b) in Section 3.2.3:
  - (i) Forecast Exit Revenue Difference is replaced by the Interconnection Point Share of Forecast Exit Revenue Difference; and
  - (ii) Forecast Aggregate Fully-Adjusted Exit Capacity is replaced by Forecast Aggregate Fully-Adjusted Interconnection Point Exit Capacity.

25.3.9 For each Transition Gas Year, National Grid NTS shall, by the relevant date, determine and publish the Entry Transmission Services Revenue Recovery Charge and the Exit Transmission Services Revenue Recovery Charge for Intra-System Points and for Interconnection Points together with an explanation of the basis on which such charges have been determined.

25.3.10 The provisions of Section 3.3 under which National Grid NTS may revise the Entry Transmission Services Revenue Recovery Charge or Exit Transmission Services Revenue Recovery Charge for a Gas Year shall apply in respect of each Transition Gas Year, separately in relation to Intra-System Points and Interconnection Points, in accordance with Section 1.10 and on the basis that the reference in Section 3.3.1 to National Grid NTS's estimates shall include (as applicable) the estimates referred to in paragraph 25.3.2 above.

#### **25.4 Variations of other TPD Sections in connection with Transmission Services Revenue Recovery Charges**

25.4.1 For each Transition Gas Year:

- (a) for the purposes of TPD Section B1.7.8(a) and (b), the Entry Transmission Services Revenue Recovery Charge and Exit Transmission Services Revenue Recovery Charge are charges determined as provided in paragraph 25.3;
- (b) in relation to Intra-System Points, TPD Sections B2.11.1(d) and 2.11.7 shall not apply and paragraph 25.4.2 shall apply in their place; and
- (c) in relation to Interconnection Points, TPD Section B2.11.1(d) and 2.11.7 shall apply on the modified basis in paragraph 25.4.3.

25.4.2 In relation to Intra-System Entry Points:

- (a) a User shall pay to National Grid NTS, or (where the Applicable Commodity Rate is negative) National Grid NTS shall pay to the User, the Entry Transmission Services Revenue Recovery Charge for each Day in accordance with paragraph (b); and
- (b) the Entry Transmission Services Revenue Recovery Charge for each System Entry Point shall be calculated as such User's User Daily Quantity Input multiplied by the Applicable Commodity Rate determined in accordance with paragraph 25.3.

25.4.3 In relation to Interconnection Points. TPD Sections B2.11.1(d) and 2.11.7 shall apply on the basis that those Sections refer only to Interconnection Points and that reference to the rates for Entry Transmission Services Revenue Recovery Charges are to the rates determined in accordance with paragraph 25.3.8.

25.4.4 For each Transition Gas Year, TPD Sections B3.12.1(d) and 3.12.9 shall not apply and paragraphs 25.4.5 and 25.4.6 shall apply in their place.

25.4.5 In relation to Intra-System Exit Points:

- (a) a User shall pay to National Grid NTS, or (where the Applicable Commodity Rate is negative) National Grid NTS shall pay to the User, the Exit Transmission Services Revenue Recovery Charge for each Day in accordance with paragraph (b); and
- (b) the Exit Transmission Services Revenue Recovery Charge for each System Exit Point shall be calculated:
  - (i) for each System Exit Point, excluding Storage Connection Points, as the User Daily Quantity Output; and
  - (ii) 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 determined in accordance with paragraph 25.3.

25.4.6 In relation to Interconnection Points:

- (a) 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 for each Day in accordance with paragraph (b); and
- (b) the Exit Transmission Services Revenue Recovery Charge for each Interconnection Point shall be calculated as such User's Fully-Adjusted Available NTS Exit (Flat) Capacity multiplied by the Applicable Daily Rate determined in accordance with paragraph 25.3.

25.4.7 For each Transition Gas Year:

- (a) TPD Sections E 1.3.4(c), E6.4.1 and E6.4.2(a)(i) and (b)(i) shall apply on the basis that after "General Non-Transmission Services Charges" is inserted "and Exit Transmission Services Revenue Recovery Charges"; and
- (b) TPD Sections E6.2.6 shall apply on the basis that after "General Non-Transmission Services Charge" is inserted "and Exit Transmission Services Revenue Recovery Charge".

**25.5 NTS Optional Charges**

25.5.1 For each Transition Gas Year, a User may elect to pay NTS Optional Charges in substitution (in whole or part) for Transmission Services Revenue Recovery Charges and General Non-Transmission Services Charges, subject to and in accordance with paragraph 25.6.

25.5.2 An "NTS Optional Charge" is:

- (a) in relation to an Intra-System System Point, a Commodity Charge for which the Applicable Commodity Rate is the "NTS Optional Charge Commodity Rate"; and
- (b) in relation to an Interconnection Point, a charge in respect of NTS Capacity for which the Applicable Daily Rate is the "NTS Optional Charge Capacity Rate".

25.5.3 The following formula shall be used to determine the NTS Optional Charge Commodity Rate (in p/kWh) in respect of a Specified Entry Point and Specified Exit Point:

$$\text{NTS Optional Charge Commodity Rate} = w * (M^x) * D + y * (M^z)$$

where w, x, y and z are quantities derived, on the basis of the NTS OCR Methodology, from the estimated costs of laying and operating a dedicated pipeline of NTS specification, for which the units and values for the Gas Year 2018/19 are set out in the table below. For each subsequent Gas Year (up to and including the last Transition Gas Year) the values of w, x, y and z shall be redetermined by adjusting, in the NTS OCR Methodology, the estimated costs by reference to the change in the Retail Prices Index on the basis set out in the NTS OCR Methodology:

Term	Units	Value for Gas Year 2018/19
w	p/kWh/Day per km	2082
x	None	-0.835
y	p/kWh/Day	609
z	None	-0.654

and where:

M is a measure (expressed in kWh/Day) of maximum offtake rate at the Specified Exit Point, being:

- (a) in the case of a NTS System Exit Point, 24 \* the Maximum NTS Exit Point Offtake Rate specified in the Network Exit Agreement;
- (b) in the case of a LDZ Supply Point for which there is no Network Exit Agreement in force, 24 \* the Supply Point Offtake Rate;
- (c) in the case of an Interconnection Point, the maximum permitted aggregate rate (expressed in kWh/day) of physical exit flow as specified in the relevant Interconnection Agreement or if not so specified as determined by National Grid NTS;

D is the distance (in accordance with paragraph 25.6.2(e)) from the Specified Exit Point to the Specified Entry Point in km; and

^ means 'to the power of'.

25.5.4 The “**NTS OCR Methodology**” is the methodology developed and published by National Grid NTS for the purposes of this paragraph 25.5.

25.5.5 Where a NOC Election is in force in respect of a LDZ Supply Point, and (pursuant to any provision of TPD Section G) the Supply Point Offtake Rate in respect of a LDZ Supply Point is revised, the NTS Optional Charge Commodity Rate shall be redetermined (and the redetermined rate shall apply for the purposes of determining the NTS Optional Charge payable by the User) with effect from the date of such revision.

- 25.5.6 Where the Specified Entry Point or Specified Exit Point is an Interconnection Point, the NTS Optional Charge Capacity Rate is the amount calculated (as provided above) as the NTS Optional Charge Commodity Rate divided by one Day.
- 25.5.7 For the purposes of Section 1.4, the NTS Optional Charge will be treated as a Transmission Services Charge, and revenue derived from the NTS Optional Charge will be treated as Transmission Services Revenue.
- 25.5.8 For the purposes of Section 1.5, for each Transition Gas Year, the Transportation Statement published by National Grid NTS will include the formula for the NTS Optional Charge Commodity Rate.

## 25.6 Variations of TPD Sections B and G – NTS Optional Charge

- 25.6.1 For each Transition Gas Year, where a User delivers gas to and offtakes gas from the Total System at (respectively) an Eligible Entry Point and related Eligible Exit Point, the User may elect to pay NTS Optional Charges in substitution (in whole or part) for Transmission Services Revenue Recovery Charges and General Non-Transmission Services Charges in respect of such Entry Point and Exit Point, subject to and in accordance with this paragraph 25.6 (an "**NOC Election**").
- 25.6.2 For the purposes of this paragraph 25.6:
- (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 System Exit Point which is not a Storage Connection Point and which is not more than 60 km distant (as determined in accordance with paragraph 25.6.2(e)) from the Eligible Entry Point;
  - (c) the Bacton IP ASEP and the Bacton UKCS ASEP shall:
    - (i) for the purposes of paragraphs 25.6.1 to 25.6.5, be considered to be combined as a single Eligible Entry Point (referred to as the "**Bacton Combined ASEP**"); and
    - (ii) for the purposes of paragraph 25.6.7, be considered to be (respectively) an Interconnection Point and an Intra-System Point;
  - (d) where a User has made a NOC 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
  - (e) 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, 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 25.6.3(b)(ii).

25.6.3 For the purposes of this paragraph 25.6, and (in relation to a Supply Point) subject to the provisions of TPD Section G referred to in paragraph 25.6.8:

- (a) a User may give notice to National Grid NTS of a proposed NOC Election, specifying:
  - (i) the Eligible Entry Point;
  - (ii) in relation to that Eligible Entry Point, an Eligible Exit Point, being:
    - (A) a Supply Point of which the User is (or will be) Registered User; or
    - (B) a 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 proposes a NOC Election:
  - (i) National Grid NTS shall respond to the User by notice specifying:
    - (A) the distance between the Eligible Entry Point and Eligible Exit Point, and the six-figure grid references (as referred to in paragraph 25.6.2(e)) from which such distance is determined, and the maximum offtake rate ('M', as referred to in paragraph 25.5.3);
    - (B) on the basis thereof, the NTS Optional Charge Commodity Rate in accordance with paragraph 25.5.3;
  - (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 25.6.3(b)(i) above; and
  - (iii) the User may confirm the NOC Election by notice to National Grid NTS following National Grid NTS's response under paragraph (i) or (ii), specifying the date from which the NOC 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 NOC 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 NOC 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 NOC Election shall remain in force until terminated under paragraph (c) but shall in any event lapse with effect from the end of the last Transition Gas Year; and

- (e) notices between a User and National Grid NTS under this paragraph 25.6.3 shall be given:
  - (i) where the Eligible Exit Point is a 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.

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

25.6.5 Where a User has made a NOC Election, for each Day for which such election is in force, subject to paragraph 25.6.6, in relation to such NOC 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 NOC 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 Quantity**" is the lesser of:
  - (i) the Applicable Daily Entry Quantity; and
  - (ii) the User's UDQO for the Specified Exit Point ("**Specified Exit Point UDQO**"),
 or if they are equal, the Applicable Daily Entry Quantity;
- (c) where the Specified Entry Point or the Specified Exit Point is an Interconnection Point, the "**Applicable Daily Capacity**" is an amount of NTS Capacity determined as the Applicable Daily Quantity divided by one Day;
- (d) the "**Residual Quantity Point**" is:
  - (i) the Specified Entry Point, where the Applicable Daily Entry Quantity is greater than the Specified Exit Point UDQO;
  - (ii) otherwise, the Specified Exit Point;

- (e) where the Residual Quantity Point is an Intra-System Point, the "**Residual Daily Quantity**" is the amount by which:
- (i) if the Residual Quantity Point is an Entry Point, the Applicable Daily Entry Quantity; or
  - (ii) if the Residual Quantity Point is an Exit Point, the Specified Exit Point UDQO exceeds the Applicable Daily Quantity (or zero if the quantities in paragraphs (i) and (ii) are equal);
- (f) where the Residual Quantity Point is an Interconnection Point, the "**Residual Daily Capacity**" is an amount of NTS Capacity determined as:
- (i) if the Residual Quantity Point is an Entry Point, the User's Fully-Adjusted Available NTS Entry Capacity less the Applicable Daily Capacity; or
  - (ii) if the Residual Quantity Point is an Exit Point, the User's Fully-Adjusted Available NTS Exit (Flat) Capacity less the Applicable Daily Capacity;
- but in either case not less than zero.

25.6.6 Where under a NOC Election the Bacton Combined ASEP is the Specified Entry Point, for each Day:

- (a) the calculations under paragraph 25.6.5 shall be made on the basis of the User's UDQIs and Fully-Adjusted Available NTS Entry Capacity at the Bacton Combined ASEP as a whole (which for this purposes shall be treated as being an Intra-System Point for the purposes of paragraph 25.6.5(e) and an Interconnection Point for the purposes of paragraph 25.6.5(c) and 25.6.5(f));
- (b) the following further calculations shall then be made:
- (i) the quantity (ADQ') determined under paragraph 25.6.5(b), shall be divided into:
    - (A) a quantity in respect of the Bacton UKCS ASEP, determined as:
 
$$ADQ' * UDQ_{UKCS} / (UDQ_{IP} + UDQ_{UKCS})$$

and
    - (B) a quantity in respect of the Bacton IP ASEP, determined as:
 
$$ADQ' * UDQ_{IP} / (UDQ_{IP} + UDQ_{UKCS})$$
  - (ii) where the Residual Quantity Point is the Bacton Combined ASEP:
    - (A) a quantity shall be determined in respect of the Bacton UKCS ASEP, from the quantity determined under paragraph 25.6.5(e) (RDQ'), as:
 
$$RDQ' * UDQ_{UKCS} / (UDQ_{IP} + UDQ_{UKCS})$$

- (B) an amount shall be determined in respect of the Bacton IP ASEP, from the quantity determined under paragraph 25.6.5(f)(i) (RDC'), as:

$$\text{RDC}' * \text{UDQ}_{\text{IP}} / (\text{UDQ}_{\text{IP}} + \text{UDQ}_{\text{UKCS}})$$

where

$\text{UDQ}_{\text{IP}}$  is the User's UDQI for the Bacton IP ASEP;

$\text{UDQ}_{\text{UKCS}}$  is the sum of the User's UDQIs for all System Entry Points within the Bacton UKCS ASEP;

- (c) for the purposes of paragraph 25.6.7:
- (i) the Applicable Daily Quantity in relation to the Bacton UKCS ASEP shall be the quantity under paragraph 25.6.6(b)(i)(A) above;
  - (ii) the Applicable Daily Capacity in relation to the Bacton IP ASEP shall be the quantity under paragraph 25.6.6(b)(i)(B) above divided by one Day;
  - (iii) the Residual Daily Quantity in relation to the Bacton UKCS ASEP shall be the quantity under paragraph 25.6.6(b)(ii)(A) above; and
  - (iv) the Residual Daily Capacity in relation to the Bacton IP ASEP shall be the amount under paragraph 25.6.6(b)(ii)(B) above.

25.6.7 Where a User has made a NOC Election, for each Day:

- (a) in respect of the Specified Entry Point:
- (i) where it is an Intra-System Point, the User shall pay the NTS Optional Charge calculated as the Applicable Daily Quantity multiplied by the Applicable Commodity Rate of the NTS Optional Charge;
  - (ii) where it is an Interconnection Point, the User shall pay the NTS Optional Charge calculated as the Applicable Daily Capacity multiplied by the Applicable Daily Rate of the NTS Optional Charge;
- (b) in respect of the Specified Exit Point:
- (i) where it is an Intra-System Point, the User shall pay the NTS Optional Charge calculated as the Applicable Daily Quantity multiplied by the Applicable Commodity Rate of the NTS Optional Charge;
  - (ii) where it is an Interconnection Point, the User shall pay the NTS Optional Charge calculated as the Applicable Daily Capacity multiplied by the Applicable Daily Rate of the NTS Optional Charge;
- (c) in respect of the Residual Quantity Point:
- (i) the User shall pay the General Non-Transmission Services Charge calculated as the Residual Daily Quantity multiplied by the Applicable Commodity Rate of the General Non-Transmission Services Charge;

- (ii) in relation to Transmission Services Revenue Recovery Charges:
  - (A) where the Residual Quantity Point is an Intra-System Entry Point, the Entry Transmission Services Revenue Recovery Charge is payable, calculated as the Residual Daily Quantity multiplied by the Applicable Commodity Rate of the Entry Transmission Services Revenue Recovery Charge in accordance with paragraph 25.3.4;
  - (B) where the Residual Quantity Point is an Intra-System Exit Point, the Exit Transmission Services Revenue Recovery Charge is payable, calculated as the Residual Daily Quantity multiplied by the Applicable Commodity Rate of the Exit Transmission Services Revenue Recovery Charge in accordance with paragraph 25.3.6;
  - (C) where the Residual Quantity Point is an Interconnection Point and an Entry Point, the Entry Transmission Services Revenue Recovery Charge is payable, calculated as the Residual Daily Capacity multiplied by the Applicable Daily Rate of the Entry Transmission Services Revenue Recovery Charge in accordance with paragraph 25.3.8(a);
  - (D) where the Residual Quantity Point is an Interconnection Point and an Exit Point, the Entry Transmission Services Revenue Recovery Charge is payable, calculated as the Residual Daily Capacity multiplied by the Applicable Daily Rate of the Exit Transmission Services Revenue Recovery Charge in accordance with paragraph 25.3.8(b);
- (d) no amount is payable by way of Transmission Services Revenue Recovery Charge or General Non-Transmission Services Charge in respect of the whichever of the Specified Entry Point and Specified Exit Point is not the Residual Quantity Point;
- (e) where there is more than one NOC Election for a Specified Entry Point, this paragraph 25.6.7 applies separately in respect of each such NOC Election.

25.6.8 For the purposes of this paragraph 25.6, provisions of TPD Section G which (prior to the Relevant Modification) referred to "NTS Optional Commodity Rate" shall (notwithstanding that modification) be treated as continuing to apply by reference to the NTS Optional Charge and (where applicable) the Applicable Commodity Rate of the NTS Optional Charge.

25.6.9 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 this paragraph 25.6.