

LEGAL TEXT FOR MODIFICATION 0665 – CHANGES TO RATCHET ARRANGEMENTS

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B - SYSTEM USE AND CAPACITY

Amend paragraph 4.7 to read as follows:

4.7 Supply Point Ratchet

- 4.7.1 Subject to paragraph 1.3.2, and paragraphs ~~4.7.8~~~~10~~, ~~4.7.9~~~~11~~, ~~4.7.4~~~~0~~~~12~~ and ~~4.7.4~~~~2~~~~14~~ if for any reason:
- (a) in respect of a DM Supply Point (other than a Seasonal Large Supply Point) on any Day, other than a Day in the months of June to September inclusive, or
 - (b) in respect of a Seasonal Large Supply Point, on any Day, the quantity of gas offtaken by a User from the Total System at a DM Supply Point exceeds the User's Registered DM Supply Point Capacity (such occurrence being in each case a "**Supply Point Ratchet**"), then in each such case:
 - (i) the User's Registered DM Supply Point Capacity at that Supply Point shall automatically be increased with effect from the following Day in accordance with paragraph ~~4.7.3~~; and
 - (ii) subject to paragraph 4.7.11, the User shall pay a charge ("**Supply Point Ratchet Charge**") in respect of the Capacity Ratchet Amount in accordance with paragraph 4.7.~~6~~~~7~~ or ~~4.7.8~~.
- 4.7.2 For the purposes of this Section B, subject to paragraph ~~4.7.9~~~~11~~, the "**Capacity Ratchet Amount**" shall be the amount by which the User's UDQO on the Day of the Supply Point Ratchet in respect of the DM Supply Point exceeds the User's Registered DM Supply Point Capacity.
- ~~4.7.3~~ Subject to Section G5.5.5, the increased amount (the "**Ratchetted Supply Point Capacity**") of the User's DM Registered Supply Point Capacity shall be the sum of the User's Registered DM Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount.
- ~~4.7.4~~ Where the Supply Point Ratchet relates to:
- ~~(a)~~ a Class 1 Supply Point a "**Class 1**" Ratchet Charge shall apply;
 - ~~(a)(b)~~ a Class 2 Supply Point a "**Class 2**" Ratchet Charge shall apply.
- ~~4.7.3~~~~4.7.5~~ Notwithstanding paragraph 4.7.3, and unless the User's Registered Supply Point Capacity is increased other than pursuant to the Supply Point Ratchet, until the last Day of the calendar month in which the Supply Point Ratchet occurred the LDZ Capacity Charge and

the Capacity Variable Component of the Customer Charge payable in respect of the Supply Point shall be determined on the basis of the User's Registered DM Supply Point Capacity on the Day of the Supply Point Ratchet (and not on the basis of the Ratchettted Supply Point Capacity).

4.7.44.7.6 For the avoidance of doubt the User's Registered LDZ Capacity will be increased so as to be equal to the Ratchettted Supply Point Capacity in accordance with paragraph 4.4.

4.7.54.7.7 ~~The A Class 1 Supply Point~~ Ratchet Charge shall be calculated as the Capacity Ratchet Amount multiplied by the sum of:

- (a) 2 times the Applicable Annual Rate (including where determined in accordance with paragraph 1.8.5(a)) of the LDZ Capacity Charge; and
- (b) where applicable, 2 times the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge

the rate in each case being determined (where such rate is a function of LDZ Capacity or Supply Point Capacity) by reference to the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity at the DM and any NDM Supply Point on the Day of the Supply Point Ratchet.

4.7.8 A Class 2 Ratchet Charge shall be calculated as the sum of:

$$((A + B + C) * D) - ((E + F + G) * H) * J / 365$$

where in respect of the Ratchettted Supply Point Capacity:

A the Applicable Annual Rate of the LDZ Capacity Charge;

B the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge;

C the applicable annual rate of the LDZ ECN charge;

D is the Ratchettted Supply Point Capacity;

where in respect of the Registered User's Supply Point Capacity on the Day of the Supply Point Ratchet:

E the Applicable Annual Charge of the LDZ Capacity Charge;

F the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge;

G the applicable annual rate of the LDZ ECN charge;

H is the Registered User's Supply Point Capacity on the Day of the Supply Point Ratchet; and

J the number of Days in the period between:

(a) in the case of a Supply Point:

- (i) for which the User was the Registered User prior to the start of the Gas Year in which the Supply Point Ratchet occurred, the preceding 1 October;
- (ii) for which the User was not the Registered User prior to the start of the Gas Year in which the Supply Point Ratchet occurred, the Supply Point Registration Date;
- (iii) which is a Seasonal Larger Supply Point, the first Day of the Restricted LDZ Capacity Period; and
- (b) the first Day of the calendar month in respect of which LDZ Capacity Charges, Capacity Variable Component (if any) of the Customer Charges and LDZ ECN charges (being the charges payable pursuant to Section Y, Part B paragraph 9) are determined on the basis of the Ratchetted Supply Point; and

where the 'LDZ ECN charge' is the charge payable by Users pursuant to TPD Section Y Part B paragraph 9.

4.7.64.7.9 Subject to paragraph 4.7.4413, the Supply Point Ratchet Charge shall be invoiced and payable in accordance with Section S.

4.7.74.7.10 Where a DM Supply Point comprises a Shared Supply Meter Point:

- (a) paragraph 4.7.1 shall apply only if and to the extent that the aggregate quantity offtaken from the Total System by all Sharing Registered Users at the DM Supply Points which comprise such Shared Supply Meter Point exceeds the aggregate of such Users' Registered Supply Point Capacity, other than capacity which is excluded pursuant to Section G1.7.20(d)(i), at such Supply Point the amount of such excess (the "**aggregate ratchet excess**");
- (b) for each such Sharing Registered User, the Capacity Ratchet Amount shall be determined as the amount (the "**individual ratchet excess**") by which that User's UDQO exceeds its Registered Supply Point Capacity, divided by the sum of the individual ratchet excesses for all such Sharing Registered Users, multiplied by the aggregate ratchet excess.

4.7.84.7.11 Without prejudice to Section G2.7.3 to 2.7.6 (inclusive), where in accordance with Section G2.3.1 the Proposing User has submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point First Nomination ("**Supply Point First Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point First Registration**") and subsequent to the date of such Supply Point First Registration such User incurs and pays a Supply Point Ratchet Charge in respect of such Supply Point then, where such Proposing User has also submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point Second Nomination ("**Supply Point Second Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point Second Registration**") then, subject to paragraph 4.7.4012, the Transporter will reimburse the User the amount of such Supply Point Ratchet Charge which has been paid by the User for the period of 18 Days commencing from the Supply Point First Registration Date .

~~4.7.94.7.12~~ The amount of such reimbursement in accordance with paragraph 4.7.9 shall not exceed the amount of the Supply Point Ratchet Charge which applies in respect of the Confirmed Supply Point Capacity for the Supply Point Second Registration. For the purpose only of calculating the amount of such reimbursement, such Confirmed Supply Point Capacity shall not be treated as increased in accordance with Section G2.7.4(a) as a result of the occurrence of a Supply Point Ratchet.

~~4.7.104.7.13~~ Where on any Day(s) in any relevant Billing Period, on the occurrence of a Supply Point Ratchet the User's Registered DM Supply Point Capacity is greater than or equal to the Provisional Maximum Supply Point Capacity (the "**Relevant Day(s)**"), only the highest Supply Point Ratchet Charge incurred on the Relevant Day(s) in such relevant Billing Period shall be invoiced and payable in accordance with paragraph ~~4.7.79~~.

~~4.7.114.7.14~~ Paragraph ~~4.7.1315~~ applies in relation to a Supply Point where:

- (a) pursuant to the Supply Point Registration:
 - (i) the Supply Meter Point was (prior to such Supply Point Registration) in Class 3 or 4; and
 - (ii) following such Supply Point Registration the Supply Meter Point is in Class 1 or 2; or
 - (b) pursuant to a Supply Point Amendment, the Registered User changes the Class of the Supply Meter Point from Class 3 or 4 to Class 1 or 2;
- and where (in either case)
- (c) the Supply Point is not a Seasonal Large Supply Point; and
 - (d) the DM Supply Point Capacity following such Supply Point Registration or Supply Point Amendment is not less than the NDM Supply Point Capacity of the Supply Point prior to it.

~~4.7.124.7.15~~ Where this paragraph ~~4.7.1315~~ applies, for a period starting with the Supply Point Registration Date or (as the case may be) effective date of the Supply Point Amendment, and ending on the earlier of:

- (a) the expiry of a period of 12 months; or
- (b) the date (if any) when the DM Supply Point Capacity becomes less than the NDM Supply Point Capacity as referred to in paragraph ~~4.7.1214(d)~~; or
- (c) the Supply Point Registration Date of any subsequent Supply Point Registration pursuant to which a User other than the Existing User becomes the Registered User

the Registered User shall not be liable for any Supply Point Ratchet Charge in respect of the Supply Point (but without prejudice to paragraph ~~4.7.1(b)(i)~~).

4.7.16 Where any of the circumstances set out in the Class 1 Ratchet Charge Guidance Document apply in respect of a Class 2, 3 or 4 Supply Point the Transporter may designate the Supply Point as one in respect of which Class 1 Ratchet Charges should apply; and where the Transporter so designates a Supply Point it shall notify the CDSP, and the CDSP shall

promptly notify the Registered User and the designation shall be effective from the date of the CDSP's notification unless paragraph 4.7.19(a) applies.

4.7.17 The Transporter may only designate a Supply Point for the purposes of paragraph 4.7.16:

- (a) subject to paragraph (b), on a Day in the period from 1 June to the date falling forty (40) Supply Point Systems Business Days before the following 1 October in any calendar year;
- (b) in the case of a new Supply Point, in the period ending thirty (30) Supply Point Systems Business Days after the Supply Point Registration Date.

4.7.18 Where the CDSP notifies the Registered User a Supply Point is designated for the purposes of paragraph 4.7.16 the Registered User may within twenty (20) Supply Point Systems Business Days of the CDSP's notification notify the CDSP of the User's objection to the designation on the basis the User believes the circumstances set out in the Class 1 Ratchet Charging Guidance Document do not apply, and the CDSP shall notify the Transporter of any such objection.

4.7.19 Following the CDSP's notification under paragraph 4.7.18, the Transporter shall notify the CDSP of the Transporter's response to the User's objection within twenty (20) Supply Point Systems Business Days of notification of the User's objection; and where:

- (a) the Transporter accepts the circumstances do not apply the Supply Point shall not be so designated, and Class 1 Ratchet Charges shall not apply (and in the event any Class 1 Ratchet Charges have been applied in relation to the Supply Point an adjustment shall be made (in the case of Class 2 Supply Point on the basis Class 2 Ratchet Charges should have been applied and in the case of a Class 3 or 4 Supply Point on the basis no Supply Point Ratchet Charges should have applied);
- (b) the Transporter rejects the User's objection, Class 1 Ratchet Charges shall apply from the date of the CDSP's notification under paragraph 4.7.16.

4.7.20 For the purposes of paragraphs 4.7.16 to 4.7.19 (inclusive) the Transporters shall prepare and publish (and may update from time to time) a guidance document ("**Class 1 Ratchet Charge Guidance Document**") setting out:

- (a) the circumstances which must apply before the Transporter may designate a Class 2, 3 or 4 Supply Point as one in respect of which Class 1 Ratchet Charges should apply;
- ~~(d)~~(b) the basis on which a User may object to a designation, and the basis on which a Transporter may accept or reject a User's objection to a designation for the purposes of paragraph 4.7.19.

4.7.21 Where the Transporter designates a Class 2, 3 or 4 Supply Point for the purposes of paragraph 4.7.16, the Registered User shall within twenty (20) Supply Point Systems Business Days of the later of CDSP's notification under paragraph 4.7.16 or the Transporter's rejection of the Registered User's objection in accordance with paragraph 4.7.19(b) submit a Supply Point Amendment to change the Class of the Supply Meter Point and Supply Point to Class 1 (failing which the CDSP shall make such amendment to the Supply Point Register and notify the Registered User of such amendment).

SECTION G - SUPPLY POINTS

Amend paragraph 1.5.3 as shown below:

1.5.3 The Class 1 Requirement applies in relation to a Supply Meter Point if:

- (a) the Supply Meter Point is a NTS Supply Meter Point; ~~or~~
- (b) the Annual Quantity of the Supply Meter Point is not less than 58,600,000 kWh (2,000,000 therms); ~~or~~
- (c) the Supply Meter Point is Interruptible; ~~or~~
- ~~(d)~~ (e) the Supply Meter Point is comprised in a Seasonal Large Supply Point; ~~or~~
- ~~(d)~~ (e) the Supply Meter Point is comprised in a Supply Point in respect of which the circumstances set out in the Class 1 Ratchet Charge Guidance Document apply;
- ~~(e)~~ (f) the Supply Meter Point is an LDZ Supply Meter Point where telemetry equipment has been installed in accordance with Section M6.7.1.

SECTION V – GENERAL

12.1 Purpose

The purpose of this Section is to establish generic governance arrangements in respect of the following UNC Related Documents (each a “**Document**” and collectively the “**Documents**”):

- (a) Network Code Operations Reporting Manual as referenced in Section V9.4;
- (b) Network Code Validation Rules referenced in Section M5.3.3;
- (c) ECQ Methodology as referenced in Section Q6.1.1(c);
- (d) Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations as referenced in OAD Section D3.1.5.
- (e) ~~not used~~ the Class 1 Ratchet Charge Guidance Document referred to in Section B4.7 ;
- (f) the Customer Settlement Error Claims Process Guidance Document referenced in Section E1.3.10;
- (g) the Performance Assurance Framework Document referenced in paragraph 16.1.1(d); and
- (h) the Performance Assurance Report Registers referenced in paragraph 16.5.1.

TRANSITION DOCUMENT

PART IIC – TRANSITIONAL RULES

Add new paragraph 1.1.10 to read as follows:

1.1.10 Notwithstanding TPD Section B4.7.17 the Transporter may designate any Class 2, 3 or 4 Supply Point for the purposes of Section B4.7.16 on any Day in the six (6) month period commencing from the date this paragraph takes effect following implementation of Modification 0665.