

03/03/2010

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0276**

“Alternative User Pays approach to – UNC Modification Proposal 0263 - Enabling
the Assignment of a Partial Quantity of Registered NTS Exit (Flat) Capacity”

Please note that Modification Proposal No 0276 will be implemented with effect from
06:00 hours on a date to be determined. The Final Modification Report, Version 3.0,
was signed by Ofgem on 02/03/2010.

The new Code text resulting from this Modification follows:

Modified Text:

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL
DOCUMENT**

SECTION B – SYSTEM USE AND CAPACITY

Amend paragraph 6 to read as follows:

“6 CAPACITY ASSIGNMENT

6.1 Basis of assignment

6.1.1 A User (the "**Assignor User**") may assign all or part of its:

- (a) Registered Enduring Annual NTS Exit (Flat) Capacity; and/or
- (b) Registered Annual NTS Exit (Flat) Capacity;

(but not both under the same System Capacity Assignment notification) in
respect of an NTS Exit Point to another User ("**Assignee User**") by a System
Capacity Assignment.

6.1.2 For the purposes of the Code a "**System Capacity Assignment**" is an
assignment of System Capacity in accordance with paragraph 6.1.1.

6.1.3 ~~An Assignor~~ User may not make a System Capacity Assignment:

- (a) where the Assigned System Capacity ~~exceeds the Assignor User's
Registered Capacity~~ comprising:

- (i) Registered Enduring Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Enduring Annual NTS Exit (Flat) Capacity; or
- (ii) Registered Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Annual NTS Exit (Flat) Capacity;

on any Day in the Assignment Period at the Assignment System Point (after taking; and

- (b) where the Assigned System Capacity (which has been adjusted to take account of any deduction of any prior System Capacity Assignment under this paragraph 6) on any Day in the Assignment Period.) exceeds its Registered Net Capacity on any Day in the Assignment Period at the Assignment System Point;
- (c) in respect of any amount of Registered Enduring Annual NTS Exit (Flat) Capacity which is subject to the provision of demonstration information pursuant to paragraph 3.3.4(b).

6.1.4 In respect of a System Capacity Assignment or proposed System Capacity Assignment:

- (a) the **"Assigned System Capacity"** is the amount of Registered Enduring Annual NTS Exit (Flat) Capacity or the amount of Registered Annual NTS Exit (Flat) Capacity which is (or is to be) assigned;
- (b) the **"Assignment Period"** is the Day or Days commencing on the Day on which the System Capacity Assignment is to be effective and ending on the last Day on which the Assignor User is registered as holding the Assigned System Capacity;
- (c) the **"Assignment System Point"** is the NTS Exit Point at which the NTS Exit (Flat) Capacity is to be assigned-;
- (d) the **"Registered Net Capacity"** is the amount of NTS Exit Flat Capacity determined by National Grid NTS in accordance with paragraph 6.1.5;
- (e) **"remaining Registered Enduring Annual NTS Exit (Flat) Capacity"** is the Registered Enduring Annual NTS Exit (Flat) Capacity remaining after taking account of any deductions of any:
 - (i) prior System Capacity Assignment in respect of Registered Enduring Annual NTS Exit (Flat) Capacity; and
 - (ii) Registered Enduring Annual NTS Exit (Flat) Capacity which is subject to the provision of demonstration information pursuant to paragraph 3.3.4(b).

(f) “remaining Registered Annual NTS Exit (Flat) Capacity” is the Registered Annual NTS Exit (Flat) Capacity remaining after taking account of any deductions of any prior System Capacity Assignment in respect of Registered Annual NTS Exit (Flat) Capacity;

(g) “User Commitment” shall have the meaning given to it in the Exit Capacity Release Methodology Statement.

6.1.5 National Grid NTS shall determine the Registered Net Capacity by deducting from the aggregate amount of remaining Registered Enduring Annual NTS Exit (Flat) Capacity and remaining Registered Annual NTS Exit (Flat) Capacity the sum of:

(a) the Transferred System Capacity which is effective on any Day in the Assignment Period, where the Assignor User was the Transferor User (but not where the Assignor User was the Transferee User); and

(b) the amount of any Registered Enduring Annual NTS Exit (Flat) Capacity and Registered Annual NTS Exit (Flat) Capacity which has been or may be surrendered to National Grid NTS on any Day in the Assignment Period pursuant to an Exit Capacity Management Agreement.

6.1.6 Any deductions of any prior System Capacity Assignment shall be made having regard to paragraph 6.3.2.

6.2 Procedure

6.2.1 Where a User proposes to make a System Capacity Assignment, each of the Assignor User and the Assignee User must notify the System Capacity Assignment to National Grid NTS specifying:

(a) the identity of the Assignor User and Assignee User;

(b) the Assignment System Point;

(c) the ~~amount~~ class of the Assigned System Capacity; ~~and~~

(d) the amount in respect of the class of Assigned System Capacity; and

(e) the commencement date in the Assignment Period on which the System Capacity Assignment is to be effective in respect of the class of Assigned System Capacity;

(f) where the System Capacity Assignment is for Registered Annual NTS Exit (Flat) Capacity, the Gas Year (or remaining part thereof) for which the Registered Annual NTS Exit (Flat) Capacity is held and in such case a separate System Capacity Assignment notice must be submitted in respect of each Gas Year.

- 6.2.2 A proposed System Capacity Assignment must be notified to National Grid NTS by not later than the fifth Business Day prior to the first Day of the Assignment Period.
- 6.2.3 National Grid NTS may reject a System Capacity Assignment:
- (a) where either the Assignor User or the Assignee User does not notify the System Capacity Assignment to National Grid NTS in accordance with paragraph 6.2.1 or 6.2.2;
 - (b) in accordance with Section V3- ;
 - (c) where the Assigned System Capacity comprising Registered Enduring Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Enduring Annual NTS Exit (Flat) Capacity or the Assigned System Capacity comprising Registered Annual NTS Exit (Flat) Capacity exceeds the remaining Registered Annual NTS Exit (Flat) Capacity;
 - (d) where the Assigned System Capacity (which has been adjusted to take account of any deduction of any prior System Capacity Assignment) exceeds its Registered Net Capacity on any Day in the Assignment Period at the Assignment System Point;
 - (e) where the Assigned System Capacity comprises any Registered Enduring Annual NTS Exit (Flat) Capacity which is subject to the provision of demonstration information pursuant to paragraph 3.3.4(b).
- 6.2.4 A System Capacity Assignment shall be effective if it is approved by National Grid NTS or is not rejected by National Grid NTS by the start of the fourth Business Day after it was notified by the Assignor User or (if later) the Assignee User under paragraph 6.2.1.

6.3 Effect of Assignment

- 6.3.1 The Assignee User will be treated for each Day throughout the Assignment Period as the registered holder of the Assigned System Capacity.
- 6.3.2 A User's Registered NTS Exit (Flat) Capacity at an NTS Exit Point on a Day is its Registered NTS Exit (Flat) Capacity, adjusted in respect of any System Capacity Assignment(s) (for which that point is an Assignment System Point and the Assignment Period includes that Day) by adding the Assigned System Capacity where the User was the Assignee User, and deducting the Assigned System Capacity where the User was the Assignor User.
- 6.3.3 With effect from the first Day of the Assignment Period (and in respect of each subsequent Day in such period):
- (a) the Assignor User shall cease to be liable for Capacity Charges in respect of the Assigned System Capacity;
 - (b) the Assignee User shall be liable for Capacity Charges in respect of the Assigned System Capacity;

- (c) the Capacity Charges payable by the Assignee User shall be the same Capacity Charges that were payable by the Assignor User for the Assigned System Capacity.
- 6.3.4 ~~Where~~The treatment of the User Commitment associated with the Assigned System Capacity shall be as set out in the Exit Capacity Release Methodology Statement and, for purposes of the User Commitment, where a System Capacity Assignment is made which comprises Enduring Annual NTS Exit (Flat) Capacity the Assignee User shall be deemed to have been allocated the Enduring Annual NTS Exit (Flat) Capacity (comprising the Assigned System Capacity) with effect from the time from which, in accordance with paragraphs 3.2.8(c) and 3.2.12, a User was first registered as holding the Enduring Annual NTS Exit (Flat) Capacity.
- 6.3.5 A System Capacity Assignment shall be without prejudice to the operation of paragraphs 3.2.14 to 3.2.24 (inclusive) in respect of any reduction in the amount of Enduring Annual NTS Exit (NTS) Capacity held by the Assignor User and the Assignee User following a System Capacity Assignment.
- 6.3.6 No consequences other than those described in this paragraph 6 are intended by the use of the term 'assignment' in this paragraph 6.”

Yours sincerely,

John Bradley
Modification Panel Secretary