

Stage 01: Modification

At what stage is this document in the process?

0436S:

Consequential changes to the UNC resulting from RIIO-T1



This Modification proposes Code amendments to reflect:

- changes to the NTS Gas Transporter Licence [to be](#) introduced by Ofgem under 'RIIO-T1'
- changes in Licence terminology to be introduced under RIIO-T1
- ~~and~~ other amendments to [licence-Licence](#) references in Code which are currently incorrect.



The Proposer recommends that this Modification should be ~~considered by the Panel as a self-governance Modification assessed by the Workgroup~~



High Impact:



Medium Impact:



Low Impact:

National Grid Transmission, Gas Distribution Network Operators, Shippers and Suppliers

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About this document:

This document is a Modification, which will be presented by the Proposer to the ~~Panel~~ Workgroup on 21 February~~15 November 2013~~2. ~~The Panel will consider the Proposer's recommendation, and agree whether this Modification should proceed to consultation or be referred to a Workgroup for assessment.~~



3 **Any questions?**

5 Contact:

6 **Joint Office**



enquiries@gasgo
vernance.co.uk



0121 623 2115

Proposer:

National Grid
Transmission



martin.connor@
nationalgrid.com



01926 653847

Transporter:

National Grid
Transmission



martin.connor@
nationalgrid.com



01926 653847

Xoserve:

Insert name



commercial.enquiries
@xoserve.com



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1 Summary



Is this a Self-Governance Modification

The Proposer believes that this Modification meets the criteria for self-governance in that, if implemented, it is unlikely to

(a) have a material effect on

- existing or future gas consumers; or
- competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and
- the operation of one or more pipe-line system(s); or
- matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; or
- the uniform network code governance procedures or the network code modification procedures; or

(b) discriminate between different classes of parties to the uniform network code / relevant gas transporters, gas shippers or DN operators.

The reason for this view is that this Modification proposes administrative rather than policy changes. These are explained more fully below. The Modification Panel determined that this modification should follow Self-Governance procedures.

Why Change?

Changes to [UNC terminology and](#) some NTS Gas Transporter (GT) licence conditions will be required as a consequence of the new RIIO regulatory framework ~~that will come into force on 1 April 2013~~. It is necessary to amend ~~those~~ parts of the UNC ~~which refer to the GT licence conditions that will be changing~~ to reflect these changes, so that [terminology in the the-UNC, and UNC](#) cross references to the licence, remain correct.

Solution

This Modification proposes amendments to the UNC so that the UNC correctly [reflects changes in terminology due to RIIO-T1 and](#) cross-refers [correctly](#) to the revised NTS GT licence conditions.

As part of the exercise of identifying those GT licence conditions that need to be changed due to RIIO, a number of other shipper, supplier and GT licence references in the UNC, which National Grid NTS believes to be inaccurate, have been identified. This Modification therefore also proposes corrections to those licence references as a 'housekeeping' exercise.

Impacts & Costs

National Grid NTS does not envisage that there will be any costs, or impacts on systems, associated with this Modification.

Implementation

No view on implementation timescales is specifically proposed. However, National Grid believes that it would be desirable to implement this Modification [by 1st April 2013](#)as

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~~soon as possible~~ so that the UNC accurately and promptly reflects ~~the changes to the new terminology and~~ licence conditions. ~~In order to facilitate a potential implementation by 1st April 2013, National Grid requests that the Modification Panel gives consideration to the timetable set for development of the Proposal, and whether or not the Panel would be prepared to consider any subsequent workgroup report at short notice given the “administrative” nature of the Proposal.~~

As this is a self-governance Modification, implementation could be 16 business days after a Modification Panel decision to implement.

The Case for Change

If this Modification is not implemented then some ~~of the~~ UNC ~~terminology and~~ references to licence conditions will be incorrect post-commencement of RIIO ~~on 1 April 2013~~. Therefore, implementation of this Modification is necessary to ensure that the UNC properly reflects the ~~prevailing new terminology and~~ licence conditions.

Recommendations

The Proposer recommends that this Modification should ~~proceed to be assessed by the~~ Workgroup ~~for~~ ~~assessment~~.

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2 Why Change?



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On 27 July 2012 Ofgem published 'RIIO-T1 and GD1: Draft licence conditions – First Informal Licence Drafting Consultation'. That document contemplates changes to the National Transmission System (NTS) Gas Transporter Licence. The changes are required in order for the licence to be consistent with the outcome of the current price control review based on the new RIIO (Revenue = Incentives + Innovation + Outputs) regulatory framework. Within the same document, Ofgem also proposes to update/consolidate a number of existing NTS licence conditions. However, it ~~does~~ did not specify all of the new licence condition numbering, but rather identifies which sections of the licences will be subject to change. ~~National Grid NTS currently expects Ofgem to publish~~ ed a Second Informal Licence Drafting Consultation, containing ~~more detailed licence drafting and further~~ condition numbering, ~~by on~~ by 31st October 2012.

~~Ofgem completed final licence drafting and condition numbering on 21st December 2012. This was incorporated within the statutory licence modification consultation required to implement Ofgem's Final Proposals.~~

~~These Ofgem's final licence drafting also incorporated changes in UNC and licence terminology. These~~ changes mean that amendments will be needed to a number of UNC paragraphs to ensure accurate ~~terminology and~~ cross-referencing between the UNC and the licence.

~~Based on Ofgem's First Informal Licence Consultation, National Grid NTS has made an initial assessment of the consequential changes that it believes will be required to the UNC, which are identified in this Modification. This assessment will need to be updated when final licence drafting is available. Timely provision of final licence drafting will be necessary in order to develop legal text for the Workgroup to consider, and will enable the incorporation of the actual changes required into this Modification.~~

~~When final licence drafting is available, there will also be a need to check that the new licence wording is consistent with the relevant Section of the UNC.~~ National Grid NTS's initial assessment of required clauses has also revealed a few erroneous licence references in the Code. It is therefore also proposed to correct these errors within this Modification.

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3 Solution



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It is proposed to amend the UNC to ensure that [terminology in the UNC, and](#) references within the UNC to the NTS GT Licence, are aligned with the changes introduced by the RIIO T1 price control outcome. Any changes to UNC references that are [currently](#) specific to the DN Licence that may be required as a consequence of the RIIO-GD1 price control review are outside the scope of this Modification.

An ~~preliminary~~ assessment of the proposed changes is shown in Tables 1 to 3 below, based on Ofgem's ~~'statutory licence modification consultation First Informal Licence Drafting Consultation'~~ documents. ~~Proposed terminology changes, included in UNC clauses which do not cross-refer to licence conditions, are shown in the legal text appended to this Modification. The new Licence references will need to be added to Tables 1 and 2 upon receipt of final licence drafting within Ofgem's Second Informal Consultation Document, scheduled for publication by 31st October 2012.~~

All ~~the other~~ changes proposed by this Modification are summarised in the three tables below ~~and are also included in the legal text.~~

~~Within this Modification there are several proposed changes to UNC Section Y. It should be noted that these proposed changes are to Section Y as amended by Modification 0438.~~

Table 1 – Changes to clauses within the UNC that are ~~expected to be~~ necessary as a result of RIIO-T1

Table 2 – Proposed UNC changes where current references are believed by National Grid NTS to be incorrect and which are also ~~expected~~ to change as a result of RIIO-T1

Table 3 – Changes proposed to the UNC to amend licence references which National Grid NTS believes to be incorrect and are not expected to change due to RIIO-T1.

**Table 1: Changes to the UNC ~~currently~~ proposed as a result of RIIO T1
(~~new licence references to be confirmed by Ofgem's Second Informal Consultation document~~)**

UNC document and section	UNC paragraph requiring change	Current Licence reference	Proposed new Licence reference
---------------------------------	---------------------------------------	----------------------------------	---

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UNC document and section	UNC paragraph requiring change	Current Licence reference	Proposed new Licence reference
General Terms			
Section C	1 DEFINED TERMS	Special Condition C18	Special Condition 9B
	1 DEFINED TERMS ±	Special Condition C8E	Special Condition 9A
	1 DEFINED TERMS ±	Special Condition C15	Special Condition 9B
	1 DEFINED TERMS ±	Standard Special Condition A43	To be removed from the GT Licence into Part D of the GD Licence as Standard Special Condition D18
	1 DEFINED TERMS ±	Special Condition C5(5)	Special Condition 8A
Offtake Arrangements Document			
Section K	1.5.1	Special Condition C8D	Special Condition 5F
Transportation Principal Document			
Section B	1.7.3	Special Condition C8B, C8C or E2b of the Transporter's licence	Special Condition 2A to replace Special Condition C8B; Special Condition 3A to replace Special Condition C8C (E2b to become Special Condition 1B of the GD licence)
	1.7.11	Standard Special Condition A15(7) to (12)	
	1.8.2(b)	Standard Special Condition A43(4)	To be removed from the GT Licence into Part D of the GD Licence as Standard Special Condition D18

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UNC document and section	UNC paragraph requiring change	Current Licence reference	Proposed new Licence reference
	1.8.3	Standard Special Condition A43(4)	To be removed from the GT Licence into Part D of the GD Licence as Standard Special Condition D18
	2.1.5	Part C9 of Special Condition C8D	Special Condition 5F to replace Special Condition C8D
	2.1.6	Part C9 of Special Condition C8D	Special Condition 5F to replace Special Condition C8D
	2.3.2(d)	Special Condition C8D(11)	Special Condition 9A
	2.3.28(a)	Special Condition C8D(11)(b) and 12(b)	Delete - New Licence does not specifically refer to Users asking for an exchange rate.
	2.3.28(b)	Special Condition C8D(11)(c) and 12(c)	Special Condition 9A(2)
	2.8.2(c)	Special Condition C5(3)	Special Condition 8A
	2.11.1(c)	Special Condition C8B & C8C	Special Condition 2A & 3A
	2.15.1	Standard Special Condition C8D	Special Condition 9A
	3.9.1	Special Condition C5(3)	Special Condition 8A
	3.12.1(b)	Standard Special Condition C8B and C8C	Special Condition 2A & 3A
Section B: Annex B-1	3.10	Special Condition C8.E1(g)	Special Condition 3B
Section D	1.1.4	Special Condition C5(5)	Special Condition 8A to replace Special Condition C5
	1.4.1(g)	Special Condition C5(5)	Special Condition 8A to replace Special Condition C5
Section F	1.1.2 (h)	Special Licence Condition C8B	Special Condition 2A
Section G – Annex G-1	4(vii)	Standard Special Condition A50(8)(e)	Not yet confirmed [1]

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UNC document and section	UNC paragraph requiring change	Current Licence reference	Proposed new Licence reference
Section I	3.11.1	Schedule A, Table A2	Not yet confirmed [2]
Section O	1.2.3 (a)	Standard Special Condition C2	Special Condition 7A
Section Q	1.9.1(a)	Standard Special Condition A8	
	2.5.1 (e)	Standard Special Condition A8	
	3.5.1	Standard Special Condition A8(15)	
	3.5.5	Standard Special Condition A8(15)	
Section R	1.7.1(a)	Special Condition C2(7) and Special Condition C2(6) Standard Condition 6(17)	Special Condition C2 to be replaced by Special Condition 7A
Section V	1.1.1	Standard Special Condition A3	
Section V	10.6.1	Paragraph 4 of Special Condition C8B, C8C or paragraph 11 of Special Condition E2B	Special Conditions C8B and C8C to be replaced by Special Conditions 2A & 3A respectively
Section Y	2.5.3	Special Condition C8B and C8E	Special Condition 2A & 5G respectively
	2.5.3	Special Condition C8C	Special Condition 3A
	4.2	Special Standard Condition C8B	Special Condition 2A
Y – Appendix BA	Table	Special Condition C8B (3)(d)	Special Condition 2A
Y – Appendix C	2.5.3	Special Condition C8B and C8E	Special Condition 2A & 5G [3]
	2.5.3	Special Condition C8C	Special Condition 3A [4]
Y – Appendix D-C Glossary	Table at 'IECR Statement'	Special Condition C15	Special Condition 9B
	Table at 'Ten Year Statement'	Special Condition C2	Special Condition 7A
	2.1	Standard Licence Condition 4B	Not yet confirmed [5]

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UNC document and section	UNC paragraph requiring change	Current Licence reference	Proposed new Licence reference
	Appendix A paragraph 8	Special Condition C8A	Special Condition 1A
	Appendix A paragraph 15	Special Condition C18	Special Condition C1A

Table 2: UNC changes proposed - where current references to licence clauses are incorrect and correct current references are ~~expected~~ to change under RIIO T1

UNC document and section	UNC paragraph requiring change	Current Licence reference	Correct current licence reference	Proposed new licence reference
Transportation Principal Document				
Section B	1.8.3	A4(4)	A43(4)	Standard Special Condition D18 of the GD Licence
Section B	2.15.1	Standard Special Condition C8D	Special Condition C8D PART C Paragraph 10	Special Condition 9A
	3.12.1(b)	Standard Special Condition C8B and C8C	Special Condition C8B	Special Condition 2A and 3A
Section Y	4.2	Special Standard Condition C8B	Special Condition C8B	Special Condition 2A

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Table 3: UNC changes proposed to amend incorrect licence-related references in UNC paragraphs not being changed by RIIO

UNC document and section	UNC paragraph requiring change	Current Licence reference	Proposed licence reference/ <u>comment</u> (if currently known)
Transportation Principal Document			
Section F	4.5.6(a)	Standard Condition 37 of the Supplier's Licence	Condition 18
Section G	1.16.2(e)	Standard Condition 30 of the Shipper's Licence, by reason of a request made pursuant to Standard Condition 13(4)(a) of the Supplier's Licence,	No applicable reference Neither Standard Condition 30 of the Shipper's Licence , nor Standard Condition 13(4)(a) of the Supplier's Licence , exists
Section G	1.5.4	Condition 9(3)	No applicable reference There is no Condition 9 or 9(3) in the GT Licence
Section G	2.1.7(b)	Standard Condition 29 of the Supplier's Licence	Standard Condition 8 of the Supplier's Licence
Section Q	1.7.1(a)	Standard Condition 6(17)	Standard Special Condition A8(17)
Section V	1.2.4(b)	Condition 5(3)	Condition 6(3)
Section V	5.5.3(g)	Standard Special Condition 31 and Standard Special Condition 31((2)(d)(ii)	Standard Special Condition A31 and Standard Special Condition A31((2)(d)(ii)
Section V	10.6.1	Paragraph 4 of Special Condition C8B, C8C or paragraph 11 of Special Condition E2B	Paragraph 4 of Special Condition 2A, 3A to replace C8B, C8C (there is no Special Condition E2B in the GT Licence)

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4 Relevant Objectives



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Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	Yes, see below
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code	Yes, see below
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	None

c) Efficient discharge of the licensee's obligations

Some of the current references to NTS GT licence conditions in the UNC will become obsolete or incorrect post ~~1st April 2013~~ commencement of RIIO. This Modification will correct these references, promoting the efficient discharge of licensee obligations.

f) Promotion of efficiency in the implementation and administration of the Code

This Modification proposes to correct a number of existing licence referencing errors in the UNC, relating to the NTS GT licence. By proposing to amend/correct these references, this Modification promotes efficiency in the implementation and administration of the Code.

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5 Impacts and Costs

Consideration of Wider Industry Impacts

None identified

Costs

Indicative industry costs – User Pays	
Classification of the modification as User Pays or not and justification for classification	
No changes are proposed to Xoserve systems or processes. Therefore this is not a User Pays Modification.	
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification	
Not applicable	
Proposed charge(s) for application of Users Pays charges to Shippers	
Not applicable	
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve	
Not applicable	

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	None
Operational Processes	Ensures that Licensee operational obligations are accurately reflected in the UNC contract.
User Pays implications	None

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	Corrects certain UNC references to shipper and supplier licences
Development, capital and operating costs	None

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Impact on Users	
Contractual risks	Correct alignment between Code and shipper and supplier licences removes any risks associated with misinterpretation between the documents.
Legislative, regulatory and contractual obligations and relationships	None

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	None
Development, capital and operating costs	None
Recovery of costs	None
Price regulation	Ensures that the UNC contract is aligned to the new price regulation arrangements under RIIO T1
Contractual risks	Ensures that the UNC contract is aligned with the GT Licence changes introduced by RIIO T1, thus removing mis-alignment and hence any risks associated with inaccurate interpretation between the two documents.
Legislative, regulatory and contractual obligations and relationships	Reflects the new regulatory obligations and licence referencing introduced by RIIO-T1
Standards of service	None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	None
UNC Committees	None
General administration	Ensures that the UNC document remains aligned with the NTS GT licence changes introduced by RIIO T1

Impact on Code	
Code section	Potential impact

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Impact on Code	
General Terms: Section C; OAD Section K; TPD: Sections A, B, Annex B-1, C, D, F, G, Annex G1, I, O, Q, R, V, Y (including Appendix B,C,DA and C)	<ul style="list-style-type: none"> Re-numbering of references to the NTS GT licence in the UNC

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> None
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	<ul style="list-style-type: none"> None
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none"> None
UK Link Manual (TPD U1.4)	<ul style="list-style-type: none"> None
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> None
Network Code Validation Rules (TPD V12)	<ul style="list-style-type: none"> None
ECQ Methodology (TPD V12)	<ul style="list-style-type: none"> None
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> None
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> None
Uniform Network Code Standards of Service (Various)	<ul style="list-style-type: none"> None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	None

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Impact on Core Industry Documents and other documents	
Gas Transporter Licence	<ul style="list-style-type: none"> This Modification does not of itself impact on the NTS Gas Transporter Licence, but provides accurate referencing from the UNC to the licence. Amendments to UNC references specifically to the DN licence are outside the scope of this Modification. However, any changes to UNC references to Standard Special Conditions will implement change in relation to both Licences. Where Ofgem proposes moving GT licence conditions to the GD licence, this Modification will also implement change in relation to both Licences

Other Impacts	
Item impacted	Potential impact
Security of Supply	None
Operation of the Total System	None
Industry fragmentation	None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	None

6 Implementation



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No view on implementation timescales is specifically proposed. However, National Grid [NTS](#) believes that it would be desirable to implement this Modification ~~by 1st April 2013~~ [as soon as possible](#) so that the UNC accurately and promptly reflects the changes to licence conditions.

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7 The Case for Change



In addition to that identified the above, the Proposer has identified the following:

Advantages

None in addition to those noted above.

Disadvantages

None.

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8 Legal Text

~~Suggested Text~~The following Legal text was provided by National Grid NTS

UNC Modification 0436S

Consequential changes to the UNC resulting from RIIO-T1

Draft Legal Text

General Terms

Defined Terms Listing

Delete the reference to "Incremental Entry Capacity Release Statement" and replace it with "Entry Capacity Release Methodology Statement", and place it in the appropriate alphabetical order.

Delete the reference to "NTS SO Baseline Entry Capacity" and replace it with "Obligated Entry Capacity", and place it in the appropriate alphabetical order.

Section C

In paragraph 1 insert a new definition as follows:

""Entry Capacity Release Methodology Statement" means the capacity release methodology statement prepared and published by National Grid NTS in respect of Entry Capacity in accordance with Special Condition 9B of National Grid NTS's Transporter's Licence;"

In paragraph 1, amend the definition of "Exit Capacity Release Methodology Statement" to read:

"means the ~~NTS exit~~ capacity release methodology statement prepared and published by National Grid NTS in respect of Exit Capacity in accordance with Special Condition ~~€189~~B of National Grid NTS's Transporter's Licence".

In paragraph 1 insert a new definition as follows:

""Exit Capacity release obligation summary report" means the report prepared and published by National Grid NTS in respect of Exit Capacity in accordance with Special Condition 9B of National Grid NTS's Transporter's Licence;"

In paragraph 1, amend the definition of "Exit Capacity Substitution Methodology Statement" to read:

"means the capacity methodology statement prepared and published by National Grid NTS in respect of Exit Capacity substitution in accordance with ~~paragraph 4(b) of Special Condition €8E~~9A of National Grid NTS's Transporter's Licence".

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In paragraph 1, delete the definition of "Incremental Entry Capacity Release Statement".

In paragraph 1, in the definition of "Metering Charges Statement", replace the reference to "Standard Special Condition A43" with "Standard Special Condition D18".

In paragraph 1, delete the definition of "NTS Exit Capacity Baseline Statement".

In paragraph 1, in the definition of "System Management Principles", replace the reference to "Special Condition C5(5)" with "Special Condition 8A".

Transportation Principal Document

Section B

In paragraph 1.7.3, replace the reference to "Special Condition C8B, C8C or E2B of the Transporter's Licence Special" with "Special Condition 2A or Special Condition 3A of National Grid NTS's Transporter's Licence or Special Condition 1B of the relevant DNO's Transporter's Licence".

In paragraph 1.8.2(b), replace the reference to "Standard Special Condition A43(4)" with "Standard Special Condition D18".

In paragraph 1.8.3, replace the reference to "Standard Special Condition 43(4)" with "Standard Special Condition D18", and replace the reference to "Standard Special Condition A4(4)" with "Standard Special Condition D18".

Amend paragraph 2.15(a) to read:

""NTS ~~SO Baseline~~Obligated Entry Capacity" is the amount of NTS Entry Capacity which

In the final paragraph of paragraph 2.1.5, replace the reference to "Part C9 of Special Condition C8D" with "Special Condition 5F".

In paragraph 2.1.6, replace the reference to "Part C9 of Special Condition C8D" with "Special Condition 5F".

Amend paragraph 2.2.3(c)(i) to read:

"the relevant number of incremental amounts (each being for a different amount) of Quarterly NTS Entry Capacity greater than the ~~Baseline~~Obligated Entry Capacity (the maximum incremental amount being the lower of (1) an amount not less than an amount equal to 150% of ~~NTS-SO Baseline~~Obligated Entry Capacity and (2) an amount determined by the application of National Grid NTS's ~~Incremental-Entry Capacity Release Statement~~Release Methodology Statement) (each amount an "incremental capacity amount"); and".

Amend paragraph 2.2.3(d) to read:

"the relevant number for the purposes of paragraph (c) being twenty (20) except in the case of an Aggregate System Entry Point where the ~~NTS-SO~~

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BaselineObligated Entry Capacity is less than 300,000,000 kWh/Day where"

Amend paragraph B2.2.18(d)(iv) to read:

"for the New Aggregate System Entry Point, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive), the Available NTS Entry Capacity and the applicable reserve prices for ~~Baseline NTS~~Obligated Entry Capacity (in accordance with the Transportation Statement) (the "applicable reserve price");".

Amend paragraph B2.2.18(d)(v)(1) to read:

" the relevant number of incremental capacity amounts of Quarterly NTS Entry Capacity greater than the ~~NTS SO Baseline~~Obligated Entry Capacity (the maximum incremental capacity amount being the lower of (1) an amount not less than an amount equal to 150% of ~~NTS SO Baseline~~Obligated Entry Capacity and (2) an amount determined by the application of National Grid's NTS's ~~Incremental Entry Capacity Release Statement~~Release Methodology Statement); and".

Amend paragraph 2.2.18(d)(vi) to read:

"the relevant number for the purposes of paragraph (v) being twenty (20) except in the event of a New Aggregate System Entry Point where the ~~NTS SO Baseline~~Obligated Entry Capacity is less than 300,000,000 kWh/Day where the relevant number (being not greater than twenty (20) and not less than five (5)) as set out in National Grid NTS's Transportation Statement."

Amend paragraph 2.3.2(d) to read:

"the "**Entry Capacity Transfer and Trade Methodology Statement**" is the entry capacity methodology statements in respect of entry capacity transfer and entry capacity trade prepared and published by National Grid NTS in accordance with Special Condition ~~C8D(11)9A~~ of National Grid NTS's Transporter's Licence".

Amend paragraph 2.3.28(a) to read:

"the issue of invitations pursuant to paragraphs 2.3.3 and 2.3.10 represent the means by which a User may request an entry capacity transfer or trade rate or rates for the purposes of Special Condition ~~C8D(11)(b) and 12(b)~~ of National Grid NTS's Transporter's Licence;"

In paragraph 2.3.28(b), replace the reference to "Special Condition ~~C8D(11)(c) and 12(c)~~" with "Special Condition 9A.2".

Amend paragraph 2.6.5(a)(ii) to read:

"any additional Quarterly NTS Entry Capacity which NTS is required to make available pursuant to the ~~Incremental-Entry Capacity Release Statement~~Release Methodology Statement following the submission of quarterly capacity bids in response to the annual invitation; and "

In paragraph 2.8.2(c), replace the reference to "Special Condition C5(3)" with "Special Condition 8A".

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In paragraph 2.11.1(c), replace the reference to "Special Condition C8B and C8C" with "Special Condition 2A and 3A".

Amend paragraph 2.14.2(g) to read:

"the amount of ~~NTS SO Baseline~~Obligated Entry Capacity which remains unsold (if any) following the allocation; and"

Amend paragraph 2.15.1 to read:

"For the purposes of the Code, "~~NTS Entry Capacity Substitution Methodology Statement~~" means the capacity methodology statement published in respect of Entry Capacity substitution pursuant to ~~the Standard Special Condition C8D9A of National Grid NTS's Gas Transporter's Licence.~~"

Amend paragraph 2.15.2 to read:

"National Grid NTS may, from time to time in accordance with the ~~NTS Entry Capacity Substitution Methodology Statement~~, invite Users to enter"

Amend paragraph 2.15.3 to read:

"The terms and conditions applicable to any such arrangement and the payment of NTS Entry Capacity Retention Charges shall be specified in the ~~NTS Entry Capacity Substitution Methodology Statement~~ and/or the relevant invitation published by National Grid NTS. "

Amend the definition of "B" in paragraph 2.17.15 to read:

"is the ~~NTS SO Baseline~~Obligated Entry Capacity at the affected ASEP on the date of the ASEP Force Majeure Notice "

Amend paragraph 3.1.6(b)(i) to read:

"the "Baseline NTS Exit (Flat) Capacity" is the amount of NTS Exit (Flat) Capacity which National Grid NTS is required to make available to Users in relation to each Day in that Gas Year (or part thereof) pursuant to National Grid NTS's Transporter's Licence and as set out in National Grid NTS's Exit Capacity ~~Baseline Statement~~release obligation summary report;"

Amend paragraph 3.2.21 to read:

"National Grid NTS may invite Users to submit a notice of reduction at such other times as it may determine in accordance with the principles in the prevailing Exit Capacity ~~Substitution~~Release Methodology Statement, and any such invitation shall"

In paragraph 3.9.1, replace the reference to "Special Condition C5(3)" with "Special Condition 8A".

In paragraph 3.12.1(b), replace the reference to "Standard Special Condition C8B and C8C" with "Special Condition 2A and 3A".

Section B, Annex B-1

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In paragraph 3.10, replace the reference to "Special Condition C8E.1(g)" with "Special Condition 3B".

Section D

In paragraph 1.1.4, replace the reference to "Special Condition C5(5)" with "Special Condition 8A".

In paragraph 1.4.1(g), replace the reference to "Special Condition C5(5)" with "Special Condition 8A".

Section F

In paragraph 1.1.2(h), replace the reference to "Special Licence Condition C8B" with "Special Condition 2A".

In paragraph 4.5.6(a), replace the reference to "Standard Condition 37" with "Condition 18".

Section G

Amend paragraph 1.5.4 to read:

"If the Transporter determines and notifies the Registered User that it would not be practicable or economic for Supply Meters at a particular Supply Point to be Daily Read, ~~unless upon application (made within 10 Business Days after such notification by the User) the Authority shall give Condition 9(3) Disapproval to the Transporter not installing Daily Read Equipment,~~ the Daily Read Requirement pursuant to paragraph 1.5.3(a) shall not apply, and the Registered User may not make a request under paragraph 1.5.9, in respect of that Supply Point (and for the avoidance of doubt the relevant Supply Meter Points shall be NDM Supply Meter Points)."

Amend paragraph 1.16.2(e) to read:

"no existing Registered User would be obliged by virtue of ~~Standard Condition 30 of the Shipper's Licence, by reason of a request made pursuant to Standard Condition 13(4)(a) of the Supplier's Licence,~~ to submit a Supply Point Objection in respect of the Applicant User's Supply Point Confirmation".

In paragraph 2.1.7(b), replace the reference to "Standard Condition 29" with "Standard Condition 8".

Section O

In paragraph 1.2.3(a), replace the reference to "Standard Special Condition C2" with "Special Condition 7A".

Section Q

In paragraph 1.7.1(a), replace the reference to "Standard Condition 6(17)" with "Standard Special Condition A8(17)".

Section R

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In paragraph 1.7.1(a), replace the reference to "Special Condition C2(7) and C2(6)" with "Special Condition 7A".

Section V

In paragraph 1.2.4(b), replace the reference to " Condition 5(3)" with "Condition 6(3)".

In paragraph 5.5.3(g), replace the reference to "Standard Special Condition 31 and Standard Special Condition 31((2)(d)(ii)" with "Standard Special Condition A31 and Standard Special Condition A31((2)(d)(ii)".

In paragraph 10.6.1, replace the reference to "Special Condition C8B" with "Special Condition 2A", and the reference to "Special Condition C8C or E2B" with "Special Condition 3A".

Section Y

In paragraph 2.5.3, under the heading "TO Revenue Recovery Adjustment":

(a) Amend the second paragraph to read:

"In any given year t, a target revenue figure for ~~Firm~~ Exit Capacity Charges (Target ~~TOExRC_t~~TORExC_t) is set. An adjustment is made to compensate for any exit specific under or over-recovery from the previous year (TOK_t). For further information, please refer to Special Condition ~~C8B2A~~ and ~~C8E5G~~ of the Licence, and Appendix A of this document."

(b) Amend the third paragraph to read:

"Revenue from Legacy Incremental Obligated ~~NTS-Exit (Flat) Capacity Charges~~ is treated as SO revenue within the Price Control formulae stated in the Licence (~~SOExRC_t~~SORExC_t). For further information, please refer to Special Condition ~~C8C3A~~ of the Licence."

(c) Insert a new fourth paragraph to read as follows:

"From 01 April 2013, revenue from Incremental Obligated Exit Capacity (whether satisfied through substitution or investment) is treated as TO revenue within the Price Control formulae stated in the Licence (TORExC_t). For further information, please refer to Special Condition 2A of National Grid NTS's Transporter's Licence."

(d) Amend the two formulae located below the sixth paragraph and immediately above the word 'Where' to read:

$$\underline{TORExC_t = \sum_{Dj=1}^{n_D} (ExitRev_{t,Dj})}$$

$$\underline{SORExC_t = \sum_{Dj=1}^{n_D} (ExitRev_{t,Dj,inc})}$$

(e) Amend two of the definitions immediately below these formulae as follows:

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$\frac{TOExRF_t TORExC_t}{SOExRF_t SORExC_t} = TO \text{ Exit firm allowed revenue for year } t (\text{£m})$

$SOExRF_t SORExC_t = SO \text{ Exit firm revenue for year } t (\text{£m})$

- (f) In the definitions below the formulae, amend the definition of "ExitRev_{t,Dj,inc}" to read "SO legacy incremental ~~Incremental~~ obligated exit ~~flat~~ capacity revenue from demand j (£m/year)"

In paragraph 4.2, in the first paragraph replace the reference to "Special Standard Condition C8B" with "Special Condition 2A", and in the second paragraph replace "2007 - 2012" with "2013 - 2021".

Section Y, Appendix A

In the table, replace all references to "[Licence Special Condition C8B (3)(d)]" with "(Special Condition 2A of National Grid NTS's Transporter's Licence)".

Section Y, Appendix C, Glossary

In the table at 'IECR Statement', replace the reference to "Special Condition C15" with "Special Condition 9B".

In the table at 'Ten Year Statement', replace the reference to "Special Condition C2" with "Special Condition 7A".

Section Y, Appendix C, Section 2

Amend paragraph 36 to read:

"The need for Reinforcement to accommodate Exit flows at the connection point will be determined when National Grid receives the appropriate signals for ~~incremental exit capacity~~ Incremental Exit Capacity in accordance with the Licence and Network Code."

Section Y, Appendix C, Section 4, Appendix A

In paragraph 8, replace the reference to "Special Condition C8A" with "Special Condition 1A".

Amend paragraph 15 to read:

"~~Incremental exit capacity~~ **Exit Capacity** is as defined in Paragraph 1 of Special Condition ~~18~~ 1A of the Licence".

Offtake Arrangements Document

Section K

Amend the heading to paragraph 1.5 to read:

~~Obligated~~ **Incremental Obligated NTS Entry Capacity**

Amend paragraph 1.5.1 to read: **Incremental Obligated NTS Entry Capacity**

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"For the purposes of this Section K "**Obligated**" means Incremental NTS Entry Capacity which National Grid NTS may be required, pursuant to Special Condition C8D5F of its Transporter's Licence, to accept an application for or otherwise allocate."

Amend the opening paragraph of paragraph 1.5.2 to read:

"If at any time National Grid NTS is required pursuant to its Transporter's Licence to accept any application for (or otherwise allocate) ~~Obligated~~ Incremental Obligated NTS Entry Capacity"

~~Suggested text will be provided during the development of this Modification following receipt of proposed licence drafting from Ofgem in its Second Informal Licence Drafting Consultation.~~

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9 Recommendation



The Proposer invites the ~~Panel-Workgroup~~ to:

- ~~DETERMINE-AGREE~~ that this Modification ~~proceeds to Workgroup for~~
~~assessments should proceed to consultation.~~

~~Insert heading here~~

~~[Insert relevant text or
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