

## UNC MODIFICATION PROPOSAL 696V

(Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExA)

### Legal Text

#### Transportation Principal Document

#### **SECTION B – SYSTEM USE AND CAPACITY**

In paragraph 3.12.10(a) delete “Section G5.4.1” and replace it with “[Sections G5.4.1 and G5.4.5](#)”

In paragraph 4.6.8(c) delete “Section G5.4.1” and replace it with “[Sections G5.4.1 and G5.4.5](#)”

#### **SECTION G – SUPPLY POINTS**

Replace paragraph 5.1.5 with the following new paragraph 5.1.5:

“5.1.5 The date under paragraph 5.1.4(d) shall be:

- (a) 5 Supply Point Systems Business Days after the date upon which the application is submitted, subject to paragraphs (b) and/or (c) below; or
- (b) where it will (in accordance with paragraph 5.5) be necessary for the Transporter to assess the feasibility of making gas available for offtake, 21 Supply Point Systems Business Days after the date upon which the application is submitted; or
- (c) in the case of a NExA Supply Meter Point which is an LDZ Supply Meter Point, where the revised Supply Point Capacity specified in accordance with paragraph 5.1.4(c) exceeds any maximum daily rate of offtake specified in the Network Exit Agreement, the date with effect from which the Network Exit Agreement is amended so that such maximum rate of offtake is no less than the revised Supply Point Capacity so specified.”

**Deleted:** except in paragraph (b),

**Deleted:** ,

At the end of paragraphs 5.4.2 and 5.4.3 insert “[or 5.4.5](#)” immediately before the final full stop.

In paragraph 5.4.4 delete the words “in paragraph 5.4.1” and replace them with “in paragraphs 5.4.1 and 5.4.5”.

Insert the following new paragraph 5.4.5:

“5.4.5 A User's Supply Point Capacity in respect of a NExA Supply Meter Point which is an LDZ Supply Meter Point (including any proposed LDZ Supply Point) at any time shall be no greater than any maximum daily rate of offtake specified in the Network Exit Agreement in respect of such time.”

Replace paragraph 5.5.2 with the following new paragraph 5.5.2:

“5.5.2 The “Provisional Maximum Supply Point Capacity” in respect of a DM Supply Point (other than a Proposed Supply Point which comprises a New Supply Meter Point and other than an NTS Supply Point) is whichever is the lesser of:

- (a) 2 times the Prevailing Supply Point Capacity; ~~and~~
- (b) 16 times the Supply Point Offtake Rate or (in the case of a Proposed Supply Point) Nominated Supply Point Offtake Rate; and
- (c) the maximum daily rate of offtake (howsoever expressed) specified in the Network Exit Agreement in respect of such DM Supply Point.”

**Deleted:** and

Replace paragraph 5.5.5 with the following new paragraph 5.5.5:

“5.5.5 Where, following the occurrence of a Supply Point Ratchet in relation to a DM Supply Point, the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity would exceed the Provisional Maximum Supply Point Capacity;

- (a) with effect from the following Day, and until the Transporter has assessed whether it is feasible to make available gas for offtake (in a 24 hour period) in the amount of such sum, the Ratchetted Supply Point Capacity shall be equal to the Provisional Maximum Supply Point Capacity;
- (b) with effect from the time at which the Transporter has assessed such feasibility and notified the CDSP, the Ratchetted Supply Point Capacity shall be equal to the lesser of:
  - (i) the Maximum Supply Point Capacity ~~or, where such Maximum Supply Point Capacity exceeds the prevailing maximum daily rate of offtake (howsoever expressed) specified in the Network~~

**Deleted:** the CDSP will inform the Transporter

Exit Agreement (if any) in respect of an LDZ DM Supply Point, such maximum daily rate; and

- (ii) the sum of the User's Registered Supply Point Capacity (immediately before the Supply Point Ratchet) and the Capacity Ratchet Amount; and

the CDSP will inform the Registered User of the Ratcheted Supply Point Capacity determined under paragraph (b) as soon as reasonably practicable after such feasibility was assessed by the Transporter and notified to the CDSP.”

## **Transition Document Part IIC**

### **1 - UNIFORM NETWORK CODE**

Insert the following new paragraphs 1.17.13 and 1.17.14:

“1.17.13 Where a Capacity Revision Application has been made in respect of a NExA Supply Meter Point which is an LDZ Supply Meter Point and, as a consequence of such application, the Supply Point Capacity became, with effect from a date between 1 September 2018 and the implementation date of Modification Proposal 0696V, greater than any maximum daily rate of offtake specified in the Network Exit Agreement, such increase in Supply Point Capacity shall be deemed not to have come into effect until the date with effect from which the Network Exit Agreement is amended so that such maximum rate of offtake is equal to or greater than the Supply Point Capacity which, but for this paragraph 1.17.13, would otherwise have applied.”

1.17.14 Where a Supply Point Confirmation in respect of a NExA Supply Meter Point which is an LDZ Supply Meter Point came into effect on a date between 1 September 2018 and the implementation date of Modification Proposal 0696V, and, as a result of such Supply Point Confirmation, the Supply Point Capacity of such NExA Supply Meter Point became greater than the maximum daily rate of offtake specified in the relevant Network Exit Agreement, then the Supply Point Capacity of such Supply Meter Point shall be deemed to be equal to such maximum daily rate of offtake from the date on which the Supply Point Confirmation became effective until the date with effect from which the Network Exit Agreement is or was amended so as to specify a maximum daily offtake rate which is no less than the Supply Point Capacity specified in such Supply Point Confirmation (at which point the Supply Point Capacity shall increase to the amount which, but for this paragraph 1.17.14, would otherwise have applied).”

Deleted: ¶

### Legal Commentary

Sections B3.12.10(a) and B4.6.8(c) are amended so that NTS Exit (Flat) Commodity Charges and the LDZ Optional Capacity Rate (if ever relevant) would reflect the changes to Sections G5.1.5 and G5.4.5 discussed below. For the purposes of Sections B3.12.10(a) and B4.6.8(c)(ii), the Shared Supply Meter Points procedures published by the CDSP pursuant to Section G1.7.17 may need to be revised.

The effect of the insertion of the additional restriction at Section G5.1.5(c) is that any application for an increase in capacity at an LDZ Supply Point which specifies a higher rate of offtake than that permitted in the NExA, may only take effect from the date on which the NExA is amended so as to permit such increase. Consequently, any changes to limitations imposed by relevant NExAs on the maximum rate of offtake and the effective date of such changes will need to be notified by Transporters to the CDSP.

The effect of the new Section G5.4.5 is to limit the permitted Supply Point Capacity at any LDZ Supply Point by reference to any maximum offtake rate limit specified in the NExA. It would be preferable to recognise the NExA's role in imposing such limitations by including express provision for it in section J 4.3 or J5.4, though the catch-all provision at J 4.3.2(c) already covers it. Section G 5.4.4 has been amended so that the new rule applies as appropriate to Shared Supply Points.

The definition of "Provisional Maximum Supply Point Capacity" at 5.5.2 is changed so that it is limited to the maximum level of offtake permitted by the NExA if that is a lower level of offtake than currently provided for by paragraph 5.5.2. Consequently, in cases of LDZ DM Supply Points with NExAs, where the offtake exceeds the daily limit specified in the NExA, Section B7.4.3 will, as required by Business Rule 3 of the Modification Proposal, result in a Supply Point Ratchet Charge in respect of a Billing Period calculated by reference to the greatest amount by which the daily offtake limit in the NExA is exceeded in that Billing Period. Sections 5.5.3 and 5.5.4 will be affected by the change in the definition of Provisional Maximum Supply Point Capacity in that, if a Supply Point Nomination or Capacity Revision Application is made which specifies a Supply Point Capacity exceeding the daily offtake limit specified in the NExA for such a Supply Point, the Transporter will be required to determine the feasibility of making the capacity available, and, if it is feasible, required to accept the Nomination or Application. However, thanks to the new Section G5.1.5(c), the nomination or application will only become effective on the date on which the limit in the NExA is increased.

Section G5.5.5 has been changed so that for any LDZ DM Supply Point the Ratcheted Supply Point Capacity (as provided for by Section B4.7.3, which is subject to G5.5.5) is limited to the daily offtake limit specified in the NExA (if any) for such a Supply Point. A correction has been made to the first part of this provision by removing the words "the CDSP will inform the Transporter". Some form of change is necessary for G5.5.5 to make sense and the deletion mirrors the wording of the equivalent provision in the version of Section G in Annex 1 to Transition Document Part IIC.

The Transition Document Part IIC has been amended so that where, after 1 September 2018 but before implementation of the Modification Proposal, the Supply Point Capacity was increased above the maximum daily offtake rate permitted by a NExA (whether as a result of

an application to increase the capacity or a Supply Point Confirmation), the Supply Point Capacity shall be treated as being equal to that maximum daily offtake rate until such point as the NExA provides for a maximum daily offtake rate to apply which is equal to or greater than the Supply Point Capacity as so increased or confirmed.

It has been assumed that the SSMP Transitional Phase has completed and that Annex 1 to Transition Document Part IIC is redundant so there is no need to change it.