

Proposed Legal Text – Draft

UNC Mod 0739 - Aggregate Overrun Regime for Original Capacity held at the Bacton ASEPs

Commentary:

Set out below is the suggested legal text to give effect to the proposed modification UNC0739 (Aggregate overrun regime for Original Capacity held at the Bacton ASEPs).

Paragraph 6.1 provides that the rules in this new paragraph 6 will only apply for so long as a Bacton User is holding two things: registered IP capacity at the Bacton IP ASEP and registered entry capacity at the Bacton UKCS ASEP and that these capacities include capacity which was re-allocated due to the split of the original Bacton ASEP into two ASEPs. In other words, a Bacton User has to have original Bacton capacity at both of the new ASEPs.

The term "Bacton User" is already defined in TD Part IIE 1.2(d). It refers to a User who holds Relevant Registered NTS Entry Capacity at the pre-split Bacton ASEP on the day immediately before commencement of the reallocation period (being 31 October 2015) when that single ASEP was split into two ASEPs (i.e. the Bacton IP ASEP and the Bacton UKCS ASEP) for any period after 31 October 2015. This entry capacity now covers any capacity in any calendar quarter in the period from October 2016 through to, and including, September 2031. This is because the last relevant month of this capacity was September 2016.¹

The concept of "Original Bacton Capacity" in the proposed solution in UNC0739 is that it is the Fully Adjusted Available Entry Capacity registered on 31 October 2015 at the old single Bacton ASEP. This concept is already referred to in paragraph 1.1 of Part IIE of the Transition Document as a Bacton User's "Relevant Registered NTS Entry Capacity at the Bacton ASEP". i.e. "Original Bacton Capacity" is the same as "Relevant Registered NTS Entry Capacity" as defined in TD Part IIE 1.2 (m), but is adjusted to take account of any Relevant Transfers under TD Part IIE 1.2(n). These Relevant Transfers adjust for any System Capacity Transfers where the Bacton User is the transferor at the Bacton ASEP for a relevant period. Consequently, where "Original Bacton Capacity" is transferred by a Bacton User to another User on or after 1 November 2015, the capacity will no longer be that Bacton User's "Relevant Registered NTS Entry Capacity at the Bacton ASEP" and so the transferee will be unable to benefit from the Aggregate Overrun Regime in respect of that capacity transferred to it.

Paragraph 6.3 refers TPD Section B2.12. This is the main charging provision for Overrun Charges on gas flows into the system in excess of entry capacity held. The proposed legal text provides that when calculating the System Entry Overrun Charges applicable to a Bacton User at either the Bacton UKCS ASEP or the Bacton IP ASEP, any unutilised Unused Capacity available at the other new Bacton ASEP will be added. This "Unused Capacity" for each of the two new ASEPs (i.e. the Bacton IP ASEP and the Bacton UKCS ASEP) is the amount of Original Bacton Capacity held less the User Daily Quantity Inputs (UDQIs) at that ASEP for that Day.

Legal Text

TRANSITION DOCUMENT, Part IIE

Add a new paragraph 6 as follows:

6 Regime for aggregation of ASEPS for Overrun Charges for Original Bacton Capacity

6.1 This paragraph 6 shall apply for as long as a Bacton User is holding Registered IP Capacity at the Bacton IP ASEP and Registered NTS Entry Capacity at the Bacton UKCS ASEP in each case which includes Original Bacton Capacity.

¹ See definition of "Relevant Registered NTS Entry Capacity" at Part IIE paragraph 1.2(m) where limb (i) provides that the last relevant month was September 2016

- 6.2 For the purposes of this paragraph 6 a Bacton User's:
- (a) "**Original Bacton Capacity**" means, in relation to either the Bacton IP ASEP or the Bacton UKCS ASEP, the Fully Adjusted² Available NTS Entry Capacity which the Bacton User is registered as holding on 31 October 2015;
 - (b) "**New Capacity**" means, in relation to either the Bacton IP ASEP or the Bacton UKCS ASEP, the User's Available NTS Entry Capacity which the Bacton User is registered as holding on a Day at that ASEP on 1 November or thereafter; and
 - (c) "**Unused Capacity**" means:
 - (i) in relation to the Bacton IP ASEP, the amount, for a Day, by which the Bacton User's Available registered IP Capacity, which comprises Original Bacton Capacity at that ASEP on the Day, exceeds the sum of the Bacton User's UDQI's on that Day in respect of the Bacton IP ASEP; and
 - (ii) in relation to the Bacton UKCS ASEP, the amount for a Day by which the Bacton User's Available registered NTS Entry Capacity at that ASEP which comprises Original Bacton Capacity on the Day, exceeds the sum of the Bacton User's UDQI's on that Day in respect of the Bacton UKCS ASEP.
- 6.3 For the purposes of TPD Section B2.12.1, a Bacton User's Available NTS Entry Capacity (determined as Fully Adjusted) on a Day at:
- (a) the Bacton IP ASEP shall be increased by an amount equal to the Bacton User's Unused Capacity for that Day (if any) at the Bacton UKCS ASEP; and
 - (b) the Bacton UKCS ASEP shall be increased by an amount equal to the Bacton User's Unused Capacity for that Day (if any) at the Bacton IP ASEP.
- 6.4 For the avoidance of doubt, if a Bacton User surrenders all or part of any Original Bacton Capacity to National Grid NTS or transfers all or part of any Original Bacton Capacity to any other User, such capacity so surrendered or transferred shall no longer be taken into account as part of the Original Bacton Capacity.

² TPD B2.1.7(d) – Fully Adjusted refers to a User's Available or Registered NTS Entry Capacity of any class at an ASEP being adjusted for any surrender by a User under a Capacity Management Agreement (2.8.4), reductions of interruptible entry capacity due to a curtailment notice (2.9.4), daily capacity offers accepted by National Grid NTS in accordance with the System Management Principles (2.10.8) and a deemed surrender of Force Majeure Option Quantities (2.17.9)