

**LEGAL DRAFTING**  
**CODE MODIFICATION – CAPACITY CONVERSION**

**Part A**

The following new definition shall be inserted in alphabetical order in Part A Section 1.1:

**"Capacity Conversion"** means the surrender of an amount of mismatched Unbundled IP Capacity at an Interconnection Point following the allocation of [not less than] an equivalent amount of Bundled IP Capacity of the same category for a duration which is Yearly, Quarterly or Monthly at the same Interconnection Point.

**"Capacity Conversion Application"** has the meaning in Part C (*Capacity*) Section 2.16.4.

**"Converted Capacity"** means in respect of a Shipper the amount of mismatched Unbundled IP Capacity for which a Capacity Conversion process is successfully undertaken under Part C (*Capacity*) Section 2.16

**Part C**

Insert the following new Section 2.16 in Part C (*Capacity*) :

**2.16 Capacity Conversion Process**

2.16.1 A Shipper shall apply in writing (or in such other manner as may be prescribed by the Transporter from time to time) to the Transporter to effect Capacity Conversion in respect of a Shipper's Primary IP Capacity at an Interconnection Point and the Transporter shall consider and where applicable approve a Shippers application for Capacity Conversion in accordance with this Section 2.16.

2.16.2 A Shipper shall notify the Transporter (in writing) of its intention to request Capacity Conversion such notice to include:

- (a) the EIC of the Shipper;
- (b) the location of the applicable Interconnection Point;
- (c) the category of IP Capacity to which the notice relates;
- (d) confirmation that there is insufficient Unbundled Adjacent System IP Capacity available at the IP;
- (e) the amount of Bundled IP Capacity which the Shipper proposes to apply for at a Bundled Auction at the IP;
- (f) the specific Bundled Auction in which the Shipper proposes to participate which shall be a Yearly IP Capacity Auction, a Quarterly IP Capacity Auction or a Rolling Monthly IP Capacity Auction;

- (g) the maximum amount of the Shipper's Unbundled IP Capacity for which the Shipper intends to request Capacity Conversion;
- (h) the duration for which the Shipper wishes to effect Capacity Conversion which duration shall be Yearly, Quarterly or Monthly.

2.16.3 The Transporter shall acknowledge any notice submitted by the Shipper in accordance with Section 2.16.2 within ten days after receipt of the relevant notice. Any such acknowledgement is without prejudice to the Transporter's right to reject the application for Capacity Conversion in accordance with Section 2.16.6.

2.16.4 A Shipper which has submitted a notification to the Transporter pursuant to Section 2.16.2 and has been allocated Bundled IP Capacity in the applicable Bundled Auction shall submit an application (**Capacity Conversion Application**) to the Transporter or Capacity Conversion which application shall specify:

- (a) the amount of Bundled IP Capacity allocated to the Shipper in the applicable Bundled Auction;
- (b) the amount of the Shippers mismatched Unbundled IP Capacity which the Shipper wishes to have treated as Converted Capacity which amount shall not exceed:
  - (i) the Shipper's mismatched Unbundled IP Capacity;
  - (ii) the amount of Bundled IP Capacity allocated to the Shipper pursuant to the Bundled Auction; and
- (c) the duration for which the Capacity is to be converted which duration shall be Yearly, Quarterly or Monthly and shall not exceed;
  - i. unexpired residue of the period for which the mismatched Unbundled IP Capacity has been booked by the Shipper;
  - ii. the duration for which the Bundled IP Capacity has been allocated pursuant to the Bundled Auction.

2.16.5 The Transporter shall notify the Shipper of its acceptance or rejection of the Shippers Capacity Conversion Application within 20 days after receipt of the said application submitted by the Shipper in accordance with Section 2.16.4, and where the Transporter rejects the application the reason for such rejection.

2.16.6 The Transporter may reject a Shipper's Capacity Conversion Application for the reasons in (a) and (b) below and shall reject a Shipper's Capacity Conversion Application for the reasons in (c) and (d) below:

- (a) where the Shipper has not submitted a notice in accordance with Section 2.16.2;
- (b) where the Shipper's application for Capacity Conversion has not been submitted in accordance with Section 2.16.4;
- (c) where the Shippers mismatched Unbundled IP Capacity is not of the same category as the Bundled IP Capacity (in each case as specified in the Capacity Conversion Application); and/or
- (d) the Shipper's mismatched Unbundled IP Capacity is not Primary IP Capacity.

2.16.7 Where the Shippers Capacity Conversion Application is accepted by the Transporter:

- (a) the Transporter shall notify the shipper of the amount of Converted Capacity;
- (b) the Transporter shall reduce the Shipper's entitlement to utilise the amount of the Shippers Unbundled IP Capacity at the Interconnection Point by an amount equivalent to the amount of Converted Capacity;
- (c) the Shipper shall be obliged to pay IP Capacity Charges in respect of the reduced Unbundled IP Capacity such that the Shipper shall not be obliged to pay IP Capacity Charges for the amount of the Converted Capacity as both Bundled IP Capacity and as Unbundled IP Capacity;
- (d) the amount of the Shippers Unbundled IP Capacity which is Converted Capacity shall be available to the Transporter for the duration for which it is converted.