

UNC Workgroup Report		At what stage is this document in the process?
<h1>UNC 0628S:</h1> <h2>Standard Design Connections: PARCA process</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> 01 Modification </div> <div style="border: 1px solid blue; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> 02 Workgroup Report </div> <div style="border: 1px solid purple; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> 03 Draft Modification Report </div> <div style="border: 1px solid orange; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification: This modification will introduce the Standard Design Connection to the PARCA¹ processes.</p>		
	<p>The Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to self-governance. <p>The Panel will consider this Workgroup Report on 17 May 2018. The Panel will consider the recommendations and determine the appropriate next steps.</p>	
	<p>High Impact: None</p>	
	<p>Medium Impact: None</p>	
	<p>Low Impact: Transporters, Shippers and Consumers</p>	

¹ Planning and Advanced Reservation of Capacity Agreement

Contents													
1 Summary	3												
2 Governance	3												
3 Why Change?	3												
4 Code Specific Matters	4												
5 Solution	4												
6 Impacts & Other Considerations	4												
7 Relevant Objectives	7												
8 Implementation	9												
9 Legal Text	9												
10 Recommendations	9												
Timetable													
<p>The Proposer recommends the following timetable:</p> <table border="1"> <tbody> <tr> <td>Initial Consideration by Workgroup</td> <td>02 November 2017</td> </tr> <tr> <td>Workgroup Report presented to Panel</td> <td>17 May 2018</td> </tr> <tr> <td>Draft Modification Report issued for consultation</td> <td>17 May 2018</td> </tr> <tr> <td>Consultation Close-out for representations</td> <td>8 June 2018</td> </tr> <tr> <td>Final Modification Report available for Panel</td> <td>11 June 2018</td> </tr> <tr> <td>Modification Panel decision</td> <td>21 June 2018</td> </tr> </tbody> </table>		Initial Consideration by Workgroup	02 November 2017	Workgroup Report presented to Panel	17 May 2018	Draft Modification Report issued for consultation	17 May 2018	Consultation Close-out for representations	8 June 2018	Final Modification Report available for Panel	11 June 2018	Modification Panel decision	21 June 2018
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<p>Any questions?</p> <p>Contact: Joint Office of Gas Transporters</p> <p> enquiries@gasgovernance.co.uk</p> <p> 0121 288 2107</p> <p>Proposer: Nicola Lond</p> <p> nicola.j.lond@nationalgrid.com</p> <p> 01926 654043</p> <p>Transporter: National Grid NTS</p>													

1 Summary

What

This is a modification which seeks to introduce the Standard Design Connection to the PARCA process within UNC. The Standard Design Connection will be defined within the UNC under the Application to Offer (A2O) connection process and UNC Modification - Standard Design Connections: A2O connection process modification, raised in parallel to this modification. The Standard Design connection has been developed by Project CLoCC² pre-approved and pre-appraised designs which allow a quicker and cheaper connection to the NTS. In order for the customer to utilise this Connection Offer the customer may require to also be able to secure capacity to the NTS via the Planning and Reservation of Capacity Agreement (PARCA) process within similar timescales.

Why

The process for reserving capacity for a Standard Design Connection customer and the A2O process for receiving a connection offer to the NTS require aligning. In order to allow an accelerated route through the PARCA application process for a Standard Design Connection, the PARCA process requires amending. Both time and cost may be saved due to the introduction of a Capacity Indicator, containing up front analysis in the new Connections Portal, being delivered by Project CLoCC in October 2018. The new connections portal enables an accelerated capacity process for a Standard Design Connection for customers with a Green indicator. A Green indicator signifies that National Grid could possibly substitute capacity from another location to this new connection.

How

By changing the relevant sections of UNC to allow the introduction of an accelerated route through the PARCA process for a Standard Design Customer with a Green Indicator.

2 Governance

Justification for Self-Governance

The Modification Panel determined that this modification is suitable to follow Self-Governance procedures as it is unlikely to have a material impact on consumers, competition, operation of the pipeline system, matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies, or governance procedures. In addition, it is unlikely to unduly discriminate between different classes of parties to the UNC. This is on the basis that it seeks to make a minor change by introducing an accelerated route through the PARCA process for a Standard Design Customer with a Green capacity indicator.

Requested Next Steps

This modification should:

² Customer Low Cost Connections

- be considered a non-material change and subject to self-governance;
- be issued to consultation.

3 Why Change?

Background

Project CLoCC is a Network Innovation Competition project with the objective of reducing the time and cost of connection to the National Transmission System (NTS). Project CLoCC will deliver Standard Designs which are pre-appraised and approved in order to achieve the objectives. Currently UNC defines the Capacity PARCA process and this will need amending to align the timing of the reservation of capacity with the A20 process for receiving a connection Offer to the NTS. This should then allow the Standard Designs to be more effectively implemented and utilised by potential customers.

Resolution

In order to deliver Standard Designs the UNC is required to be modified to allow for the definition of a Standard Design connection which can then have a more appropriate efficient and economic process applied for the customer. It is proposed that it is appropriate to have an accelerated PARCA Stage 1 process for a Standard Design Connection with different costs and timelines associated compared with a non-standard design. In order to fully achieve the above the PARCA process should be aligned where possible to the timeline for the A20 Offer process by introducing the accelerated route through PARCA Phase 1 for a Standard Design Connection customer with a Green Capacity Indicator. This is possible due to the introduction of a Capacity Indicator containing up front analysis in the new online Connections Portal to be delivered by Project CLoCC in October 2018.

In particular, to achieve the principles as proposed in the solution section 5 below.

4 Code Specific Matters

Reference Documents

TPD B, Y

Knowledge/Skills

NTS Capacity- PARCA processes

5 Solution

Solution

It is proposed that TPD is amended to allow for the following principles to apply:

1. Introduction of an accelerated route through the PARCA process for a ~~Standard Design~~ Customer with a Green capacity indicator. (TPD B1.15/ 1.17)

a. National Grid will, as soon as reasonably practical, validate the PARCA application as follows.

- i. Where a Green Capacity indicator is associated to the PARCA within [2 weeks] of notice of Competent PARCA application as described in B1.15.4 confirm to the PARCA Applicant the output of the Validation is either to remain classed as Green or to be classed as Red.
- ii. Where an Amber capacity indicator is associated to the PARCA within [4 weeks] of notice of Competent PARCA application as described in B1.15.4 to notify the PARCA Applicant the output of the validation is either to be classed as Green or to be classed as Red
- iii. If the relevant fee the PARCA Applicant has paid is different to the fee for the output of the validation then a further relevant fee will be required to be paid.

2.

Note: If the PARCA application has an Amber capacity indicator associated then it will be treated as Green (same rules as above will apply).

PARCA scenarios discussed to be taken account of are in the attached document for reference.



PARCA scenarios
TWG.pptx

b. To determine the time that an accelerated PARCA application will take, taking account of the different potential scenarios - see attached appendix (ref TPD B 1.17.1)

- i. If the PARCA application is ~~for a Standard Design and~~ has a validated Green ~~or Amber~~ capacity indicator associated then the Phase 1 PARCA Works shall be completed within the following timescales...

Where the PARCA Window is open for 20 consecutive business days, within [X] from the date of initiation of the Phase 1 PARCA works.

Where the PARCA window is open for 40 days consecutive business days, within [x] from the date of initiation of the Phase 1 PARCA works.

If this indicator later changes to a Red Capacity indicator due to any of the following:

1. Network Analysis Validation process by National Grid determines full time required up to 6 months
2. Interacting applications received within the PARCA window which results in additional network analysis requirement.

Then the PARCA Phase 1 works will be delivered within 6 months.

3. To allow appropriate and proportionate PARCA application fees. (TPD Y 5.45)

- a. To allow PARCA fees to be different (ref Y.S5.45.a.ii)
- b. To allow for a fee appropriate to a Green capacity indicator (simple).

- i. For this fee to also be applied to an Amber capacity indicator – To be set out in the Connections Charging Statement.
 - c. To allow for a Top up fee in the situation where a Green (or Amber) Capacity indicator is later changed to a Red Capacity indicator attracting the full PARCA fee (complex - up to 6 months) following validation or due to the impact of interacting applications received through the PARCA window. – to be set out in the Connections Charging Statement
- 4.
5. Update defined terms specific to PARCA eg. Capacity Indicator (any not covered in UNC Modification 0629S).

A Capacity Indicator – is a traffic light indication of capacity availability provided by the Online connections portal or by National Grid directly. Green, Amber or Red indication is given to indicate the availability of capacity based on the likely ability to satisfy the request through capacity substitution.

Note: UNC Modification 0629S for Standard Design Connection Capacity- A2O modification is being developed by workgroup in parallel.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

(Include PARCA Process flow diagram from NG Slides) – update April 2018?

<u>Consumer Impact Assessment</u>	
<u>Criteria</u>	<u>Extent of Impact</u>
<u>Which Consumer groups are affected?</u>	A more efficient process for bringing gas to the market will benefit all consumers; in particular, large consumers requiring an NTS connection of up to 57.3 GWh will be able to utilise a more efficient and cost effective process of securing capacity through a PARCA.
<u>What costs or benefits will pass through to them?</u>	<u>The PARCA fee will be reduced in line with the figures released in the Connection Charging Statement.</u> Add in the actual proposed figures
<u>When will these costs/benefits impact upon consumers?</u>	<u>Project CLoCC will be implemented on 30 October 2018.</u>

Are there any other Consumer Impacts?	None
<u>General Market Assumptions as at December 2016 (to underpin the Costs analysis)</u>	
<u>Number of Domestic consumers</u>	<u>21 million</u>
<u>Number of non-domestic consumers <73,200 kWh/annum</u>	<u>500,000</u>
<u>Number of consumers between 73,200 and 732,000 kWh/annum</u>	<u>250,000</u>
<u>Number of very large consumers >732,000 kWh/annum</u>	<u>26,000</u>

Cross Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
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.	Positive
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.	Positive
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.	None
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

OR, for Section Y (Charging Methodology) Modifications

Impact of the modification on the Relevant Charging Methodology Objectives:	
Relevant Objective	Identified impact
a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;	None
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: <ul style="list-style-type: none"> (i) no reserve price is applied, or (ii) that reserve price is set at a level - <ul style="list-style-type: none"> (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers; 	None
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	Positive
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	Positive
d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None
e) 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

Standard Relevant objectives

[clarification statement]

NL to confirm proposers view

- a) Efficient and economic operation of the pipe-line system.
- c) Efficient discharge of the licensee's obligations.
- 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.

The Workgroup agreed with the Proposers view of furthering of standard relevant objectives a), c) and d) from the standard table and equally the Workgroup agreed with the proposers view that Section Y relevant objectives b) and c) are furthered because the Modification Proposal introduces appropriate changes into the UNC to align the reservation of capacity with the Connections process in order to facilitate the introduction of a more efficient process for new gas connections to the NTS.

This modification furthers Section Y relevant objective b).and c) because it introduces appropriate changes into the charging methodology within the UNC to take into account the aligning of the reservation of capacity with the Connections process in order to facilitate the introduction of more efficient processes for gas connections to the NTS, potentially opening up the NTS to new customers.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Project CLoCC is due to deliver in October 2018 and the timetable proposed is to ensure delivery of the modification ahead of the Project delivery date.

9 Legal Text

Text Commentary

To be provided during Mod Development

Text

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B – SYSTEM CAPACITY

Amend paragraph 1.17.1 to read as follows:

1.17.1 Where the Phase 1 PARCA Works have been initiated such works shall be completed by National Grid NTS as soon as reasonably practicable and in any event ~~within 6 (six) months from the date of initiation of the Phase 1 PARCA Works~~ by the Relevant Phase 1 PARCA Works Completion Date.

Add new paragraph 1.19 to read as follows (and renumber existing paragraphs 1.19 and 1.20 accordingly):

1.19 PARCA - Capacity Indicator

1.19.1 For the purposes of this paragraph 1.19:

- (a) a "Capacity Indicator" is a classification (green, amber or red) assigned to a PARCA Application [made in respect of a Standard Design Connection ("relevant PARCA Application")] following National Grid NTS's [initial] assessment of whether or not it will be able to make available the [System Capacity] applied for pursuant to the relevant PARCA Application);
- (b) the "Relevant Phase 1 PARCA Works Completion Date" is, in respect of a relevant PARCA Application for which the assigned (or re-assigned) Capacity Indicator is:
- (i) green [or amber], and where the PARCA Window is closed after 20 Business Days in accordance with paragraph [1.16.1], [] months following the initiation of the Phase 1 PARCA Works;
- (ii) green [or amber], and where the PARCA Window remains open after 20 Business Days in accordance with paragraph [1.16.1], [] months following the initiation of the Phase 1 PARCA Works;
- (iii) red, [] months following the initiation of the Phase 1 PARCA Works;

(a) [1.19.2 For the purposes of the Code a "Standard Design Connection" means:

- (b) a standard design connection in accordance with the document named 'National Grid Policy T/SP/G/19 for Entry and Exit Connections up to 300mm Minimum Offtake Connections'; and
- (c) in respect of which the maximum rate at which gas can be delivered to or offtaken from the NTS does not exceed [57.3 GWh/Day].
- (d) [and any other connection is a "Non-Standard Design Connection"].]

1.19.3 [Where a PARCA Applicant, prior to submitting a relevant PARCA Application, gives notice to National Grid NTS specifying:

- (e) the identity of the PARCA Applicant;
- (f) the location of the proposed connection to the NTS;
- (g) whether the proposed connection requires NTS Entry Capacity of NTS Exit Capacity;
- (h) the proposed maximum rate at which gas can be delivered to or offtaken from the NTS at the proposed connection

National Grid NTS shall [as soon as reasonably practicable] notify the PARCA Applicant of the Capacity Indicator which National Grid NTS expects to assign to a relevant PARCA Application made by the PARCA Applicant where such application is consistent with the PARCA Applicant's notice under this paragraph [1.19.3].]

1.19.4 National Grid NTS will assign a Capacity Indicator to a [relevant] PARCA Application, and shall notify the PARCA Applicant of the assigned Capacity Indicator:

- (a) when assigning a green or red Capacity Indicator, within [] days of National Grid's confirmation that the application is a Competent PARCA Application;
- (b) when assigning an amber Capacity Indicator, within [] days of National Grid's confirmation that the application is a Competent PARCA Application.

1.19.5 The Capacity Indicator assigned (or re-assigned) by National Grid NTS in response to [a notification under paragraph 1.19.3 or] receipt of a Competent PARCA Application under paragraph 1.19.4 shall be:

- (a) green where [];
- (b) amber, where []
- (c) red, where [].

1.19.6 Where a relevant PARCA Application is assigned an amber Capacity Indicator, National Grid NTS shall as soon as reasonably practicable thereafter, re-assign the application with a green or red Capacity Indicator and notify the PARCA Applicant [as soon as reasonably practicable] following such re-assignment.

1.19.7 Where a relevant PARCA Application is assigned a green or amber Capacity Indicator National Grid NTS may re-assign the application with a red Capacity Indicator where following the commencement of the Phase 1 PARCA Works:

- (a) National Grid NTS determines, [acting reasonably], that it will require up to [] months to complete the works;
- (b) as a result of further PARCA Applications submitted to it, National Grid NTS is required to undertake additional network analysis for the purposes of completing the works.

SECTION Y – CHARGING METHODOLOGIES

The Gas Transmission Connection Charging Methodology

Amend Section 5 (Reservation of Capacity through a PARCA), paragraph 45 to read as follows:

45. Phase 1 PARCA Works

- a) The PARCA Application Fee ~~will be~~:

- i. shall be in accordance with the schedule of ~~based upon estimated costs of completing the Phase 1 PARCA Works~~ fees set out in the prevailing 'Statement for Gas Transmission Connection Charging' document published by National Grid NTS in accordance with ~~Dentons11~~ []; and
 - ii. the same monetary amount for all PARCA Applicants may differ in the case of a [relevant] PARCA Application, by reference to the Capacity Indicator assigned by National Grid NTS in accordance with Section B1.19;
 - iii. may be increased in the case of [relevant] PARCA Application where a green Capacity Indicator is re-assigned amber or red, or an amber Capacity Indicator is re-assigned red.
- b) Actual costs of the Phase 1 PARCA Works will be assessed and the difference (if any) between the PARCA Application Fee and the actual costs incurred by National Grid NTS to complete Phase 1 PARCA Works will either:
 - i. in case the Phase 1 PARCA Works are in excess of the PARCA Application Fee, be invoiced to the PARCA Applicant; or
 - ii. in case the PARCA Application Fee exceeds the Phase 1 PARCA Works, be refunded by National Grid NTS to the PARCA Applicant.
- c) The PARCA Application Fee payable by the PARCA Applicant will be reviewed, updated and published on an annual basis to reflect any changes to National Grid NTS costs associated with completing Phase 1 PARCA Works.

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

- This self-governance modification should proceed to consultation.