

Modification 0667 amendments to TPD Section B and Y
– incremental capacity premium under PARCA

Text Commentary

Paragraph of TPD B	Explanation
1.17.7	The PARCA Applicant needs to apply for capacity over certain minimum periods.
1.17.8	These are minimum periods over which capacity must be applied for in a PARCA application.
1.17.9	This defines the incremental quantity of capacity in respect of which an incremental capacity premium may be payable.
1.17.10	NG has discretion of whether to offer capacity applied for above the incremental quantity.
1.17.11	This repeats existing text.
1.18.1	This formula calculates the net present value of the revenue to which National Grid would be entitled if the incremental quantity of capacity were to be allocated and is applied before capacity reservation.
1.18.2	If the net present value of National Grid's revenue is less than 50% of the estimated project cost an incremental capacity premium is calculated.
1.18.3	The PARCA applicant is informed of the incremental capacity premium to inform its decision as to whether it wishes to enter into a PARCA Agreement.
1.18.4	If the net present value of National Grid's revenue is equal to or greater than 50% of the estimated project cost, the PARCA applicant is informed that no incremental capacity premium would be payable.
1.19.1	The net present value formula is applied before allocation to determine the additional revenue to which National Grid will be entitled on allocation based on updated inputs.
1.19.2	If the net present value of National Grid's revenue is less than 50% of the estimated project cost, an incremental capacity premium is calculated based on updated inputs to the net present value formula.
1.19.3	The PARCA applicant is informed of the revised incremental capacity premium to inform its decision as to whether it wishes to proceed to allocation (or withdraw from its PARCA Agreement).

1.19.4	If the net present value of National Grid’s revenue is equal to or greater than 50% of the estimated project cost, the PARCA applicant is informed that no incremental capacity premium is payable.
1.19.5	This references where “Estimated Project Cost” is defined and adjusts it for inflation.
2.11.3 (a)(ii)	This adds the Incremental Capacity Premium to the Applicable Daily Rate.
Paragraph of TPD Y	
	This cross references the obligation to pay an Incremental Capacity Premium in the charging section of UNC.