

**UNC Modification 0452**  
**Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA)**

**Draft Legal Text**

**Transportation Principal Document**

Section B (15 July 2013 version amendments)

1. Introduction

*Amend paragraph 1.2.1 as follows:*

- 1.2.1 Users may apply for, [reserve](#) and hold capacity in a System ("**System Capacity**") at certain System Points.

*Add a new paragraph 1.4(c)*

- (c) [the User's reserved system capacity "\*\*Reserved System Capacity\*\*", being the Reserved Entry Capacity and/or Reserved Exit Capacity \(as defined in paragraph 1.14.4 below\), in relation to a System Point is the NTS Entry Capacity and/or NTS Exit Capacity which the User has reserved \(in accordance with this Section B\) at that System Point pending registration of that System Capacity. The amount of Reserved System Capacity shall be treated \(for the purposes of determining the Available System Capacity only\) as if it were registered as held by a User;](#)

*Add a new paragraph 1.14*

**1.14 Reservation of NTS Entry Capacity and/or NTS Exit Capacity through a Planning and Advanced Reservation of Capacity Agreement (PARCA)**

- [1.14.1 National Grid NTS may enter into Planning and Advanced Reservation of Capacity Agreements \(PARCAs\).](#)

- [1.14.2 In order to request that National Grid NTS enters into a PARCA \(as defined in paragraph 1.14.3 below\) the PARCA Applicant \(as defined in paragraph 1.14.3 below\) is required to complete an application form \(the "\*\*PARCA Application\*\*"\) which National Grid NTS publishes and which may be amended and re-published from time to time and comply with the application process as set out in paragraph 1.15.](#)

- [1.14.3 For the purposes of the Code a "\*\*PARCA\*\*" is an agreement \(in a form published by National Grid NTS and amended and re-published from time to time following consultation\) between National Grid NTS and a person who is either:](#)

[\(a\) a User; or](#)

[\(b\) subject to paragraph 1.3, not a User \(the "\*\*Reservation Party\*\*"\)](#)

[and together \(the "\*\*PARCA Applicant\*\*"\),](#)

[pursuant to which the PARCA Applicant may reserve Quarterly NTS Entry Capacity at an Aggregated System Entry Point and/or Enduring Annual NTS Exit \(Flat\) Capacity at an NTS Exit Point; provided that a DNO User shall not be entitled to enter into a PARCA in order to reserve Quarterly NTS Entry Capacity at an Aggregated System Entry Point.](#)

- [1.14.4 Any Quarterly NTS Entry Capacity and/or Enduring Annual NTS Exit \(Flat\) Capacity reserved](#)

by a PARCA Applicant under a PARCA pursuant to this paragraph 1.14 will be reserved in the case of:

- (a) Quarterly NTS Entry Capacity at an Aggregated System Entry Point as reserved entry capacity (the “**Reserved Entry Capacity**”); and/or
- (b) Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point as reserved exit capacity (the “**Reserved Exit Capacity**”),

until such time as such Reserved System Capacity becomes Registered to a User or Nominated User(s) (as defined below) in accordance with the terms of the PARCA. The amount of Reserved System Capacity shall be determined (and may vary from time to time) in accordance with the terms of the PARCA.

1.14.5 Subject to the provisions in the PARCA, the Reservation Party is required under the PARCA to nominate a User or Users (the "**Nominated User(s)**") to be Registered as holding an amount of Reserved Entry Capacity at an Aggregated System Entry Point and/or an amount of Reserved Exit Capacity at an NTS Exit Point with effect from such date as is specified in the PARCA and shall give notice to such effect to National Grid NTS.

1.14.6 A notice under paragraph 1.14.5 shall specify:

- (a) the identity of the Nominated User(s);
- (b) the amount of Reserved System Capacity to be Registered in the name of the Nominated User(s) which shall not exceed the total amount of Reserved Capacity as is specified in the PARCA; and
- (c) the date, consistent with the terms of the PARCA, from which the Nominated User(s) is/are to be Registered as holding Reserved System Capacity.

1.14.7 Following receipt by National Grid NTS of the notice pursuant to paragraph 1.14.5, and provided that such notice has not been rejected by National Grid NTS pursuant to paragraph 14.4.10, National Grid NTS will notify the Nominated User(s) of the contents of such notice.

1.14.8 Each Nominated User may within five (5) Business Days of National Grid NTS' notice under paragraph 1.14.7 confirm to National Grid NTS its acceptance of the details in the Reservation Party's notice.

1.14.9 If a Nominated User does not confirm its acceptance to National Grid NTS within the period specified in paragraph 1.14.8, National Grid NTS shall as soon as reasonably practicable notify the Reservation Party of such non-acceptance and request that the Reservation Party resubmits a notice pursuant to paragraph 1.14.5 in relation to that amount of Reserved System Capacity that was to be Registered in the name of the Nominated User which failed to confirm its acceptance as set out above.

1.14.10 National Grid NTS may reject the nomination of a Nominated User(s):

- (a) where any of the requirements of paragraph 1.14.6 is not complied with;
- (b) in accordance with Section V3.

1.14.11 Subject to the provisions in the PARCA, National Grid NTS's Entry Capacity Release Methodology Statement and Exit Capacity Release Methodology Statement, the Code, where the nomination of a Nominated User(s) has not been rejected pursuant to paragraph 1.14.10

then the Reserved System Capacity will be allocated to the User or Nominated User(s) on such date (the "**Registration Date**") as is specified in the PARCA.

1.14.12 In the event that the PARCA is terminated in accordance with its terms prior to the Registration Date, then with effect from the date of such termination:

- (a) the User or Nominated User(s) (as the case may be) shall no longer hold the Reserved System Capacity, and shall not be entitled to be allocated with such Reserved System Capacity; and
- (b) where National Grid NTS determines that such Reserved System Capacity cannot be used for the purposes of another PARCA, the Reserved System Capacity shall cease to be the Reserved System Capacity for the purposes of the Code.

1.14.13 For the avoidance of doubt:

- (a) Reserved Entry Capacity shall not form part of any User's Available Firm NTS Entry Capacity until such time as that Reserved Entry Capacity becomes Registered in accordance with the terms of Section B2; and
- (b) Reserved Exit Capacity shall not form part of any User's Enduring Annual NTS Exit (Flat) Capacity until such time as that Reserved Entry Capacity becomes Registered in accordance with the terms of Section B3.

*Add a new paragraph 1.15*

## **1.15 The PARCA Application Process**

1.15.1 The PARCA Applicant may apply to enter into a PARCA with National Grid NTS by completing the PARCA Application form which National Grid NTS publishes and which may be amended and re-published from time to time.

1.15.2 In order to complete the PARCA Application form, the PARCA Applicant shall include such information as National Grid NTS may from time to time determine, which may include:

- (a) contact details of the PARCA Applicant;
- (b) proposed location of the PARCA Applicant's facility;
- (c) connection details (including proposed NTS connection site);
- (d) gas flow date(s) required for commissioning and commercial purposes;
- (e) capacity required (expressed either as a fixed amount or a range) and/or capacity profiles (if applicable);
- (f) where the PARCA Applicant is a DNO User, the associated NTS Exit (Flexibility) Capacity and Assured Offtake Pressure requirements; and
- (g) for information purposes only, the indicative Ramp Rate and notice period requirements.

1.15.3 National Grid NTS shall within [two (2)] Business Days from the date of receipt of the PARCA Application provide written notice of receipt of the PARCA Application to the PARCA Applicant.

1.15.4 National Grid NTS shall within [seven (7)] Business Days from the date of receipt of the Application Form notify the PARCA Applicant by written notice that the PARCA Application has been accepted or rejected.

1.15.5 Where the PARCA Application has been rejected pursuant to paragraph 1.15.4, National Grid NTS will as soon as reasonably practicable provide written notice (including detailed reasoning as to why the PARCA Application has been rejected) to the PARCA Applicant. A rejection of a PARCA Application under this paragraph shall not prevent a PARCA Applicant from submitting further PARCA Application(s).

1.15.6 A PARCA Application will be accepted by National Grid NTS where all of the required information has been correctly populated, and the data required by National Grid NTS has been provided, by the PARCA Applicant.

1.15.7 Where a PARCA Application has been accepted by National Grid NTS in accordance with paragraph 1.15.4, National Grid NTS will provide a PARCA (based on the generic PARCA contract which National Grid NTS publishes and which may be amended and re-published from time to time) populated with the relevant information from the PARCA Application accepted by National Grid NTS pursuant to paragraph 1.15.5(a) and unique reference number to the PARCA Applicant within five (5) Business Days from the date on which National Grid NTS has accepted the PARCA Application pursuant to paragraph 1.15.4.

1.15.8 In order to initiate works pursuant to the PARCA, the PARCA Applicant is required to sign and return the original copy of the PARCA provided by National Grid NTS to the PARCA Applicant pursuant to paragraph 1.15.7 to National Grid NTS and pay to National Grid NTS any initial fees, amounts or charges due in accordance with the terms of the PARCA.

1.15.9 Where the PARCA Applicant has signed and returned an original copy of the PARCA to National Grid NTS pursuant to paragraph 1.15.8, National Grid NTS will sign the PARCA and return a copy of the PARCA to the PARCA Applicant within two (2) Business Days.

#### **1.16 PARCA – Information publishing**

1.16.1 National Grid NTS shall publish information relating to PARCAs and Reserved System Capacity as follows:

(a) within 10 (ten) business days of initiation of the Phase 1 PARCA Works (as defined in the relevant PARCA) pursuant to a PARCA, National Grid NTS will publish:

(i) the geographical area of the NTS Exit Point and/or NTS Entry Point to which the PARCA relates;

(ii) an indicative range of Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity to which the PARCA relates based upon the maximum quantity of capacity requested;

(iii) the indicative date on which the Reserved System Capacity will be reserved in accordance with the Code and the PARCA; and

(iv) the requested Registration Date in respect of the Reserved System Capacity;

and National Grid NTS shall publish updates to any of the above information from time to time as applicable.

- (b) within 10 (ten) business days of the reservation of Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity pursuant to a PARCA, National Grid NTS will publish:

  - (i) the quantity (if any) of Unsold Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity that has been reserved and the relevant periods of such reservation;
  - (ii) the quantity (if any) of Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity reserved; and
  - (iii) the NTS Exit Point and/or NTS Entry Point defined in the PARCA;
- (c) National Grid NTS will publish, as soon as reasonably practical and respecting commercial confidentiality, details of the progress made against the phases of each PARCA. This will include in each case updates upon the submission of application for a Development Consent Order (if required), receipt of a Development Consent Order (if required), and calculation of any required revenue drivers;
- (d) within 10 (ten) business days of the termination of a PARCA, National Grid NTS will publish the quantity and location of any Enduring Annual NTS Exit (Flat) Capacity and/or NTS Entry Capacity that is no longer reserved pursuant to that PARCA and is therefore being made available to Users in accordance with the terms of the Code;
- (e) not more than twenty four (24) hours after the time at which National Grid NTS notifies the User or Nominated User(s) of their allocation of Quarterly NTS Entry Capacity pursuant to the PARCA and the Code, National Grid NTS will notify all Users of the following in respect of each calendar quarter:

  - (i) the price (in pence/kWh) payable for NTS Entry Capacity by the relevant User (and the amount of NTS Entry Capacity applied for);
  - (ii) the volume of NTS Entry Capacity allocated;
  - (iii) the volume of Incremental NTS Entry Capacity allocated; and
  - (iv) the amount of Unsold NTS Entry Capacity (if any) at the relevant NTS Entry Point following the allocation;
- (f) not more than twenty four (24) hours after the time at which National Grid NTS notifies the User or Nominated User(s) of their allocation of Enduring Annual NTS Exit (Flat) Capacity pursuant to the PARCA and the Code, National Grid NTS will notify all Users of the following information:

  - (i) the volume of Enduring Annual NTS Exit (Flat) Capacity allocated; and
  - (ii) the incremental volume (being the volume above Baseline NTS Exit (Flat) Capacity) of Enduring Annual NTS Exit (Flat) Capacity allocated.

## 2. NTS Entry Capacity

*Amend paragraph 2.1.2 (a) as follows:*

2.1.2 Users may apply for and be registered as holding NTS Entry Capacity:

(a) as Quarterly NTS Entry Capacity pursuant to an auction in accordance with paragraph 2.2 and/or apply for, reserve and be Registered as holding NTS Entry Capacity as Quarterly NTS Entry Capacity under a PARCA pursuant to paragraph 1.14.

*Amend paragraph 2.1.3 as follows:*

2.1.3 A User may not apply for or reserve under a PARCA pursuant to paragraph 1.14 or be registered as holding NTS Entry Capacity at an Aggregate System Entry Point in an amount less than 100,000 kWh/Day (the "**minimum eligible amount**").

*Amend paragraph 2.1.4 (a) as follows:*

2.1.4 In relation to an Aggregate System Entry Point:

(a) "**Quarterly NTS Entry Capacity**" is Firm NTS Entry Capacity which may be applied for, or reserved under a PARCA pursuant to paragraph 1.14 and registered as held (in a given amount) by a User for each Day in a particular calendar quarter.

*Amend paragraph 2.1.5 as follows:*

2.1.5 In respect of an Aggregate System Entry Point and in relation to a Day in a calendar month in a Formula Year:

(a) "**Obligated Entry Capacity**" is the amount of NTS Entry Capacity which National Grid NTS is required to make available to Users pursuant to National Grid NTS's Transporter's Licence as set out in National Grid NTS's Transportation Statement;

(b) "**Incremental NTS Entry Capacity**" is the amount of Firm NTS Capacity (if any) in excess of the Unsold NTS Entry Capacity which National Grid NTS may (but shall not be required to) invite applications for pursuant to paragraphs 2.2 and 2.3; and which may be reserved as Quarterly NTS Entry Capacity under a PARCA pursuant to paragraph 1.14; and

(c) "**Unsold NTS Entry Capacity**" is the amount of Firm NTS Entry Capacity that National Grid NTS has an obligation to make available (in accordance with the procedures set out in this paragraph 2) to Users pursuant to Special Condition 5F of National Grid NTS's Transporter's Licence as, in the case of NTS Entry Capacity to be made available under paragraphs 2.2, 2.3 and 2.4 but not paragraph 2.5, set out in National Grid NTS's Transportation Statement for the purpose of:

(i) paragraph 2.2, in relation to each Day in a calendar quarter (in the case of QSEC) or in a month (in the case of AMSEC);

(ii) paragraph 2.3 in relation to each Day in a calendar month;

(iii) paragraph 2.4 in relation to a Day;

in each case minus Reserved Entry Capacity for the calendar quarter, calendar month or Day in question.

~~an obligation to make available (in accordance with the procedures set out in this paragraph 2) to Users pursuant to Special Condition 5F of National Grid NTS's Transporter's Licence as, in the case of NTS Entry Capacity to be made available under paragraphs 2.2, 2.3 and 2.4 but not paragraph 2.5, set out in National Grid NTS's Transportation Statement.~~

*Amend paragraph 2.1.12 as follows:*

2.1.12 Any price to be specified by National Grid NTS or a User pursuant to any provision of this paragraph 2 or under a PARCA pursuant to paragraph 1.14 shall be expressed in pence/kWh/Day and specified to four decimal places.

*Amend paragraph 2.1.13 as follows:*

2.1.13 For the purposes of this paragraph 2 and/or paragraph 1.14 (as applicable) in particular in the context of applications for NTS Entry Capacity or reservation of Quarterly NTS Entry Capacity under a PARCA in accordance with the further provisions of this paragraph 2 and/or paragraph 1.14 (as applicable), a reference to a 'Capacity Year + n' is a reference to the Capacity Year commencing on either the n anniversary of the first Day of the Capacity Year in which the applications are invited to be made or on the anniversary of the first Day of the Capacity Year in which the PARCA was agreed.

*Amend paragraph 2.2.18 as follows:*

2.2.18 Not used.

~~(a) — For the purposes of this paragraph 2.2.18:~~

~~(i) — a "New" Aggregate System Entry Point is an Aggregate System Entry Point in respect of which National Grid NTS has not previously held an annual invitation in accordance with the earlier provisions of this paragraph 2.2 or this paragraph 2.2.18;~~

~~(ii) — an "initial" quarterly capacity bid is a capacity bid submitted on an initial annual invitation date and a "secondary" quarterly capacity bid is a quarterly capacity bid submitted on a secondary annual invitation date.~~

~~(b) — By not later than the Day falling twenty eight (28) Days before the first initial annual invitation date, National Grid NTS will notify Users of the applicable reserve prices and the step prices that will apply in respect of the New Aggregate System Entry Point for the purposes of the first annual invitation.~~

~~(c) — National Grid NTS will invite applications ("first" annual invitation) for Quarterly NTS Entry Capacity at the New Aggregate System Entry Point for each calendar quarter in Capacity Year +2 to Capacity Year +16 (inclusive) for such aggregate amounts of NTS Entry Capacity as is specified in the first annual invitation and Users may make applications for NTS Entry Capacity in respect of the New Aggregate System Entry Point in accordance with this paragraph 2.2.18.~~

~~(d) — National Grid NTS's annual invitation under paragraph 2.2.18(c) will specify:~~

~~(i) — the date(s) on which applications ("initial applications") pursuant to the first annual invitation may be made, which shall be a period of ten (10) consecutive Business Days, (each such date an "initial" annual invitation date);~~

~~(ii) — the date(s) on which further applications ("secondary applications") pursuant to the first annual invitation may be made, which shall be a period of ten (10) consecutive Business Days, (each such date a "secondary" annual invitation date);~~

~~(iii) — the conditions which must be satisfied before National Grid NTS will invite Users to submit secondary applications;~~

~~(iv) — for the New Aggregate System Entry Point, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive), the Available NTS Entry Capacity and the applicable reserve prices for Obligated Entry Capacity (in accordance with the Transportation Statement) (the "applicable reserve price");~~

~~(v) — for the New Aggregate System Entry Point, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive):~~

~~(1) — the relevant number of incremental capacity amounts of Quarterly NTS Entry Capacity greater than the Obligated Entry Capacity (the maximum incremental capacity amount being the lower of (1) an amount not less than an amount equal to 150% of Obligated Entry Capacity and (2) an amount determined by the application of National Grid's NTS's Entry Capacity Release Methodology Statement); and~~

~~(2) — the step price payable by Users for each different incremental capacity amount were National Grid NTS to make such incremental capacity amount available in each case (in accordance with National Grid NTS's Transportation Statement); and~~

~~(vi) — the relevant number for the purposes of paragraph (v) being twenty (20) except in the event of a New Aggregate System Entry Point where the Obligated Entry Capacity is less than 300,000,000 kWh/Day where the relevant number (being not greater than twenty (20) and not less than five (5)) as set out in National Grid NTS's Transportation Statement.~~

~~(e) — Provided the conditions referred to in the first annual invitation are satisfied National Grid NTS will by not later than the Day falling twenty-eight (28) Days before the first Day on which Users may submit secondary applications re-notify Users of each of the secondary annual invitation date(s), and National Grid NTS's invitation will be in accordance with paragraph 2.2.18(d) and the applicable reserve price shall be the same as that applicable reserve price that applied when Users were invited to submit initial applications.~~

~~(f) — Users may apply for Quarterly NTS Entry Capacity for a calendar quarter in each of Capacity Year + 2 to Capacity Year + 16 (inclusive) in respect of the New Aggregate System Entry Point on initial annual invitation dates and on secondary annual invitation dates (and a User who has not submitted an initial application shall not be prevented from submitting a secondary application where National Grid NTS invites secondary applications).~~

~~(g) — For the avoidance of doubt, and without prejudice to the further provisions of this paragraph 2.2.18, in relation to a first annual invitation:~~

~~(i) — paragraphs 2.2.5, 2.2.6, 2.2.8, 2.2.10, 2.2.11 and 2.2.12 shall apply;~~

~~(ii) — paragraph 2.2.9 shall apply provided that an initial quarterly capacity bid may not be withdrawn on a secondary annual invitation date;~~

~~(iii) — paragraph 2.2.15 shall apply for which purposes the prevailing relevant step price group shall be determined by reference to the quantities of Quarterly NTS Entry Capacity applied for in aggregate at the New Aggregate System Entry Point by Users up until 17:00 hours on each relevant invitation date).~~

~~(h) — Without prejudice to paragraph 2.2.18(i), following the submission of initial applications in relation to the New Aggregate System Entry Point paragraph 2.6 shall apply and National Grid NTS shall allocate NTS Entry Capacity and Users will be registered as holding Quarterly NTS Entry Capacity at the New Aggregate System Entry Point in the amounts so allocated.~~

~~(i) — Where National Grid NTS invites and Users submit secondary applications in relation to the New Aggregate System Entry Point paragraph 2.6 shall again apply for which purposes the Reserve Price Bid Amount and the relevant step price group shall be determined by reference to initial quarterly capacity bids and secondary quarterly capacity bids and National Grid NTS shall allocate or (as the case may be) reallocate NTS Entry Capacity and Users will be registered as holding Quarterly NTS Entry Capacity in the amounts so allocated or (as the case may be) reallocated.~~

~~(j) — For the avoidance of doubt following the allocation of NTS Entry Capacity under paragraph 2.2.18(i) Users agree to pay by way of NTS Entry Charges for the Quarterly NTS Entry Capacity allocated the step price corresponding to the relevant step price group for the calendar quarter following the second application of paragraph 2.6 irrespective of whether or not the step price is the same as the step price corresponding to the relevant step price group following the first application of paragraph 2.6 in respect of initial applications.~~

~~(k) — Nothing in this paragraph 2.2.18 shall be construed as giving rise to a requirement that National Grid NTS make available NTS Entry Capacity in relation to the New Aggregate System Entry Point on secondary annual invitation dates or that National Grid NTS invite Users to submit secondary applications.~~

*Add a new paragraph 2.6.8 as follows:*

2.6.8 Where the PARCA Applicant has reserved an amount of NTS Entry Capacity and that Capacity became Registered under the terms of the PARCA pursuant to paragraph 1.14, the User or Nominated User(s) will, on the date as specified in the PARCA, be registered as holding that amount of NTS Entry Capacity specified in the PARCA and/or the confirmed notices issued pursuant to paragraph 1.14.5; and

*Amend paragraph 2.11.1 as follows:*

2.11.1 (a) A User shall, ~~subject to paragraph (b) below,~~ pay Capacity Charges ("NTS Entry Capacity Charges") in respect of its Registered NTS Entry Capacity at Aggregate System Entry Points.

~~(b) —Where:~~

~~(i) —pursuant to paragraph 2.2.18 National Grid NTS allocates Quarterly NTS Entry Capacity for the first time at a New Aggregate System Entry Point from a specific date (the "First Capacity Allocation Date") but fails to accept gas properly tendered for delivery by a User (for the purpose of this paragraph 2.11.1 a "relevant User") at that Aggregate System Entry Point in the period on and following that First Capacity Allocation Date; and~~

~~(ii) —the reason for such failure is the non-commissioning of that Aggregate System Entry Point or any System Entry Point comprised within it; and~~

~~(iii) —the relevant User both holds Registered Quarterly NTS Entry Capacity and does properly tender gas for delivery on the relevant Day(s) at that Aggregate System Entry Point~~

~~then no NTS Entry Capacity Charges shall be payable by that relevant User in respect of such Registered NTS Entry Capacity at that Aggregate System Entry Point for each Day in the period from the First Capacity Allocation Date to the Day immediately preceding that on which National Grid NTS is first able to accept gas properly tendered for delivery by any User. Notwithstanding any other provision of the Code, the provisions of this paragraph (b) shall be the sole and exclusive remedy of Users where National Grid NTS fails to accept gas properly tendered for delivery in the circumstances set out above.~~

~~(e)~~ (b) A User shall pay Commodity Charges ("NTS Entry Commodity Charges") in respect of the flow of gas into the NTS on any day, or a charge calculated by reference to Special Condition 2A and 3A of National Grid NTS's Transporter's Licence.

*Amend paragraph 2.11.2 as follows:*

2.11.2 The NTS Entry Capacity Charge payable by a User in respect of each Day will be determined for each Aggregate System Entry Point and each class (as described in paragraph 2.1.4) of NTS Entry Capacity, as the amount of the User's Registered NTS Entry Capacity (of the relevant class, and in the case of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity, applied for pursuant to paragraphs 2.2 and/or 2.3 and/or reserved under paragraph 1.14, and allocated following an invitation date and/or allocated under a PARCA pursuant to paragraph 1.14) multiplied by the Applicable Daily Rate.

*Amend paragraph 2.11.3(a) as follows:*

2.11.3 The Applicable Daily Rate shall be:

(a) in respect of Quarterly NTS Entry Capacity;

(i) applied for pursuant to an annual invitation under paragraph 2.2, the applicable reserve or cleared price (for the calendar quarter) as determined following the relevant annual invitation date in accordance with paragraph 2.6; and

(ii) applied for, reserved and registered/allocated under a PARCA pursuant to paragraph 1.14 [the applicable price as set out in the relevant Transportation Statement].

*Amend paragraph 2.12.3 (a) as follows:*

2.12.3 The System Entry Overrun Charge shall be calculated as the amount of the overrun quantity multiplied by whichever is the greatest of:

- (a)  $(8 * A)$ , where 'A' is the highest price bid price in relation to a capacity bid in respect of which NTS Entry Capacity was allocated following an invitation under paragraphs 2.2, 2.3 and 2.4 [and/or the highest price payable in respect of NTS Entry Capacity allocated under a PARCA pursuant to paragraph 1.14](#); and

*Amend paragraph 2.13.3 as follows:*

2.13.3 In relation to each Aggregate System Entry Point and a calendar month, National Grid NTS shall pay to each relevant User an amount ("**Capacity Revenue Neutrality Charge**") determined as:

$$\text{RCR} * \text{UFAC} / \text{AFAC}$$

where:

RCR is the Relevant Capacity Revenues;

UFAC is the aggregate sum of the User's Fully Adjusted Firm Available NTS Entry Capacity [\(exclusive of any Reserved Entry Capacity under a PARCA pursuant to paragraph 1.14\)](#) at each Aggregate System Entry Point; and

AFAC is the aggregate sum of all User's Fully Adjusted Firm Available NTS Entry Capacity [\(exclusive of any Reserved Entry Capacity under a PARCA pursuant to paragraph 1.14\)](#) at each Aggregate System Entry Point

in each case as determined at 04:00 hours on the relevant Day.

### 3. NTS Exit Capacity

*Amend paragraph 3.1.3 as follows:*

3.1.3 Users may:

- (a) apply for and be registered as holding NTS Exit Capacity as:
- (i) Annual NTS Exit (Flat) Capacity pursuant to an application in accordance with paragraphs 3.2 and 3.4;
  - (ii) Daily NTS Exit (Flat) Capacity pursuant to an invitation in accordance with paragraphs 3.5 and 3.6;
  - (iii) NTS Exit (Flexibility) Capacity in accordance with paragraph 3.7;
- [\(b\) apply for, reserve and be registered as holding Enduring Annual NTS Exit \(Flat\) Capacity and/or, in the case of DNO Users only, NTS Exit \(Flexibility\) Capacity under a PARCA pursuant with paragraph 1.14](#)
- ~~(b)~~ (c) offer or agree to surrender NTS Exit Capacity in accordance with paragraph 3.11.

*Amend paragraph 3.1.4 as follows:*

3.1.4 Subject to paragraph 3.2.15(d), a User may not apply for, [reserve under a PARCA pursuant to paragraph 1.14](#), bid or offer to surrender NTS Exit (Flat) Capacity at an NTS Exit Point in an amount less than 100,000 kWh per day (the "**minimum eligible amount**").

*Amend paragraph 3.1.5(c) as follows:*

- (c) "**Enduring**" Annual NTS Exit (Flat) Capacity is Annual NTS Exit (Flat) Capacity which may be applied for, [reserved under a PARCA pursuant to paragraph 1.14](#) and registered as held (in a given amount) by a User with effect from the Day for which it is allocated pursuant to paragraph 3.2 [and/or under a PARCA pursuant to paragraph 1.14](#), on the basis that the User will continue to hold such amount of capacity subject only to:
- (i) a reduction in accordance with paragraph 3.2;
  - (ii) the User ceasing to hold the capacity in accordance with 3.3.7(a);
  - (iii) any System Capacity Assignment;

*Amend paragraph 3.1.6(b) as follows:*

3.1.6 For the purposes of the Code:

- (b) in respect of an NTS Exit Point and in relation to a Gas Year:
- (i) the "**Baseline NTS Exit (Flat) Capacity**" is the amount of NTS Exit (Flat) Capacity which National Grid NTS is required to make available to Users in relation to each Day in that Gas Year (or part thereof) pursuant to National Grid NTS's Transporter's Licence and as set out in National Grid NTS's Exit Capacity release obligation summary report;
  - (ii) at any time the "**Remaining Available NTS Exit (Flat) Capacity**" in relation to that Gas Year or (as the case may be) a Day in that Gas Year is the amount (if any) by which the Baseline NTS Exit (Flat) Capacity for that Gas Year exceeds the aggregate amount of NTS Exit (Flat) Capacity registered, at that time, as held by Users in relation to that Gas Year or Day ([Reserved NTS Exit Capacity shall be treated \(for the purposes only of determining the Remaining Available NTS Exit \(Flat\) Capacity\) as if it were registered as held by a User](#));

*Amend paragraph 3.1.6(d) as follows:*

- (d) a "**New**" NTS Exit Point is an NTS Exit Point in respect of which Users have not previously been able to submit an application or bid for Annual NTS Exit (Flat) Capacity in accordance with the provisions of paragraphs 3.2.3(a) ~~and~~, 3.4 [and/or under a PARCA pursuant to paragraph 1.14](#).

*Amend paragraph 3.1.8 as follows:*

3.1.8 For the purposes of this paragraph 3 and in particular in the context of applications and invitations for Annual NTS Exit (Flat) Capacity [or reservation of Enduring Annual NTS Exit \(Flat\) Capacity under a PARCA pursuant to paragraph 1.14](#) in accordance with the further provisions of this paragraph 3 [and/or under a PARCA pursuant to paragraph 1.14](#) a reference to a 'Gas Year Y+n' is a reference to a Gas Year commencing on the nth anniversary of the first Day of the Gas Year in which such applications are to be made.

*Amend paragraph 3.2.12 as follows:*

3.2.12 A User may accept an offer made under paragraph 3.2.10 within thirty (30) days of the date on

which the offer was made by National Grid NTS or within such other greater period as agreed between National Grid NTS and the User, and where the User accepts an offer the User will be registered as holding the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point with effect from the date(s) specified in the offer (in accordance with paragraph 3.2.10(c)) and /or the date specified under a PARCA pursuant to paragraph 1.14 (the "**Registration Date(s)**").

*Amend paragraph 3.2.21 as follows:*

- 3.2.21 National Grid NTS may invite Users to submit a notice of reduction at such other times as it may determine in accordance with the principles in the prevailing Exit Capacity Substitution Methodology Statement, and any such invitation shall specify:
- (a) the period (being a period other than the period referred to in paragraph 3.2.15) during which a User may give a notice of reduction;
  - (b) the earliest date on which National Grid NTS may give effect to a reduction; ~~and~~
  - (c) the date on which National Grid NTS will notify a User of whether or not it will give effect to a notice of reduction; and
  - (d) where applicable, the NTS Exit Points where such notices of reduction will be Permitted.

*Amend the heading to paragraph 3.3 as follows:*

### 3.3 ~~NTS Exit ARCAs and~~ Demonstration Dates

*Amend paragraph 3.3.1 as follows:*

#### 3.3.1 Not used. ~~National Grid NTS may enter into NTS Exit ARCAs.~~

*Amend paragraph 3.3.2 as follows:*

3.3.2 Not used. ~~For the purposes of the Code an "NTS Exit ARCA" (which it is anticipated will contain provisions similar to those in paragraphs 3.3.4 to 3.3.7 (inclusive)) is an agreement with a person who is not a User (the "Reservation Party"), under which the Reservation Party is entitled to nominate any User to be registered with effect from such date as is specified in the NTS Exit ARCA, as holding an amount of Enduring Annual NTS Exit (Flat) Capacity (the "Reserved Capacity") in respect of an NTS Exit Point.~~

*Amend paragraph 3.3.2 as follows:*

- 3.3.3 Not used. ~~Where National Grid NTS has entered into an NTS Exit ARCA:~~
- ~~(a) the amount of Reserved Capacity shall be treated (for the purposes of determining the Remaining Available NTS Exit (Flat) Capacity) as if it were registered as held by a User;~~
  - ~~(b) National Grid NTS will not be required to make Reserved Capacity available to Users in accordance with the other provisions of this paragraph 3;~~
  - ~~(c) the Reservation Party may by notice to National Grid NTS nominate a User to be registered as holding Reserved Capacity;~~
  - ~~(d) a notice under paragraph (c) shall specify:~~
    - ~~(i) the identity of the nominated User;~~
    - ~~(ii) an amount of Reserved Capacity to be registered in the name of the nominated User which shall not exceed the total amount of Reserved Capacity (taking into account any prior notice by the Reservation Party under this paragraph 3.3.3 in relation to the NTS Exit ARCA);~~

- ~~(iii) — the date, consistent with the terms of the NTS Exit ARCA, from which the nominated User is to be registered as holding Reserved Capacity and following such notice National Grid NTS will notify the nominated User of the contents of such notice;~~
- ~~(e) — the nominated User may within five (5) Business Days of National Grid NTS's notice under paragraph (d) confirm to National Grid NTS its acceptance of the details in the Reservation Party's notice;~~
- ~~(f) — National Grid NTS may reject the User's nomination:~~
- ~~(i) — where any of the requirements of paragraph (d) is not complied with;~~
- ~~(ii) — in accordance with Section V3; and~~
- ~~(g) — subject to paragraph (f), a nominated User shall be deemed (including for the purposes of paragraph 3.2.16) to have been allocated Reserved Capacity and accordingly be registered as holding Enduring Annual NTS Exit (Flat) Capacity from the date determined under the NTS Exit ARCA.~~

Section Y (10 June 2013 version amendments)

*Add a new paragraph 2 as follows:*

**2. Reservation of Capacity through a PARCA**

**1. Overview**

- 1.1 This methodology which is published in accordance with Standard Licence Condition 4B of the Licence applies exclusively to works and costs associated to a PARCA.
- 1.2 In accordance with TPD Section B 1.14, National Grid NTS may enter into a PARCA with a PARCA Applicant.

**2 Phase 1**

- 2.1 Where a PARCA Applicant wishes to apply for the reservation of capacity under a PARCA pursuant to TPD Section B 1.14 the PARCA Applicant is required under the PARCA to pay the relevant fee (the “Phase 1 PARCA Fee”) in order to progress the PARCA process.
- 2.2 The Phase 1 PARCA Fee will be:
- (a) based upon estimated costs of completing the Phase 1 PARCA Works; and
- (b) the same monetary amount for all PARCA Applicants.
- 2.3 In accordance with the provisions under the PARCA actual costs will be assessed and the difference (if any) between the Phase 1 PARCA Fee and the actual costs incurred by National Grid NTS to complete works in Phase 1 of the PARCA will be invoiced.
- 2.4 The Phase 1 PARCA Fee will be reviewed, updated and published in accordance with [TPD Section Y, Connection Charging Methodology, Section [2], paragraph [ ] and specified in The Statement for Gas Transmission Connection Charging<sup>1</sup>

**[3 Phase 2 - No works/investment required**

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<sup>1</sup> The name of the Statement may need to be amended post update for PARCA so it covers connections and the application and reservation fees as applicable for PARCAs.

- 3.1 Where National Grid NTS has identified in the Phase 1 PARCA works report that no works and/or investment is required for Phase 2, in order to reserve capacity the PARCA Applicant is required to put in place acceptable security to comply with TPD Section V in an amount not less than the Reservation Amount (as defined in the PARCA).
- 3.2 The Reservation Amount will be calculated as ten per cent (10%) of the indicative value associated to the requested Capacity for NTS Exit Capacity and/or NTS Entry Capacity and detailed in the Phase 1 PARCA works report.
- 3.3 The Reservation Amount for NTS Exit Capacity will be calculated as follows:

The Reservation Amount for NTS Exit Capacity will be:

$$\text{Reservation Amount (£)} = [0.1] \times ((\text{PARCAEx}_{\text{ind}} / 100) \times (\text{Qex} \times (365 \times x4 + 1)))$$

Where:

PARCAEx<sub>ind</sub> = the indicative NTS Exit Capacity price (p/kWh/Day) for the relevant Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point included in the Phase 1 PARCA Works Report. (Note: This price may differ from the actual price determined at a later date and used to calculate actual transportation charges)

Qex = the maximum amount of Enduring Annual NTS Exit (Flat) Capacity to be Reserved by the PARCA Applicant (kWh/Day) as specified in the Phase 1 PARCA Works Report.

- 3.4 The Reservation Amount for NTS Entry Capacity will be calculated as follows:

$$\text{Reservation Amount (£)} = [0.1] \times [(\text{PARCAEn}_{\text{ind1}} / 100 \times \text{Q}_{\text{en1}}) + (\text{PARCAEn}_{\text{ind2}} / 100 \times \text{Q}_{\text{en2}}) + (\text{PARCAEn}_{\text{ind3}} / 100 \times \text{Q}_{\text{en3}}) + (\text{PARCAEn}_{\text{ind4}} / 100 \times \text{Q}_{\text{en4}}) \dots + (\text{PARCAEn}_{\text{indn}} / 100 \times \text{Q}_{\text{enn}})]$$

Where:

PARCAEn<sub>ind</sub> = the indicative clearing price for each individual quarter for the Quarterly NTS Entry Capacity requested for Quarters 1 to n where n is the last quarter of capacity requested and confirmed by the PARCA Applicant.

Note: Where an NPV test is required and passed, the indicative clearing price will be that specified for each Quarter by the PARCA Applicant in accordance with the NPV test. Where no NPV test is required the indicative clearing price applied will be the P0 price.

Q<sub>en</sub> = the aggregated Quarterly NTS Entry Capacity requested via the PARCA for each day in that quarter from the first quarter up to and including the last quarter, n, for which capacity is requested.

- 3.5 Should the PARCA be terminated prior to the allocation date as specified under the PARCA, the termination amount will be the Reservation Amount. The termination amount will be invoiced to the PARCA Applicant and the security provided under the PARCA may called upon by National Grid NTS in the event of non-payment by the PARCA Applicant.]

#### **4. Phase 2 - Works/investment required**

- 4.1 Should the PARCA be terminated prior to the allocation date as specified under the PARCA, the termination amount will be the actual costs for the planning activities incurred by National Grid NTS up to date of termination. The termination amount will be invoiced to the PARCA Applicant and security provided under the PARCA may called upon by National Grid NTS in the event of non-payment by the PARCA Applicant.

**2-3 The Gas Transmission Connection Charging Methodology**  
**New definitions to be added in the Defined Terms Listing**

<b>Nominated User</b>	TPD B1.14.4
<b>PARCA</b>	TPD B1.14.3
<b>PARCA Applicant</b>	TPD B1.14.3
<b>PARCA Application</b>	TPD B1.14.2
<b>Phase 1 PARCA Fee</b>	TPD Y2.1
<b>Reserved Entry Capacity</b>	TPD B1.14.4
<b>Reserved Exit Capacity</b>	TPD B1.14.4
<b>Reservation Party</b>	TPD B1.14.3.(b)
<b>Reserved System Capacity</b>	TPD B1.4(c)

**Transition Document**

*Insert the following as new paragraph 1.1.9 of Part IIC of the Transition Document:*

"1.1.9 TPD Section B3.3: NTS Exit ARCAs and Demonstration Dates

- (a) This paragraph 1.1.9 shall apply from the date on which the Modification giving effect to this paragraph 1.1.9 first has effect.
- (b) National Grid NTS may have, prior to the date specified in paragraph (a), entered into NTS Exit ARCAs.
- (c) For the purposes of the Code an "NTS Exit ARCA" is an agreement with a person who is not a User (the "Reservation Party"), under which the Reservation Party is entitled to nominate any User to be registered with effect from such date as is specified in the NTS Exit ARCA, as holding an amount of Enduring Annual NTS Exit (Flat) Capacity (the "**Reserved Capacity**") in respect of an NTS Exit Point.
- (d) Where National Grid NTS has entered into an NTS Exit ARCA:
  - (i) the amount of Reserved Capacity shall be treated (for the purposes of determining the Remaining Available NTS Exit (Flat) Capacity) as if it were registered as held by a User;
  - (ii) National Grid NTS will not be required to make Reserved Capacity available to Users in accordance with the other provisions of TPD Section B3;
  - (iii) the Reservation Party may by notice to National Grid NTS nominate a User to be registered as holding Reserved Capacity;
  - (iv) a notice under paragraph (iii) shall specify:
    - (A) the identity of the nominated User;
    - (B) an amount of Reserved Capacity to be registered in the name of the nominated User which shall not exceed the total amount of Reserved Capacity (taking into account any prior notice by the Reservation Party under this paragraph (d) in relation to the NTS Exit ARCA);

(C) the date, consistent with the terms of the NTS Exit ARCA, from which the nominated User is to be registered as holding Reserved Capacity

and following such notice National Grid NTS will notify the nominated User of the contents of such notice;

(v) the nominated User may within five (5) Business Days of National Grid NTS's notice under paragraph (iv) confirm to National Grid NTS its acceptance of the details in the Reservation Party's notice;

(vi) National Grid NTS may reject the User's nomination:

(i) where any of the requirements of paragraph (iv) is not complied with;

(ii) in accordance with TPDSection V3; and

(vii) subject to paragraph (vi), a nominated User shall be deemed (including for the purposes of TPD Section B3.2.16) to have been allocated Reserved Capacity and accordingly be registered as holding Enduring Annual NTS Exit (Flat) Capacity from the date determined under the NTS Exit ARCA."