

Planning and Advanced Reservation of Capacity Agreement (PARCA) Draft Business Rules for discussion

1 Definitions and Interpretation

- 1.1 The **"PARCA"** (Planning and Advanced Reservation of Capacity Agreement) is a bilateral agreement between National Grid NTS and a customer (who maybe be a developer or a User) which allows a User or developer to reserve Quarterly NTS Entry or Enduring Annual NTS Exit (Flat) Capacity at an existing or new NTS Entry or NTS Exit Point. The PARCA contract will detail the stages and terms and conditions needed to ultimately allocate the reserved capacity and enable National Grid NTS to carry out the required NTS reinforcement works (if any). The PARCA will also detail the funding and security required from the PARCA signatory for each stage of the PARCA contract. Refer to paragraph 7 and 8 for further detail on these aspects.
- 1.2 National Grid NTS may enter into PARCAs with both a Non-Code (the **"Reservation Party"**) or Code Party (the **"Reservation User"**) at any time for the reservation of Enduring Annual NTS Exit (Flat) Capacity (the **"Reserved Exit Capacity"**) and/or Quarterly NTS Entry Capacity (the **"Reserved Entry Capacity"**) from the date agreed with National Grid NTS on a project specific basis. For the purposes of these business rules the Reservation Party and Reservation User will be referred to separately where appropriate or collectively referred to as **"PARCA Signatories"**. Reserved Exit Capacity and Reserved Entry Capacity will be referred to separately where appropriate or collectively as **"Reserved Capacity"**.
- 1.3 **"Reserved Exit Capacity" is Capacity which;**
- (a) the Reservation Party is entitled to nominate any User to be registered, with effect from such date as is specified in the PARCA, as holding an amount of Enduring Annual NTS Exit (Flat) Capacity in respect of an NTS Exit Point or ;
 - (b) the Reservation User is to be registered with effect from such date or such quarterly periods as is specified in the PARCA, as holding an amount of Enduring Annual NTS Exit (Flat) Capacity in respect of an NTS Exit Point
- 1.4 **"Reserved Entry Capacity" is Capacity which;**
- (a) the Reservation Party is entitled to nominate any User to be registered, with effect for each Quarterly Period as is specified in the PARCA, as holding an amount(s) of Quarterly NTS Entry Capacity in respect of an Aggregated System Entry Point (ASEP) or;
 - (b) the Reservation User is to be registered with effect for each Quarterly Period as specified in the PARCA, as holding an amount(s) of Quarterly NTS Entry Capacity in respect of an ASEP

Note: National Grid NTS will need to determine how much of the Reserved Capacity can be delivered through Unsold Baseline NTS Entry / Exit Capacity (either at the relevant ASEP / NTS Exit Point or substituted from another ASEP / NTS Exit Point). This determination will only occur once the PARCA triggered Ad-hoc processes detailed under paragraphs 10 and 14 have completed where necessary. Once this determination has been made, any Reserved Unsold Baseline NTS Entry / Exit Capacity will not be made available in further capacity release processes where the PARCA progresses to Formal Capacity Allocation..

- 1.5 **"Baseline NTS Entry / Exit Capacity"** means the amount of Firm NTS Entry / Exit Capacity that National Grid NTS is obliged to make available to Users in accordance with National Grid NTS's Transporter's licence. For the purposes of determining the

amount of remaining available Baseline NTS Entry / Exit Capacity, the Reserved Capacity will be treated as if it were registered as held by a User.

Note: For the purposes of these business rules substituted capacity is classed as Baseline NTS Entry or Exit Capacity (i.e. substitution involves the transfer of Unsold Baseline NTS Entry or NTS Exit Capacity from one point to another).

- 1.6 **“Discretionary NTS Entry / Exit Capacity”** means Firm NTS Entry / Exit Capacity over and above Baseline NTS Entry / Exit Capacity that National Grid NTS may choose to release entirely at its own discretion. The allocation of Discretionary NTS Entry / Exit Capacity does not set an enduring release obligation at the relevant ASEP / NTS Exit Point under the licence (i.e. Non-Obligated Capacity).
- 1.7 **“Incremental NTS Entry / Exit Capacity”** means Firm NTS Entry / Exit capacity over and above the Baseline NTS Entry / Exit Capacity level at an ASEP / NTS Exit Point that is not met through either substitution or the release of Discretionary NTS Entry / Exit Capacity. The allocation of Incremental NTS Entry/Exit Capacity also sets an enduring release obligation at the relevant ASEP / NTS Exit Point under the licence. Such release may or may not require NTS reinforcement.
- 1.8 **“Demonstration Date”¹** means a date(s) specified in the PARCA whereby the PARCA signatory needs to provide specific PARCA Demonstration Information to National Grid NTS and is further defined as:
- (a) First Demonstration Date;
 - (b) or in the event the PARCA signatory has not provided National Grid NTS with the PARCA Demonstration Information by the First Demonstration Date, a second date agreed through the PARCA (**Second Demonstration Date**); or
 - (c) or in the event the PARCA signatory has not provided National Grid NTS with the PARCA Demonstration Information by the Second Demonstration Date, a third date agreed through the PARCA (**Third Demonstration Date**);
 - (d) or in the event the PARCA signatory has not provided National Grid NTS with the PARCA Demonstration Information by the Third Demonstration Date, such other date as maybe agreed through the PARCA (**“Ad-hoc Demonstration Date”**).
- 1.9 Where Demonstration Dates are altered from the First Demonstration Date, Second Demonstration Date, Third Demonstration Date or ad-hoc Demonstration Date then National Grid NTS will, upon such alteration, communicate to the PARCA Signatory any revisions (if required) to the PARCA schedule time frames and project milestones.
- 1.10 **“PARCA Demonstration Information”** is such information as is sufficient to enable National Grid NTS to be reasonably satisfied that;
- (a) the PARCA signatory will be able to progress to commencement of the relevant PARCA stage; or
 - (b) the relevant PARCA stage has commenced;
 - (c) and in either case, the PARCA signatory is expected to be able to progress the relevant PARCA stage to completion;

¹ Each PARCA may require several PARCA Demonstration Information requests all of which will require a specific First Demonstration Date (dependant on the nature of the customer project and NTS works). These may then have second, third or ad-hoc demonstration dates.

- 1.11 The “**Formal Allocation**” means the allocation of previously Reserved Capacity to a Nominated User or Reservation User and accordingly that Nominated User or Reservation User will be registered as holding Enduring Annual NTS Exit (Flat) Capacity from the date determined under the PARCA and/or Quarterly Entry Capacity for the quarterly periods determined under the PARCA (National Grid NTS will register the Capacity on behalf of the User). This will only occur once all of the relevant PARCA stages have been progressed through and all relevant PARCA Demonstration Information received.
- 1.12 The “**First Registration Date**” is the first date from which a User is able to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point and/or Quarterly NTS Entry Capacity at the ASEP.

2 Duration

- 2.1 Timescales for each stage (refer to paragraph 3 for details of the PARCA schedules and stages) of the PARCA will be agreed between parties post completion of stage 1a of the PARCA.
- 2.2 The PARCA shall be effective on the date of agreement and shall continue in full force and effect until the earlier of:
- (a) the start of the Reserved Capacity Period i.e. the first capacity date (which may be subject to change) or
 - (b) termination / cessation of the PARCA (for example, break out points and failure to provide PARCA Demonstration Information in accordance with paragraph 4 or failure to agree a Demonstration Date in accordance with paragraph 1.8).
- 2.3 The PARCA signatory shall remain liable after date of cessation or termination of the PARCA for:
- (a) any amount payable (in accordance with the terms of the PARCA) in respect of any period before the date of the cessation or termination of the PARCA; and
 - (b) any breach of the PARCA.

3 PARCA schedules

4 PARCA Demonstration information²

- 4.1 The existing ARCA and Demonstration Date principles currently defined under UNC B3.3 are retained (and extended to Entry) for the purposes of the PARCA.
- 4.2 The PARCA contract will detail the latest date by which PARCA Demonstration Information is to be provided by the PARCA signatories ("Demonstration Date") in accordance with paragraph 1.8.
- 4.3 The PARCA signatory will provide the PARCA Demonstration Information to National Grid NTS by no later than the Demonstration Date.
- 4.4 Such activities are necessary to ensure that the Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly System Capacity applied for will be able to offtake gas at the NTS Exit Point and/or supply of gas at the ASEP with effect from the First Registration Date(s).
- 4.5 National Grid NTS will publish guidelines (to be updated from time to time) setting out the scope and content of such PARCA Demonstration Information and this is further detailed under paragraph 17. The demonstration Information required will be specific to each stage of the PARCA contract.
- 4.6 Where a PARCA signatory fails to provide National Grid NTS with PARCA Demonstration Information by the Demonstration Date in accordance with paragraph 1.8 then National Grid NTS may delay commencement of the Works and reset the Demonstration Date accordingly with agreement from the PARCA signatory. Where such agreement to the reset Demonstration date is not forthcoming then paragraph 2.2 b may be enacted.
- 4.7 National Grid NTS will notify the PARCA signatory of the new Demonstration Date and First Registration Date(s) by no later than ten (10) Business Days following the previously notified Demonstration Date;
- 4.8 The PARCA signatory will provide the PARCA Demonstration Information by no later than the new Demonstration Date agreed through the PARCA
- 4.9 Where the PARCA signatory does not provide National Grid NTS with PARCA Demonstration Information by the new Demonstration Date notified and agreed, unless otherwise agreed with the PARCA signatory, then the Reserved Capacity shall no longer be reserved. National Grid NTS would then release any Unsold Firm Capacity that had been reserved back to the market at the original NTS Entry or NTS Exit Point.

5 Nomination of a User

- 5.1 The Reservation Party may nominate any User (the "**Nominated User**"), through written notice, to be registered as holding part or all of the Reserved Exit or Entry Capacity (the quantity of which will be agreed through the PARCA) from no earlier than the First Registration Date agreed through the PARCA for the NTS Exit and/or Entry Point (subject to such Nominated User meeting the required UNC credit checks).
- 5.2 The Reservation Party will be obliged to nominate, through written notice, such a User no later than [1] month prior to the agreed Formal Capacity Allocation date. Where such nomination has not occurred, National Grid NTS reserve the right to

² National Grid NTS believe information sharing should be a two way process. National Grid NTS envisage this would be in the form of demonstration information for PARCA signatories and National Grid NTS being obliged to share progress and certain information necessary through the PARCA stages with the PARCA signatory by dates agreed through the PARCA, to inform the natural break points.

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terminate the PARCA and invoice The Reservation Party for any outstanding monies owed or agree an alternative date where such a nomination must occur.

- 5.3 A notice under paragraph 5.1 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 remaining Reserved Capacity (taking into account any other notice by the Reservation Party in relation to the PARCA);
 - (c) the date, consistent with the terms of the PARCA, from which the Nominated User is to be registered as holding NTS Exit (Flat) Capacity and/or the quarterly periods for which the Nominated User is to be registered as holding Quarterly NTS Entry Capacity.
- 5.4 Following receipt of a notice under paragraph 5.1, National Grid NTS will notify the Nominated User of the contents of the notice.
- 5.5 The nominated User may, within five (5) Business Days of National Grid NTS's notification under paragraph 5.3, confirm to National Grid NTS its acceptance of the details in the Reservation Party's notice
- 5.6 National Grid NTS may reject a nomination of a User:
- (a) where any of the requirements of paragraph 5 are not complied with;
 - (b) in accordance with Section V3 of UNC (credit arrangements);
 - (c) where PARCA Demonstration Information has not been provided by the Reservation Party in accordance with paragraph 4
 - (d) where, by the relevant Demonstration Date, 100% of the Reserved Capacity has not been registered in the name of at least one User.
- 5.7 Subject to paragraph 5.6, a Nominated User shall be will be entitled to be registered as holding such quantities of Reserved Capacity as if it had been entitled to be registered as holding such quantities of Reserved Capacity on the date that the PARCA was agreed.
- 5.8 Upon Formal Capacity Allocation, the User commitment aspects as detailed in the ExCR and IECR will prevail.
- 5.9 The Reservation Party may, through separate written notices submitted at the same time, nominate more than one User (i.e. each written notice may nominate one User).
- 5.10 Where National Grid NTS has entered into a PARCA, the quantity of Reserved Capacity will be treated as if it were registered by a User for the purposes of determining unsold capacity for subsequent release.

6 National Grid NTS Obligations

- 6.1 National Grid NTS undertakes to register the Nominated User(s) as holding
- (a) Enduring Annual NTS Exit (Flat) Capacity at the Relevant NTS Exit Point in such amount(s) and from such date as specified in the Reservation Party's Nomination of a User as detailed under paragraph 5;

- (b) and/or Quarterly NTS Entry Capacity at the Relevant ASEP in such amount(s) and for such Quarterly Periods as specified in the Reservation Party's Nomination of a User as detailed under paragraph 5
- 6.2 National Grid NTS undertakes to register the Reservation User(s) as holding;
- (a) Enduring Annual NTS Exit (Flat) Capacity at the Relevant NTS Exit Point and/or;
 - (b) Quarterly NTS Entry Capacity at the Relevant ASEP in such amount(s) and from such date as specified in PARCA
- 6.3 National Grid NTS undertakes to provide the PARCA signatory with relevant information to that PARCA as detailed under paragraph 17
- 6.4 Nothing shall require National Grid NTS to accept an application by a Nominated User for Enduring Annual NTS Exit (Flat) Capacity at the Relevant NTS Exit Point and/or Quarterly NTS Entry Capacity at the Relevant ASEP; in an amount (taking into account any other nomination made) which exceeds the total amount of the Reserved Capacity
- 6.5 Nothing shall prevent the Nominated User(s) or Reservation User from applying pursuant to TPD Section B2 and B3 for further NTS Capacity at the Relevant NTS Exit Point and/or ASEP in respect of any day in the Reserved Capacity Period.

7 Funding and User commitment

A revenue driver may only be triggered where a PARCA has been agreed.

TBD – dependant on RIIO

8 Security:

TBD – dependant on RIIO

9 The July Annual Application Window for Enduring NTS Exit (Flat) Capacity (Note: these business rules assume mod 376 is operational and also extends the 376 principles to Y+3)

- 9.1 National Grid NTS will, from any month in the periods Y+3, Y+4, Y+5 and Y+6 make available Unsold Baseline NTS Exit Capacity through the July Annual Application Window.

Note: In amending the July Annual Application Window for Enduring NTS Exit (Flat) Capacity to allow applications from Y+3, the July Annual Application Window for Annual NTS Exit (Flat) Capacity will also be amended to allow applications for Y+1 and Y+2 only. As such UNC (current references TPD B3.4.1 and B3.4.2) will be amended as follows:

"3.4 Release of Annual NTS Exit (Flat) Capacity

3.4.1 In each Gas Year (Y) National Grid NTS will issue an annual capacity notification for capacity applications, and Users may (by submitting capacity applications) apply for, Annual NTS Exit (Flat) Capacity in respect of each of Gas Years Y+1 and Y+2 ~~and Y+3~~, at each NTS Exit Point, in accordance with:

- (a) the provisions of paragraph 3.4.2; and
- (b) the applicable provisions of Annex B-1.

3.4.2 For the purposes of Annex B-1, in relation to an annual capacity notification pursuant to this paragraph 3.4:

- (a) capacity applications may be made in the Annual Application Window;
- (b) the capacity periods are Gas Years Y+1 and Y+2 ~~and Y+3,~~

- 9.2 The quantity of Unsold Baseline NTS Exit Capacity made available from any Gas Month will be based upon the available quantity of Unsold Baseline NTS Exit Capacity for every Gas Month from that point onwards. This quantity will take account of Reserved Capacity through a relevant PARCA.
- 9.3 Demand for Enduring Annual NTS Exit (Flat) Capacity through the July Annual Application Window that is over and above the available unsold Baseline NTS Exit Capacity levels may be met through substitution, release of Incremental NTS Exit Capacity or the release of Discretionary NTS Exit Capacity. Such release will be subject to User commitment in accordance with the Exit Capacity Release Methodology Statement (ExCR).
- 9.4 Given that a limited quantity of Enduring Annual NTS Exit (Flat) Capacity may be made available through the Annual Application Window it is possible that the User(s) Enduring Annual application quantities may need to be pro rated where demand for Enduring Annual NTS Exit (Flat) Capacity exceeds that which is available or where allocation of Enduring Annual NTS Exit (Flat) Capacity for an earlier period (e.g. Y+4) reduces the Enduring Annual NTS Exit (Flat) Capacity quantity available for a later period (e.g. Y+5).
- 9.5 Pro ration will be based on the maximum Enduring Annual application quantity. Where the pro rated quantity is less than [100,000] kWh the application will be rejected and the available Enduring Annual NTS Exit (Flat) Capacity quantity will be pro rated (where necessary) amongst those Enduring Annual Applications remaining.
- 9.6 National Grid NTS will, not later than 30th September in Gas Year Y:
 - (a) accept in full or, as the case may be, in part (if not rejected) a User's application (including a DNO User's revised application) for Enduring Annual NTS Exit (Flat) Capacity in accordance the ExCR and ExCS methodology statements; and notify the User of which of its applications have been accepted, and in each case for what amount of Enduring Annual NTS Exit (Flat) Capacity.

10 Ad-hoc increase and reduction applications for Enduring Annual NTS Exit (Flat) Capacity – PARCA triggered processes

- 10.1 UNC (TPD B3.2.3b in accordance with other provisions under paragraph B3.2) details the provisions for Ad-hoc Increase applications of Enduring Annual NTS Exit (Flat) Capacity at NTS Exit Points.
- 10.2 Ad-hoc increase applications may be made where the quantity of Enduring Annual NTS Exit (Flat) Capacity applied for either exceeds 1 GWh/day or, if accepted, would result in Users holding in aggregate an amount of Enduring Annual NTS Exit (Flat) Capacity that is in excess of 125% of the Baseline NTS Exit (Flat) Capacity at the NTS Exit Point in respect of the Gas Year for which the application is made.
- 10.3 The Ad-hoc increase application window is open between 1st of October and 30th of June in Gas year Y and Ad-hoc applications may be made at any time within this window from M+6 through to Y+6.
- 10.4 This existing ad-hoc increase application process will be extended to allow Users, through invitation, the opportunity to signal demand for Unsold Baseline NTS Exit at

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any relevant NTS Exit Point that may affect how a PARCA capacity requirement will be met.

- 10.5 UNC (TPD B3.2.21 in accordance with other provisions under paragraph B3.2) details the provisions for ad-hoc reductions of Enduring Annual NTS Exit (Flat) Capacity for NTS Exit Points.
- 10.6 This existing ad-hoc reduction process will also allow Users, through invitation, to submit a notice of reduction at any relevant NTS Exit Point, where that reduction could be used to meet demand for Enduring Annual NTS Exit (Flat) Capacity signalled through a PARCA.

For information: Ad-hoc reductions will also be utilised outside of the PARCA process as they are today.

- 10.7 In accordance with paragraphs 10.9 and 10.10, National Grid NTS will invite Users to participate in an Ad-hoc Enduring NTS Exit (Flat) Capacity increase Application and/or Ad-hoc Enduring NTS Exit (Flat) Capacity reduction application that will be conducted, as soon as reasonably practical, post agreement of a relevant PARCA and prior to National Grid NTS determining how the Capacity reserved through the PARCA is to be delivered (e.g. Unsold, substitution or incremental).
- 10.8 In inviting Users to participate in a PARCA triggered Ad-hoc Enduring NTS Exit (Flat) Capacity increase and/or reduction Application (in accordance with paragraph 10.7), National Grid NTS will provide information to the industry pertinent to the relevant PARCA (whilst respecting commercial confidentiality), to ensure a well informed process e.g. identify where Available Unsold Capacity maybe utilised (including substitution).
- 10.9 An invitation to Users to submit a notice of reduction shall specify:
- (a) the period during which a User may give a notice of reduction
 - (b) The reason, whilst respecting commercial confidentiality, for the invitation (e.g. due to a PARCA being agreed in the vicinity)
 - (c) The NTS Exit Points where such notices of reductions will be permitted
 - (d) The earliest date on which National Grid NTS may give effect to a reduction;
 - (e) The date on which National Grid NTS will notify a User of whether or not it will give effect to a notice of reduction.
- 10.10 By not later than the date specified in the invitation to Users to submit a notice of reduction, National Grid NTS
- (a) will notify the User of whether or not it will give effect to the notice of reduction, and if so, the date on which the reduction is to be effective and the amount of Enduring Annual NTS Exit (Flat) Capacity the User will continue to be registered as holding at the NTS Exit Point from such date.
 - (b) may give effect to a User's notice of the reduction for an amount of Enduring Annual NTS Exit (Flat) Capacity which is not: greater than the reduction amount; or less than the minimum reduction amount in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement and Exit Capacity Substitution and Revision Methodology Statement;

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- 10.11 An invitation to Users to submit a PARCA Triggered Ad-hoc Increase application for Unsold Enduring NTS Exit (Flat) Capacity shall specify:
- (a) The period during which a User may submit an application for Enduring NTS Exit (Flat) Capacity
 - (b) The reason, whilst respecting commercial confidentiality, for the invitation (i.e due to a PARCA being agreed in the vicinity)
 - (c) The NTS Exit Points where such applications for Enduring NTS Exit (Flat) Capacity will be permitted
 - (d) The quantity of Enduring NTS Exit (Flat) Capacity to be made available for each Capacity Period
 - (e) The Capacity Period(s) (for example October Y+6) from which National Grid NTS may give effect to an application for Unsold Enduring NTS Exit (Flat) Capacity
 - (f) the date, which will be as soon as possible after an Ad-hoc application is received, but in any event by not later than fifteen Business Days after the application was received, where National Grid NTS will notify the User of which of its applications have been accepted, and in each case for what amount of Enduring Annual NTS Exit (Flat) Capacity
- 10.12 By no later than the date specified in the invitation to Users to submit an application for Unsold Enduring NTS Exit (Flat) Capacity National Grid NTS
- (a) Will notify the User of National Grid NTS acceptance in full or, as the case may be, in part (if not rejected) a User's application (including a DNO User's revised application) for Enduring Annual NTS Exit (Flat) Capacity in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement
 - (b) Which of the User's applications have been accepted, and in each case for what amount of Enduring Annual NTS Exit (Flat) Capacity.

- 11 Ad-hoc applications for Enduring Annual NTS Exit (Flat) Capacity (i.e. not PARCA triggered)**
- 11.1 National Grid NTS will also, from M+6 through to Y+6 , make available Unsold Baseline NTS Exit Capacity through the existing Ad-hoc increase application process as referred to in paragraph 10.1.
- 11.2 The quantity of Unsold Baseline NTS Exit Capacity available from a Gas Month will be defined as the available quantity of Unsold Baseline NTS Exit Capacity for every Gas Month from that Gas Month onwards.
- 11.3 Demand for Enduring Annual NTS Exit (Flat) Capacity that is over and above unsold Baseline NTS Exit Capacity levels may be met through substitution in accordance with the ExCS methodology statement (from Y+3 onwards) or through the release of Incremental and/or Discretionary NTS Exit Capacity (from M+6 onwards). Such release will be subject to User commitment in accordance with the ExCR.
- 11.4 Ad-hoc application quantities may need to be pro rated where demand for Enduring Annual NTS Exit (Flat) Capacity exceeds that which is available or where allocation of an Enduring Annual NTS Exit (Flat) Capacity for an earlier period (e.g. M+6) reduces the Enduring Annual NTS Exit (Flat) Capacity quantity available for a later period (e.g. Y+2).
- 11.5 Pro ration will be based on the maximum Enduring Annual application quantity. Where the pro rated quantity is less than [100,000] kWh the application will be rejected and the available Enduring Annual NTS Exit (Flat) Capacity quantity will be pro rated (where necessary) amongst those Enduring Annual Applications remaining.
- 11.6 National Grid NTS will notify the User as soon as possible after an Ad-hoc application is received, but in any event by not later than fifteen Business Days after the application was received; unless National Grid NTS is of the opinion there is likely to be a requirement for capacity substitution or Incremental NTS Exit Capacity in accordance with the principles in the prevailing ExCS Methodology Statement, in which case ninety days after the application was received and subject to approval from the Authority, of;
- (a) National Grid NTS acceptance in full or, as the case may be, in part (if not rejected) a User's application (including a DNO User's revised application) for Enduring Annual NTS Exit (Flat) Capacity in accordance the ExCR and ExCS methodology statements;
- (b) Which of the User's applications have been accepted, and in each case for what amount of Enduring Annual NTS Exit (Flat) Capacity.
- 11.7 Within ten days of such a notification, National Grid NTS will publish:
- (a) the NTS Exit Point at which the Enduring Annual NTS Exit (Flat) Capacity is to be registered
- (b) the amount of Enduring Annual NTS Exit (Flat) Capacity registered;
- (c) the Registration Date(s)

12 Exit Capacity Substitution

- 12.1 Exit Capacity Substitution may be utilised to fully or partially meet demand for NTS Exit Capacity over and above Baseline NTS Exit Capacity levels applied for in the Application Windows or reserved through the PARCA.
- 12.2 Substitution will be possible from Y+3 due to the reduced lead time of 24 months (from the October following allocation).
- 12.3 The release and allocation of Enduring NTS Exit (Flat) Capacity and/or the reservation of Enduring NTS Exit (Flat) Capacity through a PARCA will be subject to, and in accordance with, National Grid NTS's Exit Capacity Release (ExCR) and Exit Capacity Substitution and Revision (ExCS) Methodology Statements and subject to Ofgem approval (as it is today). There are a number of possible scenarios that need to be considered, namely:
- (a) The Enduring Annual NTS Exit (Flat) Capacity level can be fully met through substitution. National Grid NTS will present its substitution proposals to the Authority and hence this will be subject to Ofgem's approval.
 - (b) Substitution is not available to meet the Enduring Annual NTS Exit (Flat) Capacity level applied for in the relevant Application Window. Under this scenario National Grid NTS will consider the release of Incremental NTS Exit Capacity and/or Discretionary NTS Exit Capacity to fully or partially meet the User demand.
 - (c) Substitution is not available for Firm NTS Exit Capacity reserved through the PARCA. National Grid NTS will utilise Incremental NTS Exit Capacity (subject to Ofgem approval).
 - (d) Substitution has been identified that can partially meet the User demand.
 - (i) For Enduring Annual NTS Exit (Flat) Capacity applied for in the Application Window, National Grid NTS will consider Incremental and/or Discretionary NTS Exit Capacity release up to the remainder of the Enduring Annual NTS Exit (Flat) Capacity level.
 - (ii) For Enduring Annual NTS Exit (Flat) Capacity reserved through the PARCA, National Grid NTS will utilise Incremental NTS Exit Capacity to meet the remainder of the reserved Enduring Annual NTS Exit (Flat) Capacity.
 - (e) No substitution, Incremental or Discretionary NTS Exit Capacity release is available to meet the User demand for Enduring Annual NTS Exit (Flat) Capacity over and above Unsold Baseline NTS Exit Capacity levels, that was applied for in the relevant Application Window. Under such a scenario National Grid NTS may need to pro rate as detailed under paragraph 9.

13 NTS Entry Capacity – March Quarterly System Entry Capacity auction (QSEC) for all Users (i.e. not subject to a PARCA)

- 13.1 National Grid NTS will, for each calendar quarter in Capacity Year Y+2 to Capacity Year +16 (inclusive), make available Unsold Baseline NTS Entry Capacity.
- 13.2 Where there is demand for Firm NTS Entry Capacity that is in excess of Unsold Baseline NTS Entry Capacity levels at an ASEP, and such demand has passed the Net Present Value test (in accordance with the IECR), then National Grid NTS may:
- (a) to the extent that it can, utilise substitution to meet some or all of the demand and/or

- (b) release Incremental NTS Entry Capacity and/or
- (c) where a and b are not possible for the entire period or where the NPV test has not been passed (in accordance with the IECR), at its discretion, release discretionary NTS Entry Capacity (i.e non-obligated) for some or all quarters that may partially (through pro ration) or fully meet such demand for those quarters.

14 NTS Entry Capacity – PARCA triggered Ad-hoc Quarterly System Entry Capacity auction

- 14.1 UNC (TPD B2.2.18) details the provisions for Ad-hoc QSEC auctions, which currently apply to new ASEPs only. These business rules redefine the purpose of the Ad-hoc QSEC auction to solely allow all Users³ opportunity, outside of the annual March QSEC, to signal demand for Unsold Baseline NTS Entry Capacity at any ASEP that may otherwise be reserved through a PARCA.
- 14.2 The PARCA triggered Ad-hoc QSEC auction will be conducted, as soon as reasonably practical, post agreement of a relevant PARCA between National Grid NTS and the relevant party.
- 14.3 In inviting Users to participate in this ad-hoc QSEC, National Grid NTS will provide information to the industry that is pertinent to the relevant PARCA (whilst respecting commercial confidentiality), to ensure a well informed process e.g. identify where Available Unsold Capacity maybe at risk.
- 14.4 Available Unsold Baseline NTS Entry Capacity only will be made available through the ad-hoc QSEC auction, hence price steps will be published but supply levels will not.
- 14.5 Secondary ad-hoc QSEC auctions (ref TPD UNCB2.2.18 d) will not be required.
- 14.6 Given that unsold only is being released in the ad-hoc QSEC under this solution National Grid NTS anticipate allocating within 30 days of the final bid window closing

15 Entry Capacity Substitution⁴

- 15.1 Entry Capacity Substitution may be utilised to fully or partially meet demand for NTS Entry Capacity over and above Baseline NTS Entry Capacity levels that is signalled through the March QSEC, or reserved through the PARCA. Such release and subsequent allocation and/or reservation through a PARCA will be subject to, and in accordance with, National Grid NTS's Incremental Entry Capacity Release (IECR) and NTS Entry Capacity Substitution (ECS) Methodology Statements and also subject to Ofgem's approval.
- 15.2 Substitution will only be utilised where the Net Present Value (NPV) test, detailed within the IECR, has been passed at the recipient ASEP. There are a number of possible scenarios that need to be considered, namely:
 - (a) The NPV test has been passed and the supply level can be fully met through substitution. National Grid NTS will present its capacity release and substitution proposals to the Authority and hence this will be subject to Ofgem's approval.
 - (b) The NPV test has been passed but substitution is not available for the March QSEC. Under this scenario National Grid NTS will, to fully or partially meet

³ Including the PARCA User, however any capacity booked through this process by the PARCA party will not change the quantity of capacity signalled through the PARCA.

⁴ Need to consider how retainers fit into the process

the User demand signalled via the March QSEC, consider the release of Incremental NTS Entry Capacity and/or Discretionary NTS Entry Capacity for some or all of the relevant quarters.

- (c) The NPV test has been passed but substitution is not available for Firm NTS Entry Capacity reserved through the PARCA. National Grid NTS will utilise Incremental NTS Entry Capacity (subject to Ofgem approval).
- (d) The NPV test has been passed and substitution has been identified that can partially meet the User demand.
 - (i) For the March QSEC, National Grid NTS will re-evaluate the NPV test at the next highest supply level (if any) that can be met entirely through substitution. If the NPV test is passed then substitution will be proposed to meet the reduced quantity and National Grid NTS will consider Discretionary NTS Entry Capacity release to up to the original supply level. If the NPV test is not passed then the process will repeat at the next lowest supply level (if any) and so on.

15.3 For Firm NTS Entry Capacity reserved through the PARCA, National Grid NTS will utilise Incremental NTS Entry Capacity to meet the remainder of the reserved NTS Entry Capacity.

16 Information publication

16.1 Within ten days of the signature of a PARCA contract, National Grid NTS will publish details of the area, quantity and notification of a window whereby Users and/or developers are able to approach National Grid NTS to agree a PARCA in a similar geographical location.

16.2 National Grid NTS will publish details of the progress made against the milestones named in each PARCA contract such as the completion of each stage, submission of application for a Development Consent Order, receipt of a Development Consent Order, calculation of revenue driver to enable the industry to monitor the progression through key activities⁵.

16.3 National Grid NTS will publish the details of the revenue drivers and the year they expect them to flow through capacity charges in order to provide the maximum notice of the implications on charges and National Grid NTS will ensure that indicative charges take this into account.

16.4 Within ten days of the cessation of a PARCA, National Grid NTS will notify the market that the capacity is no longer reserved and provide details of the capacity that will be made available in the next applicable application window/auction.

16.5 Within (x) days of the receipt of a formal capacity signal, National Grid NTS will publish the details outlined in xxxx of the UNC

17 Demonstration Information Guidelines

17.1 The PARCA Demonstration Information to be provided by the customer to National Grid will be specified by National Grid NTS and will include, but not be limited to, the following from Table 1:

- (a) at least two (2) items from the Internal column; and
- (b) all relevant items from the External column.

⁵ Need to consider confidentiality here, e.g. should this all be post event rather than during a project?

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- 17.2 Table 1 below will be updated from time to time as required to reflect changes in legislation and commercial arrangements.
- 17.3 The Demonstration Information to be provided by National Grid NTS to the customer will be agreed by both parties and may include, but not limited to, those items listed in Table 2.
- 17.4 Table 2 will be updated from time to time as required to reflect changes in legislation and commercial arrangements.
- 17.5 The Demonstration Information to be provided will be agreed between the customer and National Grid at the time of application in the first instance or at the time of notification of [subsequent Demonstration Dates], as appropriate.
- 17.6 Agreement on the Demonstration Information to be provided will be assisted by the customer and National Grid NTS sharing their key project milestone dates.
- 17.7 The Demonstration Information to be provided may be amended through a written request from the customer to National Grid NTS (and vice versa

Table 1 – Guidelines for Customer Demonstration Information	
Internal to the Customer	External to the Customer
Full financial backing for the customer's Project.	<p>Full planning permission* has been granted for the;</p> <ul style="list-style-type: none"> • customer's Project site and; • National Grid's NTS connection facilities (NTS connection site) where this is remote from the customer's Project site and; • any connecting pipeline between the NTS connection site and the customer's Project site. <p>* where applicable; including Local, National</p>
Contracts for detailed design placed for the facilities (and connecting pipeline where required) in relation to the NTS connection site.	Signed Full Connection Offer (FCO) /Construction Agreement for a new (or modified) NTS connection site. <i>(If relevant)</i>
Contracts for construction placed for the customer's Project facilities downstream of the NTS connection site, including connecting pipeline, where required.	Identify the User (UNC signatory) to which the formal capacity allocation will be made
Construction commenced at the customer's Project site.	
Construction of the connecting pipeline commenced, where required.	

Table 2 – Guidelines for <i>National Grid</i> Demonstration Information	
Information	[PARCA] Milestone
Licence Revenue driver initiated (where relevant)	To be determined
Confirmation of whether physical NTS investment is required (or not)	Completion of Schedule 2 - Needs Case/Investment decision
Confirmation of type of planning consent required	Prior to commencement of: Schedule 4 – NTS reinforcement (no planning consent required) or; Schedule 5 – NTS reinforcement (local planning consent required) or; Schedule 6 – NTS reinforcement (national planning consent required).
Confirmation of first capacity date on the completion of:	Schedule 4 – NTS reinforcement (no planning consent required) or; Schedule 5 – NTS reinforcement (local planning consent required) or; Schedule 6 – NTS reinforcement (national planning consent required).
Provide customer with Stage 1a outputs*	Schedule 6 – Stage 1a Technical Options
Provide customer with Stage 1b outputs*	Schedule 6 – Stage 1b Strategic Options
Provide customer with Stage 2 outputs*	Schedule 6 – Stage 2 Pipeline Route Corridor and Siting Studies
Provide customer with Stage 3 outputs*	Schedule 6 – Stage 3 Detailed Environmental Impact Assessment and Pipeline Design
Provide customer with Stage 4 outputs*/confirmation of DCO status	Schedule 6 – Stage 4 Submit planning application for a Development Consent Order (DCO)
Provide the customer with confirmation as to the commencement/anticipated completion dates of the NTS reinforcement project	Schedule 6 – Stage 5 Construction of NTS reinforcement (assuming DCO granted)
Provide the customer with confirmation once the NTS reinforcement project is complete	Construction of NTS reinforcement is complete

* to be defined e.g. reports, planning consents, etc.

May need to include:

Long Term non-firm Capacity - how it fits in with demo info etc, also at what stage it is made available – however we need further industry discussion on LTNF prior to inclusion here.

Note: For in flight projects who may have already progressed a PCA with National Grid NTS we would not expect those Users / developers to “start again” if the PARCA solution is implemented. This would need to be judged on a case by case basis as to how far through the PARCA process has been progressed. – need to develop a business rule around this.

DRAFT