

UNC Workgroup 0452 Minutes
Introduction of the Planning and Advanced Reservation of
Capacity Agreement (PARCA)
Thursday 06 June 2103
Energy Networks Association, 52 Horseferry Road, London
SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alena Aliakseyeva	(AA)	Ofgem
Alex Whitmarsh	(AW)	Ofgem
Angus Paxton	(AP)	Poyry
Antonio Ciavolella	(AC)	BP Gas
Benedikt Unger	(BU)	Poyry
Charles Ruffell	(CR)	RWE Npower
Chris Hill	(CH)	Cornwall Energy
Clare Cameron	(CC)	Ofgem
Ewan Thorburn	(ET)	Ofgem
Fergus Healy	(FH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
John Baldwin*	(JB)	CNG Services
Julie Cox	(JCx)	Energy UK
Lewis Hodgart*	(LH)	Ofgem
Mark Dalton	(MD)	BG Group
Mike Wassell	(MW)	National Grid NTS
Natasha Ranatunga	(NR)	EDF Energy
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Rhys Ashman	(RA)	National Grid NTS
Richard Fairholme*	(RF)	E.ON UK
Sarah Lloyd	(SL)	National Grid NTS
Steve Pownall	(SP)	National Grid NTS

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0452/060613

The Workgroup Report is due to the UNC Modification Panel on 17 October 2013.

1.0 Review of Minutes and Actions

1.1 Minutes

The minutes were accepted.

1.2 Actions

TR0103: PARCA – Demonstration Information: Shippers to consider what demonstration information is required and how it might be validated (JCx to coordinate Shipper response).

Update: SP and JCx confirmed that offline discussions had been held with a number of parties regarding appropriate demonstration information. **Complete**

TR0204: *PARCA Contract Overview* - National Grid NTS to confirm the rules around how flow rates link back to exit capacity.

Update: MW drew attention to details in UNC TPD J3.10 (flow rates and acceptance/rejection of OPNs) and these were briefly discussed. MW confirmed that OPNs had been rejected in the past although for different reasons.

Complete

TR0205: *PARCA Incentive Schemes* - National Grid NTS to consider how incentives work where capacity is already available.

Update: Under consideration. **Carried forward**

TR0206: *PARCA Incentive Schemes* - National Grid NTS to consider the incentive trigger points, at what point does the measure get set and how National Grid NTS earns the incentive.

Update: Under consideration. **Carried forward**

2.0 Discussion

2.1 Additional aspects for potential inclusion

MW updated the Workgroup on progress, reporting that interim discussions with Ofgem had led to the conclusion that other aspects should be considered and, if appropriate, developed and included in the modification. Two specific areas were explained and discussed.

Unsold capacity

MW outlined how Phase 1 would identify when/how the requested capacity could be delivered. A PARCA might also be met through unsold capacity at the PARCA location (ASEP/NTS Exit Point), or by substitution (unsold capacity from other locations) or through a combination of the two sources. Utilising these sources to meet the total capacity requested would mean that a PARCA was no longer required, in these instances, but the requesting party would need to recognise and accept a greater level of uncertainty regarding the provision of capacity (a risk it could be booked by another party in the meantime).

The analysis of potential fulfilment through substitution would be paid for through the PARCA. JCx voiced concerns regarding the loss of flexibility; making a User commit 7 or 8 years in advance before having planning permission would be a major concern for customers, whereas if a PARCA was in place there would be parallel running of processes. Referring to previous lengthy discussions undertaken by the industry regarding different scenarios, and having believed that an acceptable point had now been reached where all were comfortable with how this could work, JCx expressed her disappointment that Ofgem was only now raising concerns and that this may jeopardise the delivery date.

EU incremental arrangements

The PARCA modification was similar to the arrangements suggested by the CEER, and MW gave an explanation. The benefits and disadvantages of introducing a defined minimum period for consideration of PARCA application were discussed. AP observed that the PARCA process was open ended and better than what the CEER was proposing; there was no reason to restrict the

'open season' to a defined window. AP explained how 'open seasons' had traditionally worked in the EU. AW believed the benefit of a window was the ability to collect together demands and review arrangements as appropriate – was there any concern that a party could be disadvantaged by a queue? JCx drew attention to previous discussions, summarising the view previously reached on this point – having a window only introduces delay into projects, and it was recognised that National Grid NTS would already be aware of any interest at whatever level. EU arrangements for IPs should not govern every other element/activity.

The potential for one party to pay a different price to another was discussed; JCx referred parties to the CEER blueprint, which was trying to address some of these complexities. The challenge is that EU tariff rules will apply everywhere but Incremental Capacity will only apply to IPs. NW was concerned that no party should pay more than it needs to, and suggested reviewing the way capacity was charged for. AA commented that there was a need to understand what was happening to Incremental Capacity and that would determine whether a party was placed at a disadvantage. FH explained the complexities of the GB market, and that it would be difficult to reflect the exigencies of an EU Incremental Capacity process that does not yet exist.

JCx reiterated that it was very important to have a PARCA process that works and that can deliver gas generation to the network at the time and place it is needed. NW added that the process itself works, the issue is how much is a party paying. Explaining the current arrangements and how charges would be calculated, MW confirmed that no differences were being proposed. Ad hoc was for the new ASEPs; existing ASEPs' charges are set on an annual basis (part of the QSEC process). TD added the price paid depends on when a party buys and is always uncertain. MW offered to provide some examples as to how pricing would work in various instances.

Action 0452/0601: *Incremental Capacity* - Provide examples as to how pricing would work in various instances.

Interactive projects were briefly discussed; it was recognised there was no 'easy' answer to accommodating these.

2.2 Draft Contract

Due to time constraints discussion was deferred to the next meeting. Following today's discussions it would be revised and published for comment.

2.3 Process Flows

MW indicated that End-to-End process diagrams were under development and should be ready for review and a 'walk-through' at the next meeting.

3.0 Legal Text

The modification will be revised if appropriate to reflect the outcome of today's discussions. The Business Rules are under review. Once these are finalised the legal text will be prepared for review at the next Workgroup meeting. MW confirmed that all was still on track for an April 2014 implementation. SP proposed to update the timetable and reissue in advance of the next meeting.

4.0 Diary Planning for Review Group

The next Workgroup meeting is due to take place within the Transmission Workgroup on Thursday 04 July 2013, at ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

Action Table – Workgroup 0452

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
TR0103	31/01/13 (Transmission Workgroup)	3.1.3	<i>PARCA – Demonstration Information:</i> Shippers to consider what demonstration information is required and how it might be validated.	All Shippers (JCx to coordinate Shipper response)	Complete
TR0204	27/02/13 (Transmission Workgroup)	2.1.1	<i>PARCA - National Grid NTS</i> to confirm the rules around how flow rates link back to exit capacity.	National Grid NTS (SP/MW)	Complete
TR0205	27/02/13 (Transmission Workgroup)	2.1.2	<i>PARCA - National Grid NTS</i> to consider how incentives work where capacity is already available.	National Grid NTS (SP/MW)	Carried forward
TR0206	27/02/13 (Transmission Workgroup)	2.1.2	<i>PARCA - National Grid NTS</i> to consider the incentive trigger points, at what point does the measure get set and how National Grid earns the incentive.	National Grid NTS (SP/MW)	Carried forward
0452/0601	06/06/13	2.1	<i>Incremental Capacity -</i> Provide examples as to how pricing would work in various instances.	National Grid NTS (MW)	Pending