

UNC Workgroup 0465 Minutes
Introduction of the Planning and Advanced Reservation of
Capacity Agreement (PARCA), Weighted Average PARCA
Security

Monday 02 December 2103

via teleconference

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Charles Ruffell	(CR)	RWE npower
Chris Wright	(CW)	Centrica
Colin Williams	(CW <i>i</i>)	National Grid NTS
Graham Jack	(GJ)	Centrica
James Thomson	(JT)	Ofgem
Jeff Chandler	(JC)	SSE
Julie Cox	(JCo)	Energy UK
Leyon Joseph	(LJo)	Scotia Gas Networks
Matt Smith	(MS)	Scotia Gas Networks
Mike Wassell	(MW)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK
Tim Davis	(TD)	Joint Office

Copies of all papers are available at: www.gasgovernance.co.uk/0452/021213

The Final Modification Report is due to the UNC Modification Panel by 19 December 2013.

1.0 Review of Minutes and Actions

1.1 Minutes

Not considered.

1.2 Actions

Not considered.

2.0 Discussion

Before inviting RF to provide a brief overview of the concerns he raised as part of his response to the consultation process, LJ advised the meeting that, due to the similarities between Modifications 0452 (National Grid Transmission) and 0465 (SSE), all conversations would apply to both FMRs.

RF explained that E.ON UK do not believe it is clear in the Modification (and 'draft PARCA contract') whether National Grid failing to obtain planning permission is a termination "event", which could lead to liabilities being crystallised. In their view, it would be undesirable if Shippers and Developers were expected to shoulder the cost of failed or inadequate planning applications by National Grid NTS, over which they have no control.

MW provided a brief review of the 'Mod 452 – Consideration of Issues Raised during Consultation and legal text changes' presentation during which parties voiced their concerns around the lack of clear separation of what are Code related changes needed within the modification and non Code related changes required to the PARCA Contract.

As it stands, it would appear from the wording of the legal text (TPDY 46(b)) for the modification (and comparing this to the PARCA contract) that where a planning application made by either party (developer or National Grid NTS) fails, then this immediately triggers a termination event, whereupon the developer would incur a termination cost. It was felt that there would be circumstances where it would be inappropriate for either automatic termination the PARCA contract and/or a developer picking up 100% of the costs. Views were also expressed that perhaps Ofgem could have a role in settling contractual disputes as described in the European 3rd Package provisions (i.e. dispute resolution and arbitration style role). Responding, JT remained cautious about giving such a commitment but agreed to discuss the matter further with his colleagues.

Concerns were also voiced about the potential for the modification and contract aspects to become out of synch over time, as the contract template is currently being developed further.

In acknowledging the concerns put forward, MW indicated that it was always intended that any such termination would be subject to PARCA terms and conditions. After reviewing the FMR, MW suggested that perhaps expanding point 14.4 contained within Section 3 – Solution to read as “subject to the PARCA Contract terms and conditions” would address the issue. Views remained divided as to whether or not this would be sufficient to alleviate all the concerns.

It was felt that having sight of the proposed PARCA Contract changes before making a final decision on the suitability of the FMR would be beneficial, to this end it was agreed that the Workgroup would meet (informally) following the Transmission Workgroup meeting on Thursday 05 December to consider the non Code contractual developments. MW indicated that following this discussion it would be his intention to submit a Variation Request (with accompanying legal text) to the December Panel that would seek to resolve any outstanding concerns that parties may still have.

3.0 Final Modification Report

In light of the fact that National Grid NTS (and subsequently SSE for Modification 0465) have indicated that they intend submitting a Variation Request to the December Panel, no further consideration was necessary, as no changes were made.

4.0 Any Other Business

None.

5.0 Diary Planning

It was agreed that the Workgroup would meet informally following the 05 December Transmission Workgroup meeting to consider the PARCA Contract development progress.