

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

Draft Legal Text

Transportation Principal Document

Section B (26 June 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)

1.4¹

(c) [the User's "**Reserved**" System Capacity 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 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 \(PARCAs\).](#)

[1.14.2² 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 on its website and which may be amended and re-published from time to time.](#)

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

[1.14.3.1 a User; or](#)

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

¹ We also need to include legal text which enact the publishing business rules from the modification. Views welcome as to whether this should be included under paragraph 1.14 or individually under the entry capacity (UNC TPD ref B2) and exit capacity sections (UNC TPD ref B3).

² We could also include legal text which enact the publishing business rules from the modification into UNC and a guide on the website, alternatively this aspect could be produced solely as a guide on the website? Views welcome on this point.

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.

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:

(a) in case of Quarterly NTS Entry Capacity at an Aggregated System Entry Point as reserved entry capacity (the "**Reserved Entry Capacity**"); and/or

(b) in the case of 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 Entry Capacity and/or Reserved Exit Capacity becomes Registered to a User or Nominated User(s) (as defined below) in accordance with the terms of the PARCA.

1.14.4 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.

1.14.5 A notice under paragraph 1.14.4 shall specify:

(a) the identity of the Nominated User(s);

(b) the amount of Reserved Entry Capacity and/or Reserved Exit 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 Entry Capacity and/or Reserved Exit Capacity.

1.14.6 Following receipt by National Grid NTS of the notice pursuant to paragraph 1.14.4, National Grid NTS will notify the Nominated User of the contents of such notice.

1.14.7 The Nominated User may within five (5) Business Days of National Grid NTS' notice under paragraph 1.14.6 confirm to National Grid NTS its acceptance of the details in the Reservation Party's notice.

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

(a) where any of the requirements of paragraph 1.14.5 is not complied with;

(b) in accordance with Section V3.

1.14.9 Subject to the provisions in the PARCA and paragraph 1.14.8 the Reserved Entry Capacity and/or Reserved Exit Capacity will be allocated to the User or Nominated User(s) on such date (the "**Registration Date**") as is specified in the PARCA.

1.14.10 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 Entry Capacity and/or Reserved Exit Capacity, and shall not be entitled to be allocated with such the Reserved Entry Capacity and/or Reserved Exit Capacity on the Registration Date; and
- (b) the Reserved Entry Capacity and/or Reserved Exit Capacity shall cease to be the Reserved Entry Capacity and/or Reserved Exit Capacity for the purposes of the Code.

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, 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;

(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.

Delete paragraph 2.2.18

~~2.2.18—~~

~~(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.~~

Replace with the following:

2.2.18 Not used.

Add a new paragraph 2.6.8 as follows:

2.6.8

- (a) Where the User or Nominated User(s) is holding 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 be allocated an amount of Capacity equal to the amount reserved under the PARCA on the date as specified in the PARCA; and
- (b) the User or Nominated User(s) agrees to pay by way of NTS Entry Capacity Charges for the Quarterly NTS Entry Capacity allocated in accordance with paragraph 2.6.8(a) the step price or the reserve price (as the case may be) corresponding to the[relevant step price group for the calendar quarter].

Amend paragraph 2.8.4 as follows:

- 2.8.4 Where pursuant to the terms of a Capacity Management Agreement a User surrenders Firm NTS Entry Capacity at an Aggregate System Entry Point in relation to a Day, the amount of the User's Available Firm NTS Entry Capacity (which excludes Reserved Entry Capacity reserved under a PARCA pursuant to paragraph 1.14) at the Aggregate System Entry Point shall be reduced by the amount surrendered by the User pursuant to the terms of the Capacity Management Agreement.

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 held 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;

UAFC 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.

Amend paragraph 2.17.9 as follows:

2.17.9 Where pursuant to paragraph 2.17.8 a Force Majeure Option Quantity is deemed to have been surrendered at the affected ASEP in relation to a Day, the amount of the Force Majeure Entry User's Available Firm NTS Entry Capacity (exclusive of any Reserved Entry Capacity under a PARCA pursuant to paragraph 1.14) at the affected ASEP shall be reduced by such Force Majeure Option Quantity.

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 under a PARCA pursuant with paragraph 1.14](#)
- ~~(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:

3.1.5 In relation to an NTS Exit Point:

- (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:

3.1.6

- (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 3.2.8(b) as follows:

3.2.8

- (b) National Grid NTS will, not later than 30 September in Gas Year Y:
- (i) accept in part or in full (if not rejected pursuant to paragraph 3.2.5) a User's application (including a DNO User's revised application made under paragraph (a)(i)) for Enduring Annual NTS Exit (Flat) Capacity in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement; and
 - (ii) notify the User of which of its applications have been accepted in part or in full, and in each case for what amount of Enduring Annual NTS Exit (Flat) Capacity;

Amend paragraph 3.2.10(a) as follows:

- 3.2.10 Where an application is made under paragraph 3.2.3(b) (which is not rejected pursuant to paragraph 3.2.5) National Grid NTS will make an offer (in accordance with the principles in the Exit Capacity Release Methodology Statement) to the User which specifies:

- (a) the amount of Enduring Annual NTS Exit (Flat) Capacity offered, being equal to or less than the amount applied for under paragraph 3.2.4(b)(i);

Amend paragraph 3.2.11 as follows:

- 3.2.11 National Grid NTS will notify the User of its offer in accordance with paragraph 3.2.10 as soon as possible after an application under paragraph 3.2.3(b) is received, but in any event by not later than:

- (a) except where paragraphs (b) or (c) apply, fifteen (15) Business Days after the application was received;
- (b) where National Grid NTS is of the opinion [capacity above the available Unsold Baseline NTS Exit \(Flat\) Capacity](#) ~~Works~~ may be required or there is likely to be a requirement for capacity substitution in accordance with the principles in the prevailing Exit Capacity Substitution Methodology Statement, ninety (90) days after the application was received;

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 [in the amount offered \(in accordance with paragraph 3.2.10 \(a\)\)](#) 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;~~;~~
 - (d) [where applicable, the NTS Exit Points where such notices of reduction will be permitted; and](#)
 - (e) [where in National Grid NTS' reasonable opinion it is able to do so, the geographical area of the NTS Exit Point\(s\) where such reductions may be utilised.](#)

Amend paragraph 3.3.1 as follows:

3.3 NTS Exit ARCAs and Demonstration Dates

- 3.3.1 National Grid NTS ~~may have entered~~ into NTS Exit ARCAs. [National Grid NTS shall not enter into ARCAs in the future.](#)³

Amend paragraph 3.3.1 as follows:

- 3.3.4 Where an application is made by a User in accordance with paragraph 3.2.3(b) (which is not rejected pursuant to paragraph 3.2.5) and National Grid NTS is of the opinion that [capacity above the available Unsold Baseline NTS Exit \(Flat\) Capacity](#) ~~Works~~ will be required:

³ Once all ARCAs have terminated paragraphs 3.3.1 to 3.3.3 need to be deleted from TPD Section B.

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

Draft Legal Text

Transportation Principal Document

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 the 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 the effort required and man power required to complete the Phase 1 PARCA Works; and

(b) the same monetary amount for all PARCA Applicants based on a reasonable estimate of costs of the planning activities.

2.3 In accordance with the provisions under the PARCA actual costs for the planning activities will assessed and the difference (if any) between the Phase 1 PARCA Fee and the actual costs incurred by National Grid NTS during the Phase 1 PARCA Works will be reconciled.

2.4 The PARCA Phase 1 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 Charging⁴

3 Phase 2 - No works/investment required

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.

⁴ 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.

3.2 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:

$$\text{Reservation Amount (£)} = [0.1] \times \text{PARCAEx}_{\text{ind}} / 100 \times \text{Qex} \times (365 \times 4 + 1)$$

Where:

PARCAEx_{ind} = 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_{ind} = 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_{en} = Quarterly NTS Entry Capacity requested via the PARCA for each quarter for the first quarter up to and including the last quarter, n, for which capacity is requested.

3.5 Should the PARCA be terminated by the PARCA Applicant 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 Where National Grid NTS has identified in the Phase 1 PARCA Works Report that additional work and/or investment is required for Phase 2 the PARCA Applicant will be required to put in place security to cover the estimated costs of the works in accordance with the PARCA through providing an acceptable form of security in accordance with UNC Section V.

4.2 Should the PARCA be terminated by the PARCA Applicant 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

Nominated User	TPD B1.14.4
PARCA	TPD B1.14.3
PARCA Applicant	TPD B1.14.3
PARCA Application	TPD B1.14.2
Phase 1 PARCA Fee	TPD Y2.1
Reserved Entry Capacity	TPD B1.14.3
Reserved Exit Capacity	TPD B1.14.3
Reservation Party	TPD B1.14.3.2