

**UNC Workgroup 0452 Minutes**  
**Introduction of the Planning and Advanced Reservation of**  
**Capacity Agreement (PARCA)**  
**Thursday 04 July 2103**  
**Energy Networks Association, 52 Horseferry Road, London SW1P 2AF**

**Attendees**

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alex Whitmarsh	(AW)	Ofgem
Andrew Pearce	(AP)	BP Gas
Charles Ruffell	(CR)	RWE npower
Chris Hill	(CH)	Cornwall Energy
Chris Shanley	(CS)	National Grid NTS
Chris Wright	(CW)	Centrica
Clement Perry	(CP)	Ofgem
Dave Addison*	(DA)	Xoserve
Erika Melen	(EM)	Scotia Gas Networks
Fergus Healy	(FH)	National Grid NTS
Gareth Evans	(GE)	Waters Wye
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Hayley Burden	(HB)	National Grid NTS
Hilary Chapman	(HC)	Xoserve
Jeff Chandler	(JC)	SSE
Joanna Ferguson	(JF)	Northern Gas Networks
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Mark Baker	(MB)	Centrica Storage
Matt Hatch	(MH)	National Grid NTS
Mike Wassell	(MW)	National Grid NTS
Phil Broom	(PB)	GDF Suez
Rhys Ashman	(RA)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK
Richard Lea	(RL)	Gazprom
Rob Cameron-Higgs	(RCH)	Wales & West Utilities

\*via teleconference

Copies of all papers are available at: [www.gasgovernance.co.uk/0452/040713](http://www.gasgovernance.co.uk/0452/040713)

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

**1.0 Review of Minutes and Actions**

**1.1 Minutes**

The minutes were accepted.

**1.2 Actions**

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

**Update:** MW reported that this had been considered and it was proposed to use the existing incentive mechanisms. **Closed**

**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:** Not appropriate to pursue given conclusion reached under TR0205 above. **Closed**

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

**Update:** Under internal review; it was believed that it would be no different to current arrangements. MW confirmed that some examples/interactive scenarios would be brought to a future meeting. **Carried forward**

## 2.0 Discussion

### 2.1 Process Flows

End-to-End process were presented for review and discussion. RA explained what would be expected to take place under each Phase.

*Phase 0* – MW explained how an indicative NPV test might be applied. The timescales of this Phase were briefly discussed. The timeframe for initial discussions with the customer was flexible. The modification details the application process; JCx voiced concerns about trying to minimise opportunities for delay and believed that the formal timescale should start once the application was form completed.

*Phase 2* – The use of the word “Works” was discussed. MW explained it had been used because of its use in UNC. RF suggested that “Investment” might be clearer.

JCh suggested that it would be better to carry out the NExA/NEA/SCA /Interconnector Agreement discussions under Phase 1 activities, rather than Phase 2.

AW asked about the potential transfer of rights. MW confirmed there was scope to novate the contract to another party (subject to the appropriate securities being in place), but not to trade any rights.

RA noted the points raised for consideration and review, and emphasised that any others would be welcomed and should be forwarded to him.

**Action 0452/0701: Process Flows - Review timescales, terms and activities in respect of each Phase.**

### 2.2 Revised Timeline

RA presented a redrafted timeline for review and discussion. The changes and associated implications were explained, and it was noted that, taking all these into account, the proposed implementation of the Modification was more likely to be at the end rather than start of April 2014.

Concerns were raised regarding the additional number of formal and informal ‘strands’ that needed to be taken into account to form a holistic picture (Licence and Methodology changes/consultations). It was suggested that it would be

better if these could be aligned to run in parallel with the modification consultation period so that parties can formulate an informed response with all the available information to hand, otherwise it will be very difficult to assess if 'the package' hangs together. Shippers preferred to have everything aligned (even if informally) where at all possible. AW agreed to consider what might be done in respect of Ofgem's activities and National Grid NTS will provide an additional timeline of all the informal activities/consultations.

**Action 0452/0702: Licence/Methodology Change Consultations – Consider realignment.**

**Action 0452/0703: Informal activities/consultations - Provide additional timeline.**

TD asked if parties had any concerns regarding the fact there was no independent examiner involved in respect of the methodology statements, given that National Grid NTS would be seeking a derogation. It was assumed there would be a good degree of transparency, and no concerns were raised.

### 2.3 Draft Contract

The contract had been redrafted following the Workgroup's previous discussions. It was agreed this should be reviewed, along with the modification (aspects in square brackets would need to be clarified), at a dedicated meeting. MW requested that any questions or concerns be submitted to him in the interim.

## 3.0 Legal Text

Revised legal text had been prepared and would be published shortly, either alongside these minutes or as a paper for the next meeting. MW pointed out that the text as currently drafted did not include the PARCA Application process. Views were sought as to whether this should be included in the UNC or remain outside. JCh and RF indicated a preference for inclusion in the UNC.

Referring to concerns raised at previous meetings regarding European developments and potential misalignment, MW reported that National Grid NTS and Ofgem had discussed the position and were satisfied that capacity/connections was moving in the same direction as other codes in Europe.

## 4.0 Diary Planning for Review Group

A meeting to review the modification, draft contract, and legal text will be arranged; details will be advised when confirmed. *Post meeting note: arranged for 11 July, 1030, Solihull.*

**Action Table – Workgroup 0452**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
TR0205	27/02/13 (Transmission)	2.1.2	PARCA - National Grid NTS to consider how incentives work where	National Grid NTS (SP/MW)	Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
	Workgroup)		capacity is already available.		
<b>TR0206</b>	27/02/13 (Transmission Workgroup)	2.1.2	<i>PARCA</i> - National Grid NTS 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)	<b>Closed</b>
<b>0452/0601</b>	06/06/13	2.1	<i>Incremental Capacity</i> - Provide examples as to how pricing would work in various instances.	National Grid NTS (MW)	<b>Carried forward</b>
<b>0452/0701</b>	04/07/13	2.1	<i>Process Flows</i> - Review timescales, terms and activities in respect of each Phase.	National Grid NTS (MW/RA)	<b>Pending</b>
<b>0452/0702</b>	04/07/13	2.2	<i>Licence/Methodology Change Consultations</i> – Consider realignment.	Ofgem (AW)	<b>Pending</b>
<b>0452/0703</b>	04/07/13	2.2	<i>Informal activities/consultations</i> - Provide additional timeline.	National Grid NTS (MW/RA)	<b>Pending</b>