

**UNC Workgroup 0452 Minutes**  
**Introduction of the Planning and Advanced Reservation of**  
**Capacity Agreement (PARCA)**  
**Thursday 11 July 2103**  
**Consort House, 6 Homer Road, Solihull B91 3QQ**

**Attendees**

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Charles Ruffell	(CR)	RWE npower
Chris Wright	(CW)	Centrica
Christian Hellmund*	(CH)	National Grid NTS
Graham Jack	(GJ)	Centrica
Jeff Chandler*	(JC)	SSE
John Baldwin	(JB)	CNG Services Ltd
Julie Cox	(JCx)	Energy UK
Mike Wassell	(MW)	National Grid NTS
Steve Pownall	(SP)	National Grid NTS

\*via teleconference

Copies of all papers are available at: [www.gasgovernance.co.uk/0452/110713](http://www.gasgovernance.co.uk/0452/110713)

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**

**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**

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

**Update:** To be provided at next meeting. **Carried forward**

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

**Update:** Ofgem representative not present; no update available. **Carried forward**

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

**Update:** To be provided at next meeting. **Carried forward**

## 2.0 Legal Text

Revised legal text had been published. MW explained the changes required and these were reviewed and discussed. Observations and comments were noted, and suggested amendments were captured within the documents as discussions progressed (published alongside these minutes). These will be given further consideration by National Grid NTS.

### *TPD B*

1.4(c) – “Reserved System Capacity” – It was suggested that this should be a complete defined term.

1.14 – Add ‘.....and/or .....’ to the subtitle.

1.14.2 - CH explained that the Application Form will be available on National Grid’s website, and the details of the process to be followed will be included in the form itself. It was suggested ‘on the website’ should be removed from this and 1.14.3.

CH will consider inserting some clarification in the UNC regarding expected timescales.

1.14.3 – It was queried if this would scope to DNO Users to apply for entry capacity? Should some categories of Users be specifically excluded?

Should changing the structure/framework of PARCA document/template be subject to/involve a formal consultation process?

1.14.3.1 – Reassign paragraph level to (a).

1.14.3.2 - Reassign paragraph level to (b).

1.14.4 – It was noted that the paragraph numbering following 1.14.4 was out of synchronisation and required reassignment. Cross references within these paragraphs may also require adjustment.

1.14.4(a) – ‘in the case ....’ Insert .

Tolerances and various scenarios were discussed; flexibility within the identified tolerance range needs to be accommodated. Concerns were expressed regarding potential opportunities for withholding capacity from the market. It was suggested that further consideration be given to providing more clarity and greater transparency within the UNC as well as the contract.

1.14.7 (to be renumbered as 1.14.8) – What should happen if National Grid NTS do not receive a response within 5 Business Days? Consider what consequences/ actions are required and clarify.

MW pointed out that a Nominated User must be in place before allocation is in place. ‘Reservation’ means something slightly different under a ‘PARCA’ rather than an ‘ARCA’.

Should this be a critical path date?

Credit arrangements were briefly discussed; there may be an effect on Registration dates if relevant signings do not happen on time. This needs further consideration.

1.14.10 (to be renumbered as 1.14.11) ..... Sub para (b) – If the Reserved Entry/Exit Capacity ceases to be reserved how is it returned to the market? More thought was required. Perhaps some notification was required to publicise that a project has ceased and that the previously reserved capacity (new status? how

to be described?) was being made available? Some rules were required to clarify how these instances would be addressed.

2.1.2 – JB described scenarios relating to the connection of shale gas facilities involving an ASEP with a zero baseline, and the acquisition of capacity (as and when, on a daily basis) through various routes (transfer, substitution) was discussed. It was questioned, under these circumstances, if at any point a PARCA would have to be completed to obtain capacity, or whether the party would just have to go through a QSEC auction route. Other questions arose – Would you be classed as a new ASEP? Can you enter the Transfer and Trade process? Can you buy on the day? Do you have to sign a PARCA or can you participate in the QSEC? Development of shale gas facilities, the interactions between capacity and commodity, and how they might be accommodated through these processes required further consideration.

2.1.4(a) – Wording to be considered.

2.1.13 – Readers of this paragraph found it confusing; wording to be reviewed.

2.6.8(a) – Does this mean Registered? MW thought it was prior to becoming registered - the wording will be reviewed. It makes a difference whether it is a User or a Nominated User. The registered amount cannot be any different to what is reserved. It was suggested that the wording needs simplification and clarification as to whether there is any difference between User and Nominated User in this context, and whether 'holding' is the right term to use in both cases. It was questioned, what does 'the date specified' refer to.

MW confirmed that publishing capabilities regarding capacity availability was being reviewed internally. JB commented that it would be helpful to customers to understand these and be kept more informed to help them make decisions on their projects, for example clarifying to them how they could get more capacity and the most appropriate routes to use.

2.8.4 - Readers of this paragraph found it confusing; wording to be reviewed.

2.11.1(a) - TD observed that the content of this paragraph covers essentially the same as 2.6.8(b). Consider deleting 2.6.8(b) and reset 2.6.8(a) as 2.6.8.

2.11.3(a)(ii) – Replace 'held' with 'registered/allocated'?

3.1.5(c) – Requires further consideration.

3.2.8(b) – It was suggested another step might be required to clarify what can be given to the User before it accepts it. It was questioned if this particular change was covered under this modification. Removal of 'in part or in full' to be considered in paras (i) and (ii).

3.2.11(b) – This was discussed in more detail. A party might be able to do this under a pre connection study to decide which route might be best for them. It was suggested that a check point should be added in at 90 days so that a mid point update could be provided. MW to consider including in the contract and reporting whether hit/missed.

3.2.21(d) and (e) – The need for (d) was questioned. The PARCA is published at some point in Phase 1 to let the industry know that potential plans are afoot. After further discussion it was suggested that (d) should remain and (e) be removed.

3.3.1 – TD suggested moving all previous elements relating to ARCAs into the Transition Document.

*TPD Section Y*

2.2(a) and (b) – To be reworded.

2.3 – To be reworded.

2.4 – ‘PARCA Phase 1 Fee’ to be reworded as ‘Phase 1 PARCA Fee’. Consider making ‘Phase 1 PARCA Works Report’ a UNC defined term, or whether it should be defined in the contract.

3.2 and 3.3 – Security will be reviewed on an annual basis, but will be flat. It is not clear which part of the algebraic equation should be carried out first – additional brackets may be required.

3.4 – A sigma sign might be required within the formula.

3.5 – It was questioned what should happen if National Grid NTS terminated the arrangements. It was suggested that ‘...by the PARCA Applicant....’ be removed.

4.1 – TD suggested this was in the wrong place and should be included in the contract.

4.2 – As for 3.5, above.

National Grid NTS will consider the comments and suggestions made and revise the legal text as appropriate.

### 3.0 Discussion

#### 3.1 Draft Contract

The contract had been redrafted following the Workgroup’s previous discussions, and was reviewed by the Workgroup. Observations and comments were noted, and suggested amendments were captured within the document as discussions progressed (published alongside these minutes). These will be given further consideration by National Grid NTS.

##### *1 Definitions and Interpretation*

Before reviewing, it was suggested that clarification of the term ‘Reserved Capacity’ was required.

##### *Paragraph 1.1*

*Demonstration Information Guidelines* - were being developed.

*Development Consent Order (DCO)* - related to the Phase 2 process.

*Preferred Pipeline Corridor Route* - Should refer to ‘...requirement for pipeline investment in the NTS ...”.

*Reservation Amount* – refers to a monetary amount, not capacity.

*Reserved Capacity* – definition of ‘first gas year’ required.

*Reserved Capacity Tolerance* – Remove square brackets.

*Technical Options Report* – SP to provide an example of this for review.

**Action 0452/0704: *Technical Options Report* - Provide an example for review.**

1.3 - The addition of the phrase ‘.....associated methodology statements, including...’ was suggested.

### *3 Phase 1 PARCA Works*

3.2 – It was suggested that National Grid NTS would need to provide an explanation to parties as to why works would not take place in accordance with an indicative timetable, and make aware/address any consequences/effects of any such failure (eg a slip over a build season). JCx suggested that defined timescales ought to be included in the UNC to give parties more confidence. MW noted this for consideration.

3.3.1 – Delete ‘Relevant’.

3.3.10(f) – ‘Amount’ refers to money. It was suggested the definition of ‘Phase 2 PARCA Works Amount’ needs revising, with a possible link to revenue driver. Revenue drivers (the effect of timescales associated with the process) were briefly discussed, with National Grid NTS considering how it can be kept off the critical path.

3.4 – Does it need to say what happens if National Grid NTS cannot provide a PARCA; should an explanation of the reasons be given? Wording to be revised.

### *4 Reservation*

4.1.2(c) – It was questioned to what extent would National Grid NTS assist applicants to get through the NPV test. Would what needed to be done be easily understandable?

### *5 Phase 2 PARCA Works*

5.2 - Similar comments as related at 3.2, above.

### *7 User Nominations*

7.2.3 – Was there enough flexibility to change the tolerance? It needed to be made clearer how the tolerance could be varied/changed. This might also relate to 8.1.

7.2.5 – Revision to wording required.

7.3 - Confirmation required that it should refer to ‘two Business Days’.

### *8 Allocation*

8.1 - It was suggested this needed rewording, and that a similar paragraph might be required under section ‘7 Nominations’; a mechanism is required. When is the reservation final from the point of view of the contract? National Grid NTS noted this for consideration.

### *9 Change to Allocation Date and/or Registration Date*

9.2 - Removal of ‘...(in its sole discretion) .....’ was suggested.

### *10 Payment*

10.2.1 – It was suggested that it should include reasonable details of the cost breakdown (referred to 3.3.11).

10.4 – It was suggested that this might be better included under section ‘13 Termination’.

National Grid NTS will revise the draft contract in light of the discussions, and any further questions or concerns should be submitted to MW.

### 3.3 Process Flows

Further consideration was deferred.

### 4.0 Diary Planning

A further meeting to review the modification, legal text and draft contract will be arranged for mid-August; details will be advised when confirmed.

**Action Table – Workgroup 0452**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</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>Carried forward</b>
<b>0452/0702</b>	04/07/13	2.2	<i>Licence/Methodology Change Consultations</i> – Consider realignment.	Ofgem (AW)	<b>Carried forward</b>
<b>0452/0703</b>	04/07/13	2.2	<i>Informal activities/consultations</i> - Provide additional timeline.	National Grid NTS (MW/RA)	<b>Carried forward</b>
<b>0452/0704</b>	04/07/13	3.2	<i>Technical Options Report</i> - Provide an example for review.	National Grid NTS (SP)	<b>Pending</b>