

UNC Workgroup 0452 Minutes
Introduction of the Planning and Advanced Reservation of
Capacity Agreement (PARCA)
Wednesday 25 September 2103
Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Charles Ruffell*	(CR)	RWE npower
Christian Hellmund	(CH)	National Grid NTS
Colin Williams*	(CW)	National Grid NTS
David Mitchell	(DM)	Scotia Gas Networks
Graham Jack	(GJ)	Centrica
James Thomson*	(JT)	Ofgem
Jeff Chandler	(JC)	SSE
Julie Cox	(JC)	Energy UK
Leyon Joseph*	(LJ)	Scotia Gas Networks
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/0452/250913

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

0702: Licence/Methodology Change Consultations – Consider realignment.

Update: JT was expecting to provide information for the meeting on 03 October 2013.

Carried forward.

2.0 Security

MW confirmed that Option 1 had been included in the modification, which uses 12 months worth of capacity charges specific to the location concerned. This option had been chosen for consistency with the UNC in relation to the value of capacity security.

The Workgroup considered the recent modification amendments and discussed further changes to the business rules. The Workgroup agreed and captured a number of suggested changes.

In particular:

- the required demonstration data and terminations. The Workgroup considered that the process could be fast tracked where PARCA terminations have been undertaken but the decision to terminate has been retracted;
- the impact to DNs if no party could bid for incremental capacity unless they were willing to proceed with a PARCA. It was challenged if a party is willing to commit to booking and paying for capacity why would demonstration information be required;

- the management of interactive PARCAs and the need for a reasonable window period to allow progression to Phase 1 works;
- incremental PARCAs allowing users to buy up capacity;
- availability of indicative charges (at the point of reservation) and what the security will be based upon.

3.0 Potential Alternative Modification

JC explained that the draft alternative modification is based on using a weighted average for security, which is believed to be more reflective of capacity usage on the network. He explained that if actual charges are very low, this might lead to under recovery. If very high, this may create a barrier to entry. JC added that a locational charge is not cost reflective since the costs involved are not capacity provision costs. He explained a methodology was used to establish a flat consistent rate to avoid the extremes of very high or very low security requirements, providing a significant but not excessive degree of user commitment.

Having considered the alternate methodology and relevant objectives, GJ and JC expressed a preference for the alternative.

JT recognised the two different perspectives but was unable to provide a steer as to which approach would be preferred by the authority.

It was perceived that Shippers would be supportive of the alternative non-geographical modification. MW suggested that National Grid NTS was likely to support both solutions.

4.0 Legal Text

The workgroup reviewed the draft legal text and a number of required amendments were captured and will be progressed by National Grid NTS.

5.0 Workgroup Report

It was anticipated that the Workgroup Report could be concluded on 03 October 2013. However, a draft could not be published as far ahead of the meeting as is desirable since the amended modification would need to be received for inclusion in the Report.

TD suggested that the Summary section would benefit from being substantially shortened and that clarity is required regarding why the UNC needs to be changed, and what implementation would deliver. This will help to ensure a proper assessment of the impact on the Relevant Objectives.

The Workgroup reviewed the Relevant Objectives and agreed that these should be redrafted and completed when the Workgroup Report is finalised.

The importance of Phase 0 and any transitional projects were considered and it was believed a timeline might be useful to understand any impacts.

MW confirmed parties on a PCA would be transferred to a PARCA.

The Workgroup considered parties wanting to submit applications for a PARCA, the interactive determination period and the inherent delays and risks for the 1st applicants project. MW confirmed interactivity would only be considered where the interactivity would not have a detrimental impact to the 1st applicant.

6.0 Any Other Business

None Raised

7.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

The next meeting will take place on:

Thursday 03 October 2013 at ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0702	04/07/13	2.2	<i>Licence/Methodology Change Consultations – Consider realignment.</i>	Ofgem (JT)	Carried forward