

## Planning and Advanced Reservation of Capacity Agreement (PARCA) Draft Business Rules for discussion

### 1 Definitions and Interpretation

- 1.1 The “**PARCA**” (Planning and Advanced Reservation of Capacity Agreement) is a bilateral agreement between National Grid NTS and a customer (who maybe be a developer or a User) which allows a User or developer to reserve Firm Entry or Exit Capacity at an existing or new NTS Entry or NTS Exit Point. The PARCA contract will detail the stages and terms and conditions needed to ultimately allocate the reserved capacity and enable National Grid NTS to carry out the required NTS reinforcement works (if any).
- 1.2 National Grid NTS may enter into PARCAs with both a Non-Code (the “**Reservation Party**”) or Code Party (the “**Reservation User**”) at any time for the reservation<sup>1</sup> of Enduring NTS Exit (Flat) Capacity (the “**Reserved Exit Capacity**”) and/or Quarterly NTS Entry Capacity (the “**Reserved Entry Capacity**”) from the date agreed with National Grid NTS on a project specific basis. For the purposes of these business rules the Reservation Party and Reservation User will be referred to separately where appropriate or collectively referred to as “**PARCA Signatories**”. Reserved Exit Capacity and Reserved Entry Capacity will be referred to separately where appropriate or collectively as “**Reserved Capacity**”.
- 1.3 “**Baseline NTS Entry / Exit Capacity**” means the amount of Firm NTS Entry / Exit Capacity that National Grid NTS is obliged to make available to Users in accordance with National Grid NTS’s Transporter’s licence and the quantity made available exclude any Baseline Capacity reserved through the PARCA. Additionally, capacity substituted, for the purposes of these business rules, is determined as Baseline NTS Entry or Exit Capacity (i.e substitution involves the transfer of Unsold Baseline NTS Entry or NTS Exit Capacity from one point to another).
- 1.4 “**Discretionary NTS Entry / Exit Capacity**” means Firm NTS Entry / Exit Capacity over and above Baseline NTS Entry / Exit Capacity that National Grid NTS may choose to release entirely at its own discretion. Additionally any Firm NTS Entry and/or Firm NTS Exit Capacity that has been reserved
- 1.5 “**Incremental NTS Entry / Exit Capacity**” means Firm NTS Entry / Exit capacity over and above Baseline NTS Entry / Exit Capacity levels that is not met through either substitution or the release of Discretionary NTS Entry / Exit Capacity.
- 1.6 “**Demonstration Date**<sup>2</sup>” means:
- (a) First Demonstration Date;

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<sup>1</sup> Reserved Capacity refers to Capacity reserved upon agreement of the PARCA. The “make up” of that Reserved Capacity (e.g. through Unsold Baseline, substitution or Incremental) is determined post the Open Season Ttype process (later defined) by National Grid NTS and based upon the criteria defined within these business rules and the methodology statements.

This “make up” process will also need to take into account existing auction and application processes and timeframes. For example, consider the March QSEC where the “make up” may impact upon the quantities provided in the relevant QSEC invitation letter; National Grid NTS will not determine the “make up” of reserved Entry capacity until that QSEC process has completed.

<sup>2</sup> Each PARCA may require several First Demonstration Dates individually associated to several pieces of demonstration information (dependant on the nature of the customer project and NTS works). These may then have second, third or ad-hoc demonstration dates.

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- (b) in the event the PARCA signatory has not provided National Grid NTS with the Demonstration Information by the First Demonstration Date, a second date agreed through the PARCA (**Second Demonstration Date**); or
  - (c) in the event the PARCA signatory has not provided National Grid NTS with the Demonstration Information by the Second Demonstration Date, a third date agreed through the PARCA (**Third Demonstration Date**);
  - (d) or in the event the PARCA signatory has not provided National Grid NTS with the Demonstration Information by the Third Demonstration Date, such other date as National Grid NTS may agree through the PARCA (Ad-hoc Demonstration Date).
- 1.7 The "**First Registration Date**" is the first date from which a User is able to be registered as holding the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point and/or Quarterly NTS Entry Capacity at the NTS Entry Point.
- 1.8 The "**Deemed Allocation**" is where a Nominated User or Reservation User shall be deemed to have been allocated Reserved Capacity (ahead of a Formal Capacity Allocation) and accordingly be registered as holding [1] Enduring Annual NTS Exit (Flat) Capacity from the date determined under the PARCA and/or Quarterly Entry Capacity for the quarterly periods determined under the PARCA.
- 1.9 The "**Formal Capacity Allocation**" is the actual (i.e. not deemed) allocation of Firm Capacity to a User by National Grid NTS (i.e National Grid NTS register it on behalf of the User). This will only occur once all of the relevant PARCA stages have been progressed through and all relevant demonstration information received.

## 2 Duration

- 2.1 Timescales for each stage (refer to paragraph x for details of the PARCA stages) of the PARCA will be agreed between parties post completion of stage 1a of the PARCA.
- 2.2 The PARCA shall be effective on the date of agreement and shall continue in full force and effect until the earlier of:
- (a) the start of the Reserved Capacity Period i.e. the first capacity date (which may be subject to change) or
  - (b) the final PARCA Stage (such stage will be dependant on whether works are required or not and the extent of those works) or
  - (c) termination / cessation of the PARCA (for example, break out points and failure to provide demonstration information).
- 2.3 The PARCA signatory shall remain liable after date of cessation or termination of the PARCA for:
- (a) any amount payable (in accordance with the terms of the PARCA) in respect of any period before the date of the cessation or termination of the PARCA; and
  - (b) any breach of the PARCA.

**3 Demonstration information<sup>3</sup>**

- 3.1 The existing ARCA and Demonstration Date principles currently defined under UNC B3.3 are retained and extended to Entry for the purposes of the PARCA.
- 3.2 The PARCA contract will detail the latest date by which demonstration information is to be provided by the PARCA signatories ("Demonstration Date") in accordance with paragraph 1.6.
- 3.3 The PARCA signatory will provide the demonstration information to National Grid NTS by no later than the Demonstration Date
- 3.4 "Demonstration Information" is such information as is sufficient to enable National Grid NTS to be reasonably satisfied that the PARCA signatory
- (a) will be able to progress to commencement of the relevant PARCA stage<sup>[2]</sup>; or
  - (b) the relevant PARCA stage has commenced;
  - (c) and in either case, is expected to be able to progress the relevant PARCA stage to completion;

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<sup>3</sup> National Grid NTS believe information sharing should be a two way process. National Grid NTS envisage this would be in the form of demo info for PARCA signatories and National Grid NTS being obliged to share progress through the PARCA stages with the PARCA signatory by dates agreed through the PARCA, to inform the natural break points.

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- 3.5 Such activities are necessary to ensure that the Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly System Capacity applied for will be able to offtake of gas at the NTS Exit Point and/or supply of gas at the NTS Entry Point with effect from the First Registration Date(s)
- 3.6 National Grid NTS will publish guidelines (to be updated from time to time) setting out the scope and content of such demonstration information and this is included in these business rules under paragraph XXX.
- 3.7 Where a PARCA signatory fails to provide National Grid NTS with demonstration information by the Demonstration Date then National Grid NTS may delay commencement of the Works and reset the Demonstration Date accordingly
- 3.8 National Grid NTS will notify the PARCA signatory of the new Demonstration Date and First Registration Date(s) by no later than ten (10) Business Days following the previously notified Demonstration Date;
- 3.9 The PARCA signatory will provide the demonstration information by no later than the new Demonstration Date notified
- 3.10 Where the PARCA signatory does not provide National Grid NTS with demonstration information by the new Demonstration Date notified, unless otherwise agreed with the PARCA signatory, then the Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point and/or Quarterly System Entry Capacity at the NTS System Entry Point initially reserved through the PARCA shall no longer be reserved. Additionally, any associated Deemed Allocation of capacity shall no longer be effective. National Grid NTS would then release any Unsold Firm Capacity that had been reserved, or deemed to have been allocated, back to the market at the original NTS Entry or NTS Exit Point

## 4 Nomination of a User

- 4.1 The Reservation Party may nominate any User (the “**Nominated User**”), through written notice, to be registered as holding part or all of the Reserved Exit or Entry Capacity (the quantity of which will be agreed through the PARCA) from no earlier than the First Registration Date agreed through the PARCA for the NTS Exit and/or Entry Point (subject to such Nominated User meeting the required UNC credit checks).
- 4.2 The Reservation Party will be obliged to nominate, through written notice, such a User no later than [1] month prior to the Formal Capacity Allocation. Where such nomination has not occurred, National Grid NTS reserve the right to terminate the PARCA and invoice The Reservation Party for any outstanding monies owed or agree an alternative date where such a nomination must occur.
- 4.3 a notice under paragraph 4.1 shall specify:
  - (a) the identity of the nominated User;
  - (b) an amount of Reserved Capacity to be registered in the name of the nominated User which shall not exceed the total amount of remaining Reserved Capacity (taking into account any other notice by the Reservation Party in relation to the PARCA);
  - (c) the date, consistent with the terms of the PARCA, from which the Nominated User is to be registered as holding NTS Exit (Flat) Capacity and/or the quarterly periods for which the Nominated User is to be registered as holding Quarterly NTS Entry Capacity.

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- 4.4 Following receipt of a notice under paragraph 4.1, National Grid NTS will notify the Nominated User of the contents of the notice.
- 4.5 The nominated User may, within five (5) Business Days of National Grid NTS's notification under paragraph 4.3, confirm to National Grid NTS its acceptance of the details in the Reservation Party's notice
- 4.6 National Grid NTS may reject the User's nomination:
- (a) where any of the requirements of paragraph 4.2 is not complied with;
  - (b) in accordance with Section V3 of UNC (credit arrangements)
  - (c) Where demonstration information has not been provided by the Reservation Party in accordance with paragraph xxxx
  - (d) Where, by the relevant Demonstration Date, 100% of the Reserved Capacity has not been registered in the name of at least one User.
- 4.7 Subject to paragraph 4.6, a Nominated User or Reservation User shall be deemed to have been allocated (Deemed Allocation) Reserved Capacity and accordingly be registered as holding Enduring Annual NTS Exit (Flat) Capacity<sup>[3]</sup> from the date determined under the PARCA and/or Quarterly Entry Capacity for the quarterly<sup>4</sup> periods determined under the PARCA.
- 4.8 Upon deemed allocation, the User commitment aspects as detailed in the ExCR and IECR will prevail.
- 4.9 After nomination of such a User (as referred to in paragraph 4.6), that Nominated User will be entitled to be registered as holding such quantities of Enduring NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity as if it had registered the capacity on the date that the PARCA was agreed.
- 4.10 The Reservation Party may, through separate written notices submitted at the same time, nominate more than one User (i.e. each written notice may nominate one User).
- 4.11 Where National Grid NTS has entered into a PARCA, the quantity of Reserved Capacity will be treated as if it were registered by a User for the purposes of determining unsold capacity for subsequent release.

## **5 National Grid NTS Obligations<sup>[4]</sup>**

- 5.1 National Grid NTS undertakes to register the Nominated User(s) as holding;
- (a) Enduring Annual NTS Exit (Flat) Capacity at the Relevant NTS Exit Point and/or;
  - (b) Quarterly NTS Entry Capacity at the Relevant NTS Entry Point in such amount(s) and from such date as specified in the Reservation Party's as detailed under paragraph 4.2
- 5.2 National Grid NTS undertakes to register the Reservation User(s) as holding;
- (a) Enduring Annual NTS Exit (Flat) Capacity at the Relevant NTS Exit Point and/or;

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<sup>4</sup> The quarterly periods and capacity quantities for each quarter will be agreed with the PARCA signatory through the PARCA contract and subject to the NPV test as detailed in the IECR prior to any Nomination of a User.

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- (b) Quarterly NTS Entry Capacity at the Relevant NTS Entry Point in such amount(s) and from such date as specified in PARCA
- 5.3 National Grid NTS undertakes to provide the PARCA signatory with demonstration information as detailed under paragraph xxxxx
- 5.4 Nothing shall require National Grid NTS to accept an application by a Nominated User for:
  - (a) Enduring Annual NTS Exit (Flat) Capacity at the Relevant NTS Exit Point and/or Quarterly NTS Entry Capacity at the Relevant NTS Entry Point; in an amount (taking into account any other nomination made) which exceeds the total amount of the Reserved Capacity
- 5.5 Nothing shall prevent the Nominated User(s) or Reservation User from applying pursuant to TPD Section B2 and B3 for further NTS Capacity at the Relevant NTS Exit Point and/or NTS Entry Point in respect of any day in the Reserved Capacity Period.

### **6 Funding and User commitment**

- 6.1 A revenue driver may only be triggered where a PARCA has been agreed.

TBD – dependant on RIIO

### **7 Security:**

TBD – dependant on RIIO

**8 The July Annual Application Window for Enduring NTS Exit (Flat) Capacity (Note: these business rules assume mod 376 is operational)**

- 8.1 National Grid NTS will, from any month in the periods Y+4, Y+5 and Y+6 make available Unsold Baseline NTS Exit Capacity through the July Annual Application Window.
- 8.2 The quantity of Unsold Baseline NTS Exit Capacity made available from any Gas Month will be based upon the available quantity of Unsold Baseline NTS Exit Capacity for every Gas Month from that point onwards.
- 8.3 Demand for Enduring Annual NTS Exit (Flat) Capacity through the July Annual Application Window that is over and above the available unsold Baseline NTS Exit Capacity levels may be met through substitution, release of Incremental NTS Exit Capacity or the release of Discretionary NTS Exit Capacity. Such release will be subject to User commitment in accordance with the Exit Capacity Release Methodology Statement (ExCR).
- 8.4 Given that a limited quantity of Enduring Annual NTS Exit (Flat) Capacity may be made available through the Annual Application Window it is possible that the User(s) Enduring Annual application quantities may need to be pro rated where demand for Enduring Annual NTS Exit (Flat) Capacity exceeds that which is available or where allocation of Enduring Annual NTS Exit (Flat) Capacity for an earlier period (e.g. Y+4) reduces the Enduring Annual NTS Exit (Flat) Capacity quantity available for a later period (e.g. Y+5).
- 8.5 Pro ration will be based on the maximum Enduring Annual application quantity. Where the pro rated quantity is less than [100,000] kWh the application will be rejected and the available Enduring Annual NTS Exit (Flat) Capacity quantity will be pro rated (where necessary) amongst those Enduring Annual Applications remaining.
- 8.6 National Grid NTS will, not later than 30th September in Gas Year Y:
- (a) accept in full or, as the case may be, in part (if not rejected) a User's application (including a DNO User's revised application) for Enduring Annual NTS Exit (Flat) Capacity in accordance the ExCR and ExCS methodology statements; and notify the User of which of its applications have been accepted, and in each case for what amount of Enduring Annual NTS Exit (Flat) Capacity.

**9 Ad-hoc applications for Enduring Annual NTS Exit (Flat) Capacity – Open Season Type process.**

- 9.1 UNC (TPD B3.2.3b in accordance with other provisions under paragraph B3.2) details the provisions for Enduring Annual NTS Exit (Flat) Capacity Ad-hoc applications for NTS Exit Points.
- 9.2 Where the quantity of Enduring Annual NTS Exit (Flat) Capacity applied for either exceeds 1 GWh/day or, if accepted, would result in Users holding in aggregate an amount of Enduring Annual NTS Exit (Flat) Capacity that is in excess of 125% of the Baseline NTS Exit (Flat) Capacity at the NTS Exit Point in respect of the Gas Year for which the application is made.
- 9.3 The Ad-hoc application window is open between 1st of October and 30th of June in Gas year Y and Ad-hoc applications may be made at any time within this window.
- 9.4 The ad-hoc process may be utilised to conduct an “open season” type process to enable Users to signal demand for Unsold Baseline NTS Exit Capacity at any NTS Exit Point that may otherwise be reserved through a PARCA.
- 9.5 National Grid NTS will invite Users to participate in an Open Season Ad-hoc Enduring NTS Exit (Flat) Capacity Application that will be conducted, as soon as reasonably practical, post agreement of a relevant PARCA and prior to National Grid NTS determining how the Capacity reserved through the PARCA is to be delivered (e.g. Unsold, substitution or incremental).
- 9.6 In inviting Users to participate in an Ad-hoc Enduring NTS Exit (Flat) Capacity Application (in accordance with paragraph 9.4 and 9.5), National Grid NTS will provide information to the industry pertinent to the relevant PARCA (whilst respecting commercial confidentiality), to ensure a well informed process e.g. identify where Available Unsold Capacity maybe utilised (including substitution).
- 9.7 National Grid NTS may, in accordance with the ExCR, conduct an ad-hoc reduction window to allow Users opportunity to submit reduction applications at specific NTS Exit Points, where that reduced NTS Exit Capacity could be utilised to satisfy part or all of the Capacity required by the PARCA.

**10 Ad-hoc applications for Enduring Annual NTS Exit (Flat) Capacity**

- 10.1 National Grid NTS will also, from M+6, through to Y+6 make available Unsold Baseline NTS Exit Capacity through the Ad-hoc application process detailed under paragraph 9.1, 9.2 and 9.3.
- 10.2 The quantity of Unsold Baseline NTS Exit Capacity made available from any Gas Month will be defined as the available quantity of Unsold Baseline NTS Exit Capacity for every Gas Month from that point onwards
- 10.3 Demand for Enduring Annual NTS Exit (Flat) Capacity that is over and above unsold Baseline NTS Exit Capacity levels may be met through substitution in accordance with the ExCS methodology statement (from Y+4 onwards) or through the release of Incremental and/or Discretionary NTS Exit Capacity (from M+6 onwards). Such release will be subject to User commitment in accordance with the ExCR.
- 10.4 Ad-hoc application quantities may need to be pro rated where demand for Enduring Annual NTS Exit (Flat) Capacity exceeds that which is available or where allocation of an Enduring Annual NTS Exit (Flat) Capacity for an earlier period (e.g. M+6) reduces the Enduring Annual NTS Exit (Flat) Capacity quantity available for a later period (e.g. Y+2).



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- 10.5 Pro ration will be based on the maximum Enduring Annual application quantity. Where the pro rated quantity is less than [100,000] kWh the application will be rejected and the available Enduring Annual NTS Exit (Flat) Capacity quantity will be pro rated (where necessary) amongst those Enduring Annual Applications remaining.
- 10.6 National Grid NTS will notify the User as soon as possible after an Ad-hoc application is received, but in any event by not later than fifteen Business Days after the application was received; unless National Grid NTS is of the opinion there is likely to be a requirement for capacity substitution or Incremental NTS Exit Capacity in accordance with the principles in the prevailing ExCS Methodology Statement, in which case ninety days after the application was received and subject to approval from the Authority;
- 10.7 National Grid NTS acceptance in full or, as the case may be, in part (if not rejected) a User's application (including a DNO User's revised application) for Enduring Annual NTS Exit (Flat) Capacity in accordance the ExCR and ExCS methodology statements;
- (a) Which of the User's applications have been accepted, and in each case for what amount of Enduring Annual NTS Exit (Flat) Capacity.
- 10.8 Within ten days of such a notification, National Grid NTS will publish:
- (a) the NTS Exit Point at which the Enduring Annual NTS Exit (Flat) Capacity is to be registered
- (b) the amount of Enduring Annual NTS Exit (Flat) Capacity registered;
- (c) the Registration Date(s)

## 11 Exit Capacity Substitution

- 11.1 Exit Capacity Substitution may be utilised to fully or partially meet demand for NTS Exit Capacity over and above Baseline NTS Exit Capacity levels applied for in the Application Windows or reserved through the PARCA.
- 11.2 Such release and subsequent allocation and/or reservation through a PARCA will be subject to, and in accordance with, National Grid NTS's Exit Capacity Release (ExCR) and Exit Capacity Substitution and Revision (ExCS) Methodology Statements and subject to Ofgem approval (as it is today). There are a number of possible scenarios that need to be considered, namely:
- (a) The Enduring Annual NTS Exit (Flat) Capacity level can be fully met through substitution. National Grid NTS will present its substitution proposals to the Authority and hence this will be subject to Ofgem's approval.
- (b) Substitution is not available to meet the Enduring Annual NTS Exit (Flat) Capacity level applied for in the relevant Application Window. Under this scenario National Grid NTS will consider, entirely at its discretion, the release of Incremental NTS Exit Capacity and/or Discretionary NTS Exit Capacity to fully or partially meet the User demand.
- (c) Substitution is not available for Firm NTS Exit Capacity reserved through the PARCA. National Grid NTS will utilise Incremental NTS Exit Capacity (subject to Ofgem approval).
- (d) Substitution has been identified that can partially meet the User demand.
- (i) For Enduring Annual NTS Exit (Flat) Capacity applied for in the Application Window, National Grid NTS will consider Incremental

and/or Discretionary NTS Exit Capacity release up to the remainder of the Enduring Annual NTS Exit (Flat) Capacity level.

- (ii) For Enduring Annual NTS Exit (Flat) Capacity reserved through the PARCA, National Grid NTS will utilise Incremental NTS Exit Capacity to meet the remainder of the reserved Enduring Annual NTS Exit (Flat) Capacity.
- (e) No substitution, Incremental or Discretionary NTS Exit Capacity release is available to meet the User demand for Enduring Annual NTS Exit (Flat) Capacity over and above Unsold Baseline NTS Exit Capacity levels, that was applied for in the relevant Application Window. Under such a scenario National Grid NTS may need to pro rate as detailed under paragraph 8.

**12 NTS Entry Capacity – March Quarterly System Entry Capacity auction (QSEC) for all Users (i.e. not subject to a PARCA)**

- 12.1 National Grid NTS will, for each calendar quarter in Capacity Year Y+2 to Capacity Year +16 (inclusive), make available Unsold Baseline NTS Entry Capacity.
- 12.2 Where there is demand for Firm NTS Entry Capacity that is in excess of Unsold Baseline NTS Entry Capacity levels at an ASEP, and such demand has passed the Net Present Value test (in accordance with the IECR), then National Grid NTS may:
  - (a) to the extent that it can, utilise substitution to meet some or all of the demand and/or
  - (b) at its discretion, release Incremental NTS Entry Capacity and/or
  - (c) where a and b are not possible for the entire period or where the NPV test has not been passed (in accordance with the IECR), at its discretion, release discretionary NTS Entry Capacity (i.e non-obligated) for some or all quarters that may partially (through pro ration) or fully meet such demand for those quarters.

### **13 NTS Entry Capacity – Ad-hoc Quarterly System Entry Capacity Open Season type auction**

- 13.1 UNC (TPD B2.2.18) details the provisions for Ad-hoc QSEC auctions, which currently apply to new ASEPs only. These business rules redefine the purpose of the Ad-hoc QSEC auction as an ad-hoc “Open Season” type auction that allows all Users<sup>5</sup> opportunity, outside of the annual March QSEC, to signal demand for Unsold Baseline NTS Entry Capacity at any ASEP that may otherwise be reserved through a PARCA.
- 13.2 The Ad-hoc QSEC auction will be conducted, as soon as reasonably practical, post agreement of a relevant PARCA between National Grid NTS and the relevant party.
- 13.3 In inviting Users to participate in an ad-hoc QSEC, National Grid NTS will provide information to the industry that is pertinent to the relevant PARCA (whilst respecting commercial confidentiality), to ensure a well informed process e.g. identify where Available Unsold Capacity maybe at risk.
- 13.4 Available Unsold Baseline NTS Entry Capacity only will be made available through the ad-hoc QSEC auction, hence price steps will be published but supply levels will not.
- 13.5 Secondary ad-hoc QSEC auctions (ref TPD UNCB2.2.18 d) will not be required.
- 13.6 Given that unsold only is being released in the ad-hoc QSEC under this solution National Grid NTS anticipate allocating within 30 days of the final bid window closing

### **14 Entry Capacity Substitution<sup>6</sup>**

- 14.1 Entry Capacity Substitution may be utilised to fully or partially meet demand for NTS Entry Capacity over and above Baseline NTS Entry Capacity levels that is signalled through the March QSEC, or reserved through the PARCA. Such release and subsequent allocation and/or reservation through a PARCA will be subject to, and in accordance with, National Grid NTS’s Incremental Entry Capacity Release (IECR) and NTS Entry Capacity Substitution (ECS) Methodology Statements and also subject to Ofgem’s approval.
- 14.2 Substitution will only be utilised where the Net Present Value (NPV) test, detailed within the IECR, has been passed at the recipient ASEP. There are a number of possible scenarios that need to be considered, namely:
- (a) The NPV test has been passed and the supply level can be fully met through substitution. National Grid NTS will present its capacity release and substitution proposals to the Authority and hence this will be subject to Ofgem’s approval.
  - (b) The NPV test has been passed but substitution is not available for the March QSEC. Under this scenario National Grid NTS will, to fully or partially meet the User demand signalled via the March QSEC, consider the release of Incremental NTS Entry Capacity and/or Discretionary NTS Entry Capacity for some or all of the relevant quarters.
  - (c) The NPV test has been passed but substitution is not available for Firm NTS Entry Capacity reserved through the PARCA. National Grid NTS will utilise Incremental NTS Entry Capacity (subject to Ofgem approval).

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<sup>5</sup> Including the PARCA User, however any capacity booked through this process by the PARCA party will not change the quantity of capacity signalled through the PARCA.

<sup>6</sup> Need to consider how retainers fit into the process

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- (d) The NPV test has been passed and substitution has been identified that can partially meet the User demand.
  - (i) For the March QSEC National Grid NTS will re-evaluate the NPV test at the next highest supply level (if any) that can be met entirely through substitution. If the NPV test is passed then substitution will be proposed to meet the reduced quantity and National Grid NTS will consider Discretionary NTS Entry Capacity release to up to the original supply level. If the NPV test is not passed then the process will repeat at the next lowest supply level (if any) and so on.

14.3 For Firm NTS Entry Capacity reserved through the PARCA, National Grid NTS will utilise Incremental NTS Entry Capacity to meet the remainder of the reserved NTS Entry Capacity.

### 15 Information publication

- 15.1 Within ten days of the signature of a PARCA contract, National Grid NTS will publish details of the area, quantity and notification of a window of [x] days whereby Users are able to approach National Grid NTS with a view to agreeing to a PARCA in a similar geographical location.
- 15.2 National Grid NTS will publish details of the progress made against the milestones named in each PARCA contract such as the completion of each stage, submission of application for a Development Consent Order, receipt of a Development Consent Order, calculation of revenue driver to enable the industry to monitor the progression through key activities<sup>7</sup>.
- 15.3 National Grid NTS will publish the details of the revenue drivers and the year they expect them to flow through capacity charges in order to provide the maximum notice of the implications on charges.
- 15.4 Within ten days of the cessation of a PARCA, National Grid NTS will notify the market that the capacity is no longer reserved and provide details of the capacity that will be made available in the next applicable application window/auction.
- 15.5 Within (x) [5] days of the receipt of a formal capacity signal, National Grid NTS will publish the details outlined in [xxx][6] of the UNC

#### Need to include:

Long Term non-firm Capacity - how it fits in with demo info etc, also at what stage it is made available – however we need further industry discussion on LTNF prior to inclusion here.

For in flight projects who may have already progressed a PCA with National Grid NTS we would not expect those Users / developers to “start again” if the PARCA solution is implemented. This would need to be judged on a case by case basis as to how far through the PARCA process has been progressed. – need to develop a business rule around this.

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<sup>7</sup> Need to consider confidentiality here, e.g. should this all be post event rather than during a project?